



Dear Share and Warrant Holders

In our Annual Report dated 21 August we noted encouraging signs of a share market recovery in Australia – this rally has since surpassed expectations. Buoyed by the resurgence, Barramundi's Net Asset Value (NAV) increased from 74 cents at 30 June to 91 cents at 30 September 2009, after adjusting for dividends paid. Our share price received an even greater boost, lifting during the quarter by 41% to 76 cents and marching steadily on to 81 cents at 19 October.

There were a number of initiatives during the quarter which have kept the Barramundi Board and corporate team busy. First, in August, the Board announced the adoption of a fixed long-term dividend policy whereby the Company will make quarterly distributions to shareholders of 2% of average NAV. The first payment was made on 18 September and further payment dates are noted in the table overleaf. Secondly, the Board announced an issue of new warrants exercisable at 75 cents at various quarterly dates up to 27 October 2011. Shareholders were advised of this by letter dated 24 September and by now; you should have also received the Investment Statement and Prospectus. We emphasise that shareholders do not need to do anything in order to be allocated the new warrants. Computershare, our share registrar, will automatically allot the new warrants based on the number of shares you hold at 5pm on Friday 23 October 2009. If you have any queries our corporate team will be happy to assist.

Lastly, our Annual Shareholder's Meeting (ASM) was held in Auckland on 16 October. Once again the turnout was pleasing as was the mix of new and familiar faces present. Ian Hendry was re-elected a director of the company and the Board was authorised to set the auditors fee for the forthcoming year. The ASM presentation is available on www.barramundi.co.nz under "Shareholder Reports" and minutes of the meeting will also be on our website by the end of November.

As positive economic news continues to emerge from Australia we look forward to Barramundi's sustained recovery. If the performance of the last few months is maintained, we are likely to have some pleasing results to share in our Interim Report to be released early next year.

With best wishes,
On behalf of the Board,

Rob Challinor

Chairman – Barramundi Limited | 19 October 2009

Barramundi Quarterly Review – Fisher Funds

Market Environment and Portfolio Performance

Investors over the past two years could be forgiven for thinking that share markets had developed a bad case of schizophrenia. Last year was characterised by doom and gloom with every piece of news an excuse to sell shares and drive prices down. This year investors have witnessed a different market - the return of optimism. Most importantly for us this has heralded a return to fundamental investing where the merits of the companies that we invest in are getting some recognition via rising share prices – long may it continue!

The third quarter of 2009 delivered another strong return for Barramundi shareholders – the Net Tangible Asset Value of the company grew by 21.9% for the three months (including the 1.47 cps dividend paid during the quarter). Returns were driven by surprisingly strong company earnings and by the continued improvement in economic data and hence investor sentiment. The economy has rebounded much more strongly than investors had expected both in Australia, where the economic performance has been truly amazing given the scale of 2008 global meltdown, and around the world.

The earnings season in August was a fillip for investor confidence. Australian companies report earnings twice each year (half year results in February and full year results in August) – this is a very important gauge of the performance of corporate Australia. Whilst the headline numbers this reporting season made for sombre reading, the market reacted favourably as companies reported results that were generally better than expected – albeit the bar wasn't set particularly high. The key themes emerging from reporting season were resilience and strength in the Australian macro economy (helped by powerful fiscal stimulus), significant cost reductions as management teams responded to the weaker demand environment, and stronger cash flows as Chief Financial Officers focussed on working capital management. Just to put some numbers on the overall reporting season, industrial companies (ex the financials and Telstra) experienced a profit fall of 12% on the previous year however this was some 2% ahead of expectations heading into August.

The companies in your portfolio well and truly got pass marks in the reporting season. This was pleasing given that the last year has been one of the most demanding examinations of their business models they will ever face. In our view this is a real endorsement that you own a portfolio of high quality businesses and most importantly, at least in the short term, good results led to a healthy rally in many of the portfolio constituents' share prices.

There were some massive returns at an individual stock level with again, like the last quarter, many of previous performance laggards contributing strongly. **Bravura** (+103% for the quarter), **Credit Corp** (+82%) and **Aevum** (+60%) were notable examples.

Key Portfolio News

There were two really important pieces of news out from **Arrow Energy** over the quarter. First and foremost Arrow released an >

Relative Performance to 30 Sep 2009	Three Months	Since Inception
Barramundi NAV*	21.9%	-7.1%***
90 Day Bank Bill Index (NZD) + 7% p.a.	2.5%	50.4%
S&P/ASX 300**	18.9%	5.0%
S&P/ASX Small Ords industrials **	23.1%	-14.2%

* Adjusted for dividends paid ** In New Zealand Dollar terms, includes dividends paid

***Based on adjusted Net Asset Value per share at listing of \$0.9767, representing the issue price of \$1.00 less issue costs of \$0.0233 per share.

At a Glance

Portfolio Holdings as at 30 September 2009:

Company	Holding
Aevum	7.8%
Arrow Energy	10.9%
Austbroker Holdings	4.1%
Bravura Solutions	4.8%
Centrebet Limited	3.9%
Credit Corp	3.7%
McMillan Shakespeare	5.2%
Oakton	1.9%
Pharmaxis	9.0%
Pipe Networks	10.6%
Reckon	3.9%
ToxFree Solutions	6.0%
Treasury Group	2.9%
Vision Group	2.3%
WHK Group	4.5%
Equity Total	81.5%
New Zealand Dollar Cash	1.4%
Australian Dollar Cash	17.1%
Cash Total	18.5%
TOTAL	100.0%



upgrade to its gas reserves position. This upgrade was significant and much larger than market expectations. The significance of this upgrade is twofold. First it proves they have enough gas to comfortably underpin the proposed first LNG train at Fisherman's Island. This is an important step forward as the Fisherman's Landing project inches towards its Final Investment Decision. Almost as important is that the progress Arrow has made in the past twelve months on reserves certification continues to highlight the quality of its asset base and the company's ability to prove up and hence commercialise the reserves.

The second key news item also relates to the Fisherman's Landing LNG project. Arrow Energy and the other Fisherman's Landing LNG project participants (LNG Ltd and Golar) announced that Toyota Tsusho has been selected as the end buyer for the LNG to be produced by the first production train. The importance of an announcement of the LNG end buyer cannot be over stated. Now that this process has been concluded it places the project in an excellent position to move ahead and to be completed before the other proposed Queensland LNG projects. This is a major win for Arrow.

Bravura Solution's recapitalisation plan was approved by shareholders in late July. This plan involves an infusion of new capital into the business allowing Bravura to repay its working capital facility with Bank of Scotland. Importantly tied up in the recapitalisation plan is, finally, a resolution to the Lift Capital fiasco with the principals of Bravura recovering ownership of their shares. In terms of portfolio positioning Barramundi participated in the capital raising which was wildly successful with the share price lifting 73% over the rights issue price during the quarter. We remain comfortable with our investment in Bravura now that the business is appropriately capitalised and the principals have recovered their stock.

Pipe Networks continued to slug the ball out of the park posting earnings per share growth of 25.6% for the 2009 financial year. This caps an amazing five year period for the business where it has grown earnings at a compound annual growth rate of 62%pa. Pipe's business continues to be driven by corporate needs for increased bandwidth, Pipe's strong dark fibre market position and the low marginal cost (or to put it another way – very high profitability) of adding new customers. These dynamics are set to continue in financial year 2010 with PPC-1, Pipe's new international network, coming on line. Guidance from the company points to a doubling of Net Profit over the next twelve months.

Outlook

And now for the million dollar question ... where to from here?

Long time shareholders in Barramundi will know to think about this more by looking at our portfolio companies than by pondering the imponderable questions of global macro economics. We continue to believe the core portfolio companies in Barramundi are well positioned for the investment environment we anticipate over the coming years. Most importantly we continue to focus, and always will, on businesses with strong franchises which supply goods and services that customers need, regardless of economic conditions.

The Barramundi portfolio contains 15 of these companies that have held you in good stead through a very difficult market environment and will stand you in good stead in the coming years.

We see upside in each of these investments based on their continued earnings growth profile and based on the fact that we believe the current share prices of these firms are below our assessment of their intrinsic value.

Despite this we have positioned the portfolio with a slightly more defensive bias than usual – this largely due to a reduction in the portfolio's investment in Arrow Energy. Whilst we remain very comfortable with this investment and whilst we continue to value the company more highly than the current share price the large share price rally of the past two years warranted taking some chips off the table which we have done.

As a result of this we have capacity to introduce new investments into the Barramundi portfolio and are working hard on some prospective ideas right now. For now though we are not unhappy with a little more cash than usual and will ensure when we deploy this it will be to purchase new portfolio stocks, add to existing holdings at the appropriate price, and continue the share buyback programme.

Carmel Fisher, Managing Director
Fisher Funds Management Ltd
19 October 2009

Frank Jasper, Senior Portfolio Manager
Fisher Funds Management Ltd
19 October 2009

Share Register

A schedule of Barramundi shareholder names and addresses is by law available to any person from our share registrar, upon payment of a fee. We are concerned that requests for contact details appear to have been made by two Kivisaver Fund Managers. We do not condone this and apologise to shareholders if they receive unsolicited mail.

What's Coming Up?

New warrants record date – 23 October 2009
Final warrant exercise date for 'Existing' warrants – 26 October 2009
Allotment of new warrants – 27 October 2009
Expected listing date of new warrants on NZX (ticker code: "BRMWB") – 28 October 2009
First new warrants exercise date – 24 November 2009
Dividend payment – 18 December 2009
Warrant exercise – 23 February 2010
Dividend payment – 19 March 2010
Warrant exercise – 25 May 2010
Dividend payment – 18 June 2010

Barramundi Net Asset Value and Share Price Performance

