



Minutes of Annual Shareholders Meeting of Barramundi Limited held at the Ellerslie Event Centre, Auckland on Friday 14th October 2011 commencing at 10.30am

PRESENT

Directors

James Miller - Chairman
Annabel Cotton – Independent Director
Mark Todd – Independent Director
Carmel Fisher – Director

Shareholders and invitees

125 Shareholders and accompanying guests

10 Invitees

5 Visitors

IN ATTENDANCE

Frank Jasper	- Senior Portfolio Manager
Terry Tolich	- Senior Investment Analyst
Ben Doshi	- Barramundi Chief Financial Officer/Company Secretary
Sam Shuttleworth	- PricewaterhouseCoopers – Auditor
Philip Taylor	- PricewaterhouseCoopers – Auditor

PRELIMINARY

The Chairman:

- Welcomed shareholders and invitees to the 5th Annual meeting;
- Introduced the Directors, Senior Portfolio Manager, Senior Investment Analyst, Chief Financial Officer and Investor Relations Manager;
- Advised of venue safety procedures and administrative matters;
- Noted that the Notice of Meeting had been circulated to shareholders and confirmed that a quorum was present;
- Declared the meeting open; Announcing that over 98% of proxies had voted in favour of all resolutions;
- Advised that the minutes from the last Annual Shareholders Meeting held on 15 October 2010 were approved by the Barramundi Board on 14 December 2010 and were on the Barramundi website;
- Commented that the 2011 Annual Report had been circulated to shareholders.

CHAIRMAN'S ADDRESS

The Chairman:

- Discussed the highlights for the year including a net surplus of \$7.5m, total dividends paid of 7.44cps, the narrowing of the share price discount to Net Asset Value (NAV), Total Shareholder Return of 15.5%,

- the renewal of the Management contract with Fisher Funds and a positive recommendation by Morningstar;
- Detailed the performance of the Company for the year to 30 June, noting that Barramundi's Total Shareholder Return had been 15.5%, NAV including dividends 7.0% and noted that the S&P/ASX Small Ords Industrial Gross Index had risen 22.1% in the year;
- Discussed the quarterly dividend policy, noting the effect it has had on narrowing the discount between Net Asset Value and Share Price;
- Gave an update of global markets in recent months and quoted Glenn Stevens, the Governor of the Reserve Bank of Australia;
- Provided an update of the Company's performance to 30 September 2011, noting that a dividend of 1.7cps had been paid, Total Shareholder Return for the 3 months was -9.0% and the NAV including dividends had decreased 5%. These performance figures were compared to the S&P/ASX Small Ords Industrial Gross Index and the S&P/ASX 200 Accumulation index which had fallen -12.0% and 13.3% respectively;
- Noted that the Manager has conservative stock positioning, good cash positioning and a good hedging policy.

MANAGER'S ADDRESS

Frank Jasper, representing the Manager, then delivered his address. The Manager:

- Described the last 5 years in the Australian Market, noting that smaller cap and industrial stocks have had the lowest performance returns;
- Discussed Barramundi's performance versus the S&P/ASX Small Industrial index, noting that Barramundi has outperformed in every period except 2011;
- Explained the notable disappointments in 2011 as being the performance of Pharmaxis, going defensive too early and having currency hedging reduce returns;
- Explained the things that went well in 2011, including takeovers for Aevum, RP Data and Centrebet, strong performance from McMillan Shakespeare and strong profit growth from the portfolio companies;
- Stated that the positioning had helped in the first part of the 2012 financial year with a large cash position buffering the portfolio and being put to work at extremely attractive prices, the currency hedge paying off and the FY11 reporting season showing the robust nature of the portfolio companies;
- Discussed the portfolio since year end including the reduction of the cash position, the exiting of Vision Group and Oakton positions, non-binding takeover approaches for CSG and the building of a position in The Reject Shop;
- Explained the portfolio strategy and how the portfolio looks on those metrics;

QUESTIONS

The Chairman declared the meeting open for questions

A shareholder asked what Free Cash Flow yield was and what ROIC stood for.

The portfolio manager explained that Free Cash Flow yield is how much cash a business is producing and that ROIC stands for return on invested capital.

A shareholder asked the portfolio manager to comment on Dart Energy, Pharmaxis and DWS.

Frank Jasper explained that Dart Energy was acquired as part of the takeover of Arrow Energy and contained Arrow's New South Wales and offshore assets and that Dart was a small holding in the Barramundi portfolio. He went on to state that Dart Energy was still in its early stages but had good quality management. Mr Jasper informed the meeting that if the share price increases on the expected sale of some of their offshore assets, then he would consider exiting the holding in Dart Energy.

Frank Jasper stated that he was very surprised that Pharmaxis didn't gain approval for its main drug Brochitol, but given the approval wasn't given, the risk of owning the company had risen and the Manager had seen it prudent to exit the stock and take the loss.

Frank Jasper responded on DWS, informing the meeting that he had visited the company in Melbourne in the previous week, that the company had high cash flow generation and that the Manager was slowly increasing the holding of DWS in the portfolio.

An investor asked the portfolio manager to talk through how Pharmaxis met the STEEPP criteria.

Frank Jasper explained how Pharmaxis met the STEEPP criteria due to the quality of the science in their business and their patent portfolio, the strength of their management team, their strong earnings outlook, their track record of making the right strategic decisions for the business and that fact that the stock was cheap when compared to the potential of the business. Frank Jasper explained that the moat around their business was the quality of their intellectual property but conceded that ultimately, the Manager got this wrong.

Carmel Fisher added that there are two components, picking the right stock and getting the correct weighting of that stock in the portfolio. Carmel Fisher stated that the Manager had more Pharmaxis than it probably should have had. Ms Fisher further stated that in the last 6 months the Barramundi portfolio had been more defensively positioned with smaller weightings of each stock, but reminded the attendees that Arrow Energy was an enormous success for Barramundi due to the large weighting, so different strategies are appropriate in different markets.

A shareholder asked when the share price was likely to get back to 1 dollar.

Frank Jasper answered that it is hard to be prescriptive and ultimately all the Manager can do is build a portfolio with good fundamentals, good cash flow and strong companies and eventually the share price will get there.

An attendee, noting that the Manager had done well, asked whether the problem was that the structure of Barramundi was wrong given that the Australian growth fund had outperformed Barramundi.

Frank Jasper said the reason for the difference in performance would primarily be due to Barramundi's discount and that the quarterly distribution policy is in place to drive the discount lower. Carmel Fisher added that investors have always had two options, the unlisted version and the listed version and some investors prefer one over the other. Ms Fisher explained that delisting Barramundi would incur costs and though investors may gain a quick 10% they are likely to be better off staying in Barramundi and watching the discount close, something the Company has already had success in doing of late.

RE-ELECTION OF DIRECTORS

The Chairman advised that under the constitution, one-third of Directors on the Board at the start of the year must retire by rotation. Carmel Fisher retired by rotation and, being eligible, offered herself for re-election.

It was moved and seconded "THAT Carmel Fisher be re-elected as a Director of Barramundi."

The Chairman declared the motion carried by a show of hands.

James Miller stated that as a new director, Mark Todd must stand for election. Mark Todd addressed the meeting.

It was moved and seconded "THAT Mark Todd be elected as a Director of Barramundi."

The Chairman declared the motion carried by a show of hands.

APPOINTMENT AND REMUNERATION OF AUDITOR

The Chairman advised that the existing auditors were automatically re-appointed auditor of the Company for the year ending 30 June 2012, but a resolution was required to authorise the Directors to set their remuneration.

It was moved and seconded "THAT the Directors be authorised to set PricewaterhouseCoopers' remuneration for the current year."

The Chairman declared the motion carried by a show of hands.

**GENERAL
BUSINESS**

The Chairman invited attendees to raise matters of a general nature.

An investor asked whether new warrants were likely to be issued as the current warrants are likely to expire out of the money as the first tranche did and whether warrants still formed part of the fund structure.

James Miller responded that warrants still have a place but are more suitable for a bull market.

A shareholder asked whether the Manager was happy with its hedging policy.

James Miller noted that the Manager had done a good job with hedging before referring the question to Frank Jasper. Mr Jasper said that on the whole the Company had made money from hedging but just as importantly they had reduced the volatility for investors.

Carmel Fisher noted that Fisher Funds has employed a Chief Investor Officer who will look after Fisher Funds' investment strategy and currency with a view to aligning these across the funds and overseeing the investment team.

Lastly, a question was asked as to whether the Board has any other plans to try and narrow the discount as the buyback programme had not necessarily been successful based on the latest discount.

James Miller replied that a combination of the quarterly distribution policy, share buybacks and a focus on investor relations are used to narrow the discount. Carmel Fisher added that the latest discount is not necessarily a trend of where the discount is heading. Carmel Fisher said that investors should take comfort in the fact that the discount had closed to 12% at 30 June 2011 and that when markets turn around shareholders can reasonably expect the discount to narrow again.

CLOSURE

The meeting was declared closed at 11.40am.

CONFIRMED:



Chairman
28 November 2011