Barramundi

LANDING TOMORROW'S TROPHIES

30 JUNE

2016 annual report

Barramundi
LANDING TOMORROW'S TROPHIES

Contents

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At a glance

at 30 June 2016

NAV per Share $0.67

Share Price $0.62

Discount 7.9%

for year ended 30 June 2016

Dividend Return 8.2%

2016/2017 Calendar

Next Dividend Payable	30 September 2016
Annual Shareholders' Meeting	28 October 2016, 10:30am, Ellerslie Event Centre, Auckland
September Quarter Update Newsletter	November 2016
Interim Period End	31 December 2016
Interim Report to 31 December 2016	March 2017
March Quarter Update Newsletter	May 2017

About the Company

Barramundi Limited ("Barramundi" or "the company") is a listed investment company that invests in growing Australian companies. The Barramundi portfolio is managed by **Fisher Funds Management Limited** ("Fisher Funds" or "the Manager"), a specialist investment manager with a track record of successfully investing in growth company shares. Barramundi listed on NZX Main Board on 26 October 2006 and may invest in companies that are listed on an Australian stock exchange (with a primary focus on those outside the top 20 at the time of investment) or unlisted companies.

Investment Objectives

The key investment objectives of Barramundi are to:

- Achieve a high real rate of return, comprising both income and capital growth, within risk parameters acceptable to the directors; and
- Provide access to a diversified portfolio of Australian growth stocks through a single tax efficient investment vehicle.

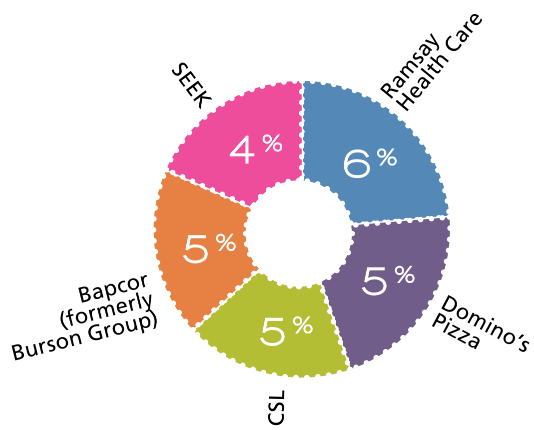
Investment Approach

The investment philosophy of Barramundi is summarised by the following broad principles:

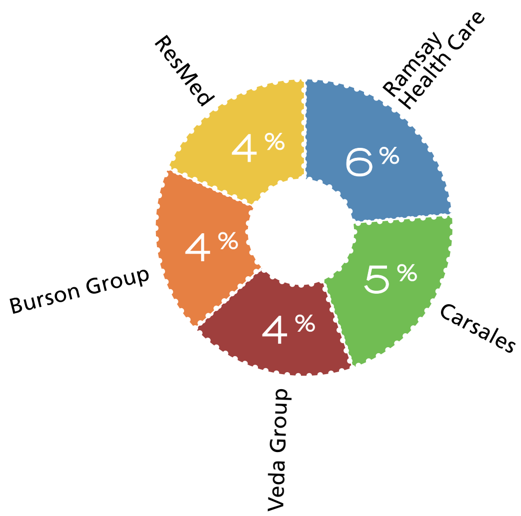
- Invest as a medium to long-term investor exiting only on the basis of a fundamental change in the original investment case;
- Invest in companies that have a proven track record of growing profitability; and
- Construct a diversified portfolio of investments, based on our 'STEEPP' investment criteria (see pages 12 and 13).

Top Five Investments

30 June 2016



30 June 2015



Directors' Overview

For the 2016 financial year, the Barramundi portfolio recorded a net profit of $5.4m, which follows last year's net profit of $8.3m. The Australian share market remains subdued, so it was pleasing to see the investment companies in Barramundi's portfolio outperform.

Over the year adjusted net asset value (NAV)* grew 6.3%, after adjusting for dividends and other capital management initiatives. Over the same period, the benchmark index^ rose 3.3%.

The sectors that produced the largest returns (Healthcare, Consumer and Industrials) were the same sectors that Barramundi was most heavily invested in. Over the year the majority of Barramundi's investments produced positive returns and contributed $10.6m in portfolio gains ($8.0m equity investments plus $2.6m dividends).

The portfolio's return was impacted by a $5.9m foreign exchange loss, due to a strengthening New Zealand dollar. Currency hedging, put in place to help protect the portfolio against fluctuations in the NZD/AUD exchange rate, partially offset the loss (reduced it by $4.7m).

Total shareholder return (TSR)* was lower this year at 0.4%. TSR* takes into consideration the change in share price, dividends paid to shareholders and the impact of warrants when on issue. This year, TSR* was negatively impacted by Barramundi's combined share and warrant price falling 12.7% from $0.71 (as at 30 June 2015) to $0.62 (as at 30 June 2016). During the year, shareholders received regular dividends (5.52 cents per share) and had the option to partake in Barramundi's warrant exercise at $0.62 per warrant.

Since year end, the share price has begun to recover and was trading at $0.66 on 12 September 2016.

Revenues and Expenses

The components of the full-year result were net gains on investments of $6.8m, dividend and interest income of $2.7m, less foreign exchange losses on cash of $0.5m and less operating expenses and tax of $3.6m. Tax expense is higher than last year as a result of the foreign exchange gains from currency hedging.

Five-Year Summary

Figure 1 (on page 7) summarises the five-year performance history for the years ended 30 June 2012–2016.

Since Inception

Since inception, Barramundi's adjusted NAV* has significantly outperformed the benchmark index^; up 31.3% compared to 9.1% for the index. Over the same period, shareholders have experienced a positive TSR* of 24.9% (the combination of share price performance, dividends and warrants) Figure 2 (on page 7) tracks the Barramundi share price relative to TSR* over the ten-year period.

Dividends

In accordance with Barramundi's distribution policy (2.0% of average NAV paid four times per annum), the company's dividend return was 8.2% during the year. The next dividend payment will be 1.40 cents per share, payable on 30 September 2016 with a record date of 15 September 2016.

Alistair Ryan, Chairman.

Directors' Overview continued

Warrants

On 6 May 2016, Barramundi warrant holders had the option to convert all or some of their warrants into ordinary Barramundi shares at an exercise price of $0.62. A total of 14.7m warrants (47%) were exercised on the exercise date, providing an additional $9.1m to invest in the Barramundi portfolio. The additional funds have been invested in Barramundi's current investment portfolio of stocks, in similar proportions to the existing portfolio. Warrants continue to be an important part in the overall capital management programme.

Annual Shareholders' Meeting

The Annual Shareholders' Meeting will be held on Friday 28 October 2016 at 10:30am at the Ellerslie Event Centre in Auckland. All shareholders are encouraged to attend, with those who are unable to attend invited to cast their vote on company resolutions prior to the meeting.

Conclusion

The 2016 financial year has been a challenging environment for Australian shares. The Manager has spent time rebuilding the Barramundi portfolio, which the Board believes is well-positioned for the future. Both the Board and Manager remain cautious about international scenarios and the potential impact on Australian shares. Further details of the Barramundi portfolio and changes to it are discussed within the Manager's Report.

We would like to thank you for your continued support and look forward to seeing many of you at our Annual Shareholders' Meeting in October.

On behalf of the Board,

Alistair Ryan

Alistair Ryan / Chairman
Barramundi Limited
12 September 2016

Definitions of Non-GAAP measures:

Adjusted Net Asset Value (Adjusted NAV)

The adjusted NAV per share represents the total assets of Barramundi (investments and cash) minus any liabilities (expenses and tax), divided by the number of shares on issue. It adds back dividends paid to shareholders and adjusts for:

- *the impact of shares issued under the dividend reinvestment plan at the discounted reinvestment price;*
- *shares bought on-market (share buybacks) at a price different to the NAV, and;*
- *warrants exercised at a price different to the NAV at the time exercised.*

Adjusted NAV assumes all dividends are reinvested in the company's dividend reinvestment plan and excludes imputation credits.

The directors believe this metric to be useful as it reflects the underlying performance of the investment portfolio adjusted for dividends, share buybacks and warrants, which are a capital allocation decision and not a reflection of the portfolio's performance.

Total Shareholder Return (TSR)

The TSR combines the share price performance, the warrant price performance (when warrants are on issue), the net value of converting warrants into shares and dividends paid to shareholders.

TSR assumes:

- *all dividends paid are reinvested in the company's dividend reinvestment plan at the discounted reinvestment price and exclude imputation credits, and;*
- *all shareholders that have received warrants (for free), have subsequently exercised their warrants at the warrant expiry date and bought shares (if they were in the money).*

The directors believe this metric to be useful as it reflects the return of an investor who reinvests their dividends and, if in the money, exercises their warrants at warrant maturity date for additional shares. No metric has been included for investors who choose other investment options.

Figure 1: Five-Year Performance Summary

Corporate Performance

For the year ended 30 June	2016	2015	2014	2013	2012
Total Shareholder Return*	0.4%	15.7%	3.2%	22.6%	(2.5%)
Dividend Return	8.2%	8.7%	9.0%	10.3%	9.0%
Share Price (Discount)/Premium Change	(4.1%)	3.0%	8.7%	0.4%	(2.3%)
Basic Earnings per Share	4.17cps	6.68cps	(5.2cps)	14.25cps	(0.77cps)
Adjusted NAV Return*	6.3%	10.1%	(6.8%)	20.4%	(0.9%)

As at 30 June	2016	2015	2014	2013	2012
Audited NAV	$0.67	$0.70	$0.69	$0.81	$0.73
Adjusted NAV*	$1.28	$1.21	$1.10	$1.18	$0.98
Share price	$0.62	$0.67	$0.64	$0.68	$0.61
Warrant Price	n/a	$0.04	n/a	n/a	n/a
Share Price Discount to NAV#	7.9%	2.5%	6.8%	15.5%	15.9%

**For Adjusted NAV and Total Shareholder Return definitions please see page 6.*

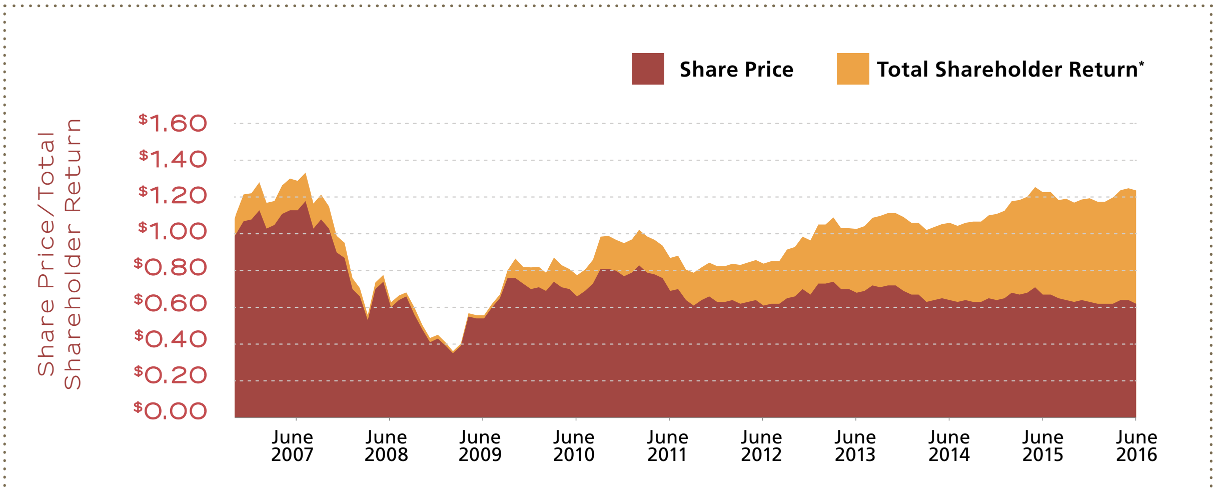
#Includes warrant price on a pro-rata basis.

Manager Performance

For the year ended 30 June	2016	2015	2014	2013	2012
Gross Return	11.0%	13.0%	(3.4%)	25.5%	2.1%
Benchmark Index^ (Gross in NZ dollar terms)	3.3%	13.0%	2.8%	8.4%	(4.3%)
Performance fee hurdle / Benchmark Rate (Bank Bill Index +7%)	9.9%	10.7%	9.8%	9.7%	9.8%

^Blended index: S&P/ASX Small Ords Industrial Gross Index until 30 September 2015 & S&P/ASX 200 Index (hedged 70% to NZD) from 1 October 2015. All returns have been reviewed by an independent actuary.

Figure 2: Total Shareholder Return



Manager's Report

The Barramundi portfolio generated investment returns of $10.6m ($8.0m equity investments plus $2.6m dividends) resulting in an 11% gain on the opening fund value of $88m. Our currency hedges proved their value in protecting returns as the New Zealand dollar sharply appreciated over the year. Excluding hedging gains, returns on the Barramundi share portfolio of 5.5% compared favourably with the broader S&P/ASX 200 Index (-7.5%) and the S&P/ASX Small Industrials Index (+3.8%) in New Zealand dollars.

We remained focused on our core investment philosophy, which is to invest in quality companies with the ability to grow earnings over time. This saw us maintain large positions in the Healthcare, Consumer and Industrials sectors, which happily were the stronger parts of the share market over the year. Favouring Barramundi's investment approach, investors continued to demonstrate a preference for the shares of companies with reliable earnings and growth prospects.

The Mining and Energy sectors were weak for the year, but this annual result disguised two distinctly different periods. After a torrid back half of 2015, the mining sector enjoyed a tremendous bounce in the first half of 2016. We highlighted the emerging opportunity in the Mining sector at our interim report, but the rate at which commodity prices and the shares of mining companies rallied surprised us. An unexpected surge in Chinese stimulus and a pause in the cadence of interest rate hikes in the US were the primary factors driving the commodity price rally. Given the difficulty in anticipating the durability of these factors we have for now remained out of the sector.

Of 39 investments held over the year, 26 rose in value. Pleasingly, some of our larger portfolio positions delivered a very strong performance, with the likes of Domino's Pizza (+93%), Bapcor (formerly Burson Group) (+66%), Medibank (+53%), Technology One (+44%), CSL (+32%), Veda (+31%) and Ramsay Healthcare (+19%) exceeding expectation.

The year also presented challenges. Asset manager Henderson Group (-31%) had to rapidly reduce its prices to stem a tide of withdrawals as investors exited European and UK-based investments in the wake of the shock Brexit referendum result. We exited Flight Centre at a small profit as a more cautious consumer traded down to lower priced airlines, negatively affecting commissions. Earnings at Ansell (-22%) proved more cyclical than we originally thought.

While the Australian market proved challenging over the period, adhering to our strategy saw the Barramundi portfolio deliver a solid result.

Key Portfolio Changes

We introduced 10 new stocks to the portfolio over the year, and exited eight holdings.

APN Outdoor and **Ooh! Media** are leading Australian out-of-home media businesses. Cable and satellite television have turned the one large television audience of the past into a host of smaller ones. In addition people spend less time on traditional media like television, magazines and newspapers, and more time on the internet. Even internet habits are changing as users access content less on computers, and more on mobile devices. In short, technological change has fragmented audiences, making them harder to reach. The out-of-home sector solves this problem as it engages target audiences with relevant messages. Both APN Outdoor and Ooh! Media have shown impressive sales and profit growth by delivering effective ways to engage with target audiences. We chose to own both businesses because they are complementary, with APN Outdoor dominating billboards and transit locations, and Ooh! Media dominating shopping precincts. In combination the two enjoy strong market share, ensuring they compete rationally for sites and advertising dollars. With half of all advertising dollars still spent on traditional media, advertisers are pressed to find ways to better reach audiences. Providing advertisers with a solution provides a solid long-term growth opportunity for our portfolio companies.

Link Administration is the largest provider of fund administration services to Australia's superannuation industry. It is the second largest Australasian share registry and the leading provider of shareholder management and analytics. The company also has registry businesses in a number of other countries. Link has many of the qualities that we look for in a company: the leading market position by a significant margin in outsourced Australian super fund administration; a strong value proposition for its customers; defensive, recurring revenues and a high level of customer captivity. We expect the company to produce solid earnings growth as it integrates an acquisition made in 2014 that doubled the size of its Funds Administration business. With the scale advantage that Link now enjoys, it is well-positioned to participate in further expected consolidation of the fund administration sector.

National Australia Bank operates retail and business banking in Australia and New Zealand and after a complex restructuring has an enviably clean balance sheet. The bank is well-positioned to adapt to a changing Australian regulatory environment and capitalise on new opportunities as they emerge. The big four Australian banks enjoy a supportive industry structure and wide economic moats. Their scale, regulatory expertise, technology and brands constitute significant barriers to entry for potential competitors, allowing the banks to earn healthy returns on their capital.

Regis Healthcare operates premium aged care facilities in Australia. Regis enjoys significant long-term growth prospects given an ageing population and regulatory support for a consolidated aged care sector. As a large player in the market Regis enjoys the benefit of scale, allowing it to deliver a higher quality service at profitable prices. The company's long track record in the space, and the impressive tenure of management, position it well to capitalise on the substantial long-run growth opportunity ahead.

Having owned **Ingenia Communities** for a number of years, we have now added **Gateway Lifestyle** to the portfolio to diversify and increase our overall exposure to the retirement living sector. We continue to regard this as an attractive investment space given the long growth runway provided by Australia's ageing population. Like Ingenia, Gateway operates and develops manufactured home estates which will be increasingly preferred as a retirement option given their affordability. Gateway has a development pipeline that will enable it to double the number of manufactured homes in the 53 villages it owns.

Reliance Worldwide is a leading manufacturer of behind the wall plumbing fittings and control valves for hot water systems. In particular, its SharkBite brand has a dominant share of the market for push to connect fittings in the US and Australia. Push to connect fittings currently have a relatively low share of the plumbing repair and renovation market. As Reliance's solutions greatly increase plumbers' efficiency, the company's market share, sales and earnings, should grow substantially over time. In the US the company is also launching a cost effective push to connect fitting range for new residential construction, conferring further potential to already strong growth prospects.

Vocus Communications is an Australian telecommunications company offering its customers telephone and internet services. The roll out of the Australian National Broadband Network will allow all telecommunications providers a similar cost when offering their customers internet access, progressively eroding the monopoly of incumbent Telstra to the benefit of the more nimble smaller players like Vocus. The company has steadily invested in infrastructure to support it offering a competitive solution to corporate clients, and a quality value-priced solution to retail clients. Vocus is poised to grow strongly in a more competitive de-regulated future.

Henderson Global Investors is a global asset manager founded in 1934. It is an independent asset manager with assets under management of more than £90bn, more than 900 employees and offices in 19 cities around the world. The combination of talented investment professionals and a diverse product range focused on investor needs has seen the business deliver high fee margins and strong performance fee income. With investment expertise across a broad range of asset classes, and an enviable performance record, Henderson has a superb opportunity to profitably grow its assets under management over time.

Very late in the year the portfolio initiated a position in **Aconex**. The company offers an internet cloud-based project management solution for complex construction projects. This improves collaboration, communication and document control among the myriad of participants in a major project, delivering efficiencies and cost savings. Aconex' platform is being adopted by some of the world's largest construction companies and project owners, and is becoming embedded in their business practices. Adoption of cloud collaboration solutions by the industry is in its infancy, implying a significant growth runway ahead.

“We remained focused on our core investment philosophy, which is to invest in quality companies with the ability to grow earnings over time.”

Manuel Greenland, Senior Portfolio Manager.

Manager's Report continued

During the year we exited our positions in eight stocks.

Flight Centre was not delivering on our investment thesis. We originally assessed that the passenger volumes Flight Centre controlled gave it substantial bargaining power relative to the airlines it served. This turned out to be only partially valid. Low cost airlines depend more on offering value and less on travel agents to win passengers, and so they pay lower commissions to travel agents. As the low-cost airlines won market share from budget-conscious Australian travellers, Flight Centre's commission suffered. Barramundi made a small profit on Flight Centre, but given the developments we chose to sell the share and invest in more compelling opportunities. Flight Centre is a high quality business at a challenging time, and we may well own it again in the future.

The portfolio exited its position in **Nick Scali** over the second half of the year. This was a successful investment but the eventual prospect of the Australian residential property market slowing, with a likely flow-on impact to furniture retailing, led us to sell while the company's trading conditions remained supportive.

As discussed in our interim report, key portfolio holding **Veda** was acquired at a significant premium and delisted. We also exited positions in **Retail Food Group, ANZ, Infomedia, Aurizon** and **DWS**.

Key News on Portfolio Companies

Australian hospital claims inflation recently reached a 15-year low on a diminishing rate of hospital visits. Rather than concluding that Australians have suffered a sudden outbreak of good health, we believe that an increased focus by government and private medical insurers on the prices of hospital procedures, and whether they are truly needed, has seen doctors become increasingly circumspect about sending patients to hospital. As a consequence, health insurer **Medibank Private** reported superb profitability on lower claims expenses. Somewhat counter-intuitively hospital group **Ramsay Healthcare** delivered a stellar first half result, including a strong increase in its Australian hospital volumes. Ramsay similarly showed strong profit growth in its European business notwithstanding unforeseen regulatory pricing pressure in France. At the core of Ramsay's continued success is its tremendous scale and operating excellence, which allowed it to win share in a lower growth Australian environment, and to extract better prices from suppliers in Europe. Ramsay generates high returns on capital, and enjoys ample opportunities to reinvest those returns into additional profitable projects.

Carmel Fisher, Managing Director.

Vocus acquired Nextgen Networks, significantly bulking up its Australian infrastructure network. Post the acquisition Vocus' fibre network substantially covered Australia, connecting capital cities to regional and remote areas. Nextgen provided superior quality internet solutions to corporate and government customers, to whom Vocus will now be able to cross-sell additional products and services. Nextgen is developing a submarine cable from Darwin to Port Headland to service the mining and offshore oil and gas sectors in Western Australia. A project to connect Singapore, Jakarta and Perth via a submarine cable also comes with the deal. The combined new business is expected to enjoy new sales opportunities and greater cost synergies. Vocus is a well-resourced challenger in a rapidly evolving sector, and the Nextgen acquisition is a key step on its path to continued growth.

ResMed's new generation of flow generators are internet enabled. The machines communicate with a software platform which helps patients to optimise their use, and to prove compliance with medical instructions. Proving compliance is key to medical insurers reimbursing costs. The company also acquired Brightree, a leading software provider to ResMed's medical device provider customers. The combination of Brightree and ResMed's solutions greatly increases the captivity of ResMed's customers – a classic example of what Warren Buffett refers to as "widening the moat".

In February of last year **Nanosonics** announced it was establishing its own direct sales force in North America to drive sales of its trophon high level disinfection device alongside its distribution partner GE Healthcare. A 74% increase in the North American installed base of trophons over the last year demonstrates that this investment has paid off handsomely. Trophon now has a presence in 48 of the top 50 US hospitals.

> "While the Australian market proved challenging over the period, adhering to our strategy saw the Barramundi portfolio deliver a solid result."

Nanosonics still has a long growth runway in North America and other countries as healthcare authorities push for better decontamination practices. In May NHS Scotland followed the lead of NHS Wales (October 2014) and issued new guidelines for ultrasound probe decontamination that will encourage adoption of the trophon. New guidelines for England, France and Japan are pending and provide additional impetus for the company's medium-term growth prospects.

Domino's Pizza announced an important acquisition in December. In a joint-venture with Domino's Pizza UK, it acquired Germany's largest pizza chain, Joey's Pizza. Germany is the fourth largest pizza market in the world, and Joey's is the market leader with c.32% market share. Joey's is a profitable business, with talented managers who have been retained since the acquisition. We expect Domino's to initially focus on bringing its operational expertise to the German business, before addressing the substantial store growth opportunity in that market.

Toxfree Solutions has had a difficult year. The company successfully raised capital in March to acquire Worth Recycling, a leading waste treatment and industrial services business, strengthening Toxfree's operations in NSW. Unfortunately, this good news was followed in May by an announcement that Chevron Australia, Toxfree's largest customer, had sought expressions of interest to provide it with waste services. This was despite Chevron Australia only a few months earlier extending Toxfree's contract to provide these services until October 2021. As the incumbent operator, having performed well, and owning key waste treatment sites close to Chevron's WA facilities, Toxfree has a good chance of keeping the contract but at the cost of lower pricing. Toxfree's inability to enforce its contractual rights or retain its pricing power because of the bargaining power of a customer provides an indication that the company is not as strong as we originally thought, and we have reduced exposure to Toxfree.

Outlook

Australia has passed some critical points in its adjustment away from a mining-led economy. The worst effects of falling mining investment on economic growth are now behind us. Similarly, the most significant impact on incomes from weaker commodity prices has already been felt. Through these difficult tests, the Australian economy has continued to grow and unemployment has remained in check.

While Australia has performed relatively well, there are challenges ahead. Domestically an improvement in confidence is needed to drive higher wage growth, consumer spending and stronger investment in the non-mining sectors of the economy. In China authorities face an increasingly difficult choice between reducing debt levels and stimulating growth. Markets must still contend with the prospects of higher US interest rates and weaker European growth, but both regions now present new political risks. We are steadfast in our view that Australia's institutional strength, human capital and solid infrastructure will see it continue to succeed through these challenges. We aim to participate in this success by identifying companies whose sustainable competitive advantages will see them earn superior profits over the long term, and owning a well-diversified portfolio of these great businesses.

Portfolio Holdings Summary as at 30 June 2016

Company	% Holding
Aconex	0.2%
Ansell	3.9%
APN Outdoor	2.0%
AUB Group	2.9%
Bapcor (formerly Burson Group)	4.6%
Brambles	3.9%
Carsales	3.0%
Coca-Cola Amatil	1.7%
Credit Corp	2.1%
CSG	2.2%
CSL	4.6%
Domino's Pizza	4.9%
Gateway LifeStyle Group	1.6%
Henderson Group	3.4%
Ingenia Communities	2.3%
Link Administration	2.9%
Medibank	2.2%
MYOB	2.2%
Nanosonics	2.4%
National Australia Bank	3.6%
Ooh! Media	2.3%
Ramsay Health Care	6.2%
Regis Healthcare	2.0%
Reliance Worldwide Corp	3.5%
ResMed	3.0%
SEEK	4.2%
Sonic Healthcare	3.9%
Technology One	3.9%
Toxfree Solutions	2.4%
Vocus Communications	3.3%
Westpac	3.6%
Equity Total	**94.9%**
Australian dollar cash	2.1%
New Zealand dollar cash	2.8%
Cash Total	**4.9%**
Centrebet Receivable	0.3%
Forward foreign exchange contracts	(0.1%)
TOTAL	**100.0%**

Manuel Greenland / Senior Portfolio Manager
Fisher Funds Management Limited
12 September 2016

Carmel Fisher / Managing Director
Fisher Funds Management Limited
12 September 2016

The STEEPP Process

Fisher Funds employs a process that it calls STEEPP to analyse existing and new portfolio companies. This analysis gives each company a score against a number of criteria that Fisher Funds believes need to be present in a successful portfolio company. All companies are then ranked according to their STEEPP score to determine how significant their starting weighting within the portfolio will be (or indeed whether they make the grade to be a portfolio company in the first place).

The STEEPP criteria are as follows:

S

Strength of the Business

What is the company's competitive advantage? Is it sustainable? Is the company a market leader? Does it have a dominant position? A strong business is one that can maintain its profit margins by employing a unique strategy.

T

Track Record

How has the company performed in the past? Has the company performed under the same management team? Has it grown organically or by acquisition? How did the company react during a downturn? We prefer to buy established companies that have executed well in the past.

E

Earnings History

How fast has the company been able to grow its earnings in the past? How consistent has earnings growth been? We prefer to buy companies that exhibit secular growth characteristics where they have proven the ability to provide a high or improving return on invested capital.

Gateway Lifestyle Group.

E

Earnings Growth Forecast

What is the company's earnings growth forecast over the next one to three years? What is the probability of achieving the forecast? What do we expect the company's earnings potential to be? We notice that too many analysts focus on short-term earnings. As long-term growth investors, we think about where the company's earnings could be in three to five years.

P

People/ Management

Who are the management team and how long have they been in their roles? Who are the directors, what is their history with the company and what do they bring to the Board? What is the depth of management in the organisation and is there a succession plan for the key executive roles? Do the management team own shares in the business and how are they rewarded? Has the Board and management exhibited good corporate behaviour in the areas of environmental, social and governance considerations? For us, the quality of the company management and its corporate governance is of paramount importance.

P

Price/ Valuation

How much of the future earnings growth is already reflected in the share price? Where does the current share price sit in relation to our worst to best case valuation range? A company will generate a higher score where the market price currently reflects little of that company's upside potential.

Using this STEEPP analysis, we constructed and maintained a portfolio which comprised 31 securities at the end of June 2016.

Barramundi Portfolio Stocks

The following is a brief introduction to each of your portfolio companies, with a description of why we believe they deserve a position in the Barramundi portfolio. Total shareholder return is for the year to 30 June 2016 and is based on the closing price of each company plus any dividends received. For companies that are new to the portfolio in the year, total shareholder return is from the first purchase date to 30 June 2016.

Bapcor.

Aconex

What does it do?

Aconex provides a cloud-based project management solution for complex construction projects. This centralises all documentation, data, communications and business processes for a project and makes this readily accessible to all project participants in real time. This improves project coordination, ensures one view of the project for all participants and cuts costs.

Why do we own it?

The construction industry suffers from poor productivity and low levels of digitisation. Increasing project complexity requires improved coordination and documentation of activities. Cloud collaboration solutions address this need. With a large potential market and a low current level of penetration, Aconex has a long growth runway ahead of it. The company's platform is being adopted by some of the world's largest construction companies and project owners, and is becoming embedded in their business practices.

Total Shareholder Return

1%

Ansell

What does it do?

Ansell designs, develops, manufacturers and markets a wide range of hand and arm protection solutions (e.g. gloves), clothing and condoms. It is essentially an industrial materials business that transforms natural rubber latex and synthetic latex into these value added products. It is a leading player (#1 or #2) in all its key market segments.

Why do we own it?

Ansell has an attractive combination of businesses that benefit when the world economy grows, and those that enjoy relatively resilient demand even when economies are weak. The company generates healthy profits that we expect to grow over time as the global economy recovers and as it successfully differentiates its products from the commodity-end of the markets it serves.

Total Shareholder Return

-22%

APN Outdoor

What does it do?

APN Outdoor is a leading Out of Home advertising company with a dominant share in the Roadside and Transit sectors. The company sells advertising opportunities on its wide network of signs and digital screens, allowing advertisers to reach consumers in new and exciting ways.

Why do we own it?

There are two major prevailing dynamics in the advertising industry. Firstly, audiences are increasingly fragmented, meaning that advertisers have to find ways to reach small target audiences with relevant adverts, or risk being ignored. Secondly, technology is disrupting traditional media causing major categories like Print and Television to lose audiences, and new categories like Online, Mobile and Out of Home to gain audiences. With the advent of digital screens, Out of Home advertising offers a new dynamic, high-tech media through which to reach consumers. These two powerful industry dynamics should see sustained growth in Out of Home advertising for the foreseeable future.

Total Shareholder Return

43%

Barramundi Portfolio Stocks continued

AUB GROUP

What does it do?

AUB Group operates a general insurance broking network focused on the small to medium-sized business market.

Why do we own it?

We like AUB Group's owner-driven business model where member firms are strongly incentivised to grow. We believe insurance broking is an industry ripe for consolidation, allowing the company to be an aggregator of smaller broking firms. The combination of adding more firms to the network, long-term organic growth in the insurance market and the benefits of scale should drive healthy earnings growth for AUB Group over time.

Total Shareholder Return

17%

Bapcor

What does it do?

Bapcor is Australia's largest trade-focused distributor of automotive aftermarket parts. The company has a credible plan to grow store numbers organically, and has made a convincing acquisition giving it national scale.

Why do we own it?

Bapcor operates in a relatively defensive industry, which is generally not materially impacted by the macroeconomic cycle. Bapcor adds an emerging quality company, in a growing sector with significant consolidation and earnings growth potential, to our portfolio.

Total Shareholder Return

66%

Bapcor changed its name from Burson Group in July 2016.

Brambles

What does it do?

Brambles is a supply-chain logistics company operating in more than 50 countries. The group specialises in the pooling of unit-load equipment and associated services, focusing on the outsourced management of pallets (CHEP), crates and containers.

Why do we own it?

Although Brambles is a capital intensive business it generates attractive returns on capital. It is difficult for potential competitors to replicate the scale of Brambles' pallet pool (US$5b) and its extensive service centre network. Moreover, there is considerable IP in managing the flow of pallets through the supply chain and keeping control of the assets. We expect sound growth from Brambles for many years to come as the penetration of pooled, rental unit-load equipment continues to increase in developed markets and as modern supply chains are established in emerging markets.

Total Shareholder Return

20%

carsales.com ltd

What does it do?

Carsales owns a network of classified advertising websites in Australia. Carsales' main website, www.carsales.com.au, is the leading automotive classifieds website in Australia.

Why do we own it?

A first mover advantage is supremely important in online marketplaces; think of eBay, Amazon or TradeMe. Carsales enjoys the first mover advantage in all its markets, making it very hard for competition to build. In addition, the company is a beneficiary of the shift in spend from traditional media like newspapers to digital media. Carsales is a strong business with attractive growth prospects and interesting global options.

Total Shareholder Return

25%

CCA COCA-COLA AMATIL

What does it do?

Coca-Cola Amatil is one of the largest bottlers of non-alcoholic ready-to-drink beverages in the Asia-Pacific region and one of the world's top five Coca-Cola bottlers. The company's diversified portfolio of products includes carbonated soft drinks, spring water, sports and energy drinks, fruit juices, iced tea, flavoured milk, coffee, tea and SPC Ardmona and Goulburn Valley packaged ready-to-eat fruit and vegetable snacks and products.

Why do we own it?

Coca-Cola Amatil distributes some of the most valuable consumer brands in history. The company enjoys a stable developed market in Australia, and attractive growth prospects in Indonesia. The brand strengths and global Coca-Cola system knowledge should see Coca-Cola Amatil deliver sustainable long-term earnings growth.

Total Shareholder Return

-5%

Credit Corp Group

What does it do?

Credit Corp purchases and then collects, on its own account, portfolios of defaulted debt. These are primarily bought from banks. In more recent times the company has diversified, leveraging its understanding of the sub-prime market to provide consumer credit. It also has a fledgling US purchased debt ledger ("PDL") operation.

Why do we own it?

We like Credit Corp's leading market position and strong reputation with Australia's major banks, which have allowed it a healthy share of the PDL market. The business enjoys a scale advantage versus competitors, has a conservative balance sheet and is tightly managed. The mature Australian PDL business should deliver sound growth, with the company's burgeoning consumer lending business and US PDL operation providing significant growth opportunities.

Total Shareholder Return

3%

Barramundi Portfolio Stocks continued

CSG

What does it do?

CSG is a print and office solutions company. The company has over 40,000 print devices under management across Australia ranging from photocopy devices for small firms to major integrated solutions for large corporate and government customers.

Why do we own it?

CSG's core print service business involves the management of workplace photocopiers and multi-function devices (MFD). MFD manufacturers are increasingly using specialists like CSG to drive sales and to optimise print services for their customers, while customers are looking for a single supplier of their office technology needs. The Australian rollout of financing to purchase these technology solutions offers another attractive growth option.

Total Shareholder Return

-1%

CSL

What does it do?

CSL is a leader in the growing global plasma therapies market, with therapies that address severe autoimmune and nerve degeneration conditions.

Why do we own it?

CSL's therapies address conditions for which drug trials are typically difficult to conduct, giving existing companies with approved therapies a tremendous advantage. As a result, CSL enjoys healthy returns on capital and strong earnings growth over very long product lifecycles. In addition to owning several leading therapies, CSL also invests significant resources in research and development, securing future earnings growth.

Total Shareholder Return

32%

Domino's

What does it do?

Domino's Pizza is the master franchisor of the Domino's brand in Australia, New Zealand, France, Belgium, the Netherlands, Monaco and Japan. The company has revolutionised the pizza restaurant industry in its key markets by focussing on meeting consumer taste, convenience and value needs.

Why do we own it?

Dominos is a clear Australian growth stock with store expansion, productivity and margin improvement opportunities. The business has significant scale, technology expertise and a powerful brand, all of which combine to create a formidable barrier to entry for potential competitors. With meaningful contributions from businesses around the world, Dominos offers quality diversification from the Australian economy.

Total Shareholder Return

93%

Gateway Lifestyle

What does it do?

Gateway Lifestyle is Australia's largest manufactured home estate ("MHE") operator. MHE's are focused on the affordable end of the retirement living market. Seniors own their manufactured home but pay a ground rental for the site on which it stands. Gateway also generates development profits from the initial sale of manufactured homes to their occupants.

Why do we own it?

Retirement living is an attractive investment space given Australia's aging population and our expectation of an increasing preference for MHEs among seniors given their affordability. Gateway offers the attractive combination of a growing rental stream from its existing MHEs, a substantial existing development pipeline to meet increasing demand and further acquisition opportunities as it (and Ingenia) consolidates the MHE market.

Total Shareholder Return

4%

Henderson Group PLC

What does it do?

Henderson Group is an independent asset manager with more than £95 billion under management and offices in 19 cities around the world. Clients range from global institutions to personal investors in a variety of domestic markets worldwide. With investment expertise across a broad range of asset classes, Henderson offers clients access to all major markets around the globe, with core capabilities in European Equities, Global Equities, Global Fixed Income, Multi-Asset and Alternatives.

Why do we own it?

The diversity of Henderson's funds allows it to attract client inflows in a broad variety of market conditions, and to reduce the volatility of returns for its clients. Henderson has a significant and profitable franchise among retail investors, and is showing robust growth in its institutional investor base. The strong performance of Henderson funds has allowed the business to build a strong investor base in Europe, and early signs from an expansion to the US are encouraging. Over the medium term we expect that Henderson will grow its assets under management at a rate exceeding general share market returns, making it an attractive holding for our portfolio.

Total Shareholder Return

-31%

Ingenia Communities

What does it do?

Ingenia Communities is a retirement living operator focused on the value end of the market. The company primarily operates both rental villages where retirees rent its homes and Manufactured Home Estates (MHE) with relocatable modular housing where Ingenia earns a ground rent from the residents who own the homes themselves. In both cases retirees often receive government assistance towards the rental payment.

Why do we own it?

We see significant organic and acquisitive growth opportunities for Ingenia. The company enjoys the demographic tailwind of aging baby boomers and it has already developed a strong track record in acquiring operating retirement living assets at good prices that come with attached development options. The combination of high free cash yields from rental and MHE villages along with development opportunities will drive solid long-term earnings growth.

Total Shareholder Return

13%

Barramundi Portfolio Stocks continued

LINK GROUP

What does it do?

Link is the largest provider of fund administration services to Australia's superannuation industry. It is the second largest Australasian share registry and the leading provider of shareholder management and analytics. The company also has registry businesses in a number of other countries.

Why do we own it?

Link has many of the qualities that we look for in a company: the leading market position by a significant margin in outsourced Australian super fund administration; a strong value proposition for its customers; defensive, recurring revenues and a high level of customer captivity. We expect the company to produce solid earnings growth as it integrates an acquisition made in 2014 that doubled the size of its funds administration business. With the scale advantage that Link now enjoys it is well-positioned to participate in further expected consolidation of the fund administration sector.

Total Shareholder Return

15%

medibank For Better Health

What does it do?

Medibank is Australia's largest private health insurer. Medibank enjoys significant scale and competitive advantages including brand, reputation and regulatory approvals.

Why do we own it?

The earnings outlook is attractive given a tremendous tailwind from an ageing population and a strong incentive for the state to shift more of the 90% total medical bill it carries to the private sector. Medibank is a well-recognised brand with a 30% market share and can leverage its scale to negotiate better prices and terms with hospitals and healthcare providers.

Total Shareholder Return

53%

MYOB

What does it do?

MYOB is the leading Australian and New Zealand provider of both accounting software for small and medium enterprises ("SME") and of practice management software for accounting businesses. Over recent years the company has transitioned its traditional desktop accounting software package into a cloud-based subscription offer to successfully compete with Xero.

Why do we own it?

A key attraction of the SME accounting software market is that users are generally reluctant to change from the package with which they are familiar. This is a significant barrier to the entry of new competition and puts MYOB in a strong position. The company has attractive growth potential as users switch from legacy desktop software to the cloud.

Total Shareholder Return

3%

nanosonics

What does it do?

Nanosonics has developed an innovative technology for point of use, high-level disinfection. The company's first product to market, the Trophon EPR, is revolutionising disinfection in the sonograph market and is now being distributed globally in partnership with leading companies like GE Healthcare, Toshiba and Miele.

Why do we own it?

Hospitals, medical facilities and healthcare regulators around the world are increasingly focused on preventing infection through more stringent disinfection requirements. With a strong patent portfolio and the first product to market, the Trophon EPR, Nanosonics is well-positioned for healthy future earnings growth.

Total Shareholder Return

29%

nab

What does it do?

National Australia Bank (NAB) is one of Australia's "big four" banks. It operates a leading banking franchise in both Australia and New Zealand and has a strong presence in all spheres of retail and business banking. NAB has a formidable stable of brands supporting its top tier position in both deposit gathering and lending.

Why do we own it?

The big four Australian banks enjoy a supportive industry structure and wide economic moats. Their scale, regulatory expertise, technology and brands constitute significant barriers to entry for potential competitors, allowing the banks to earn healthy returns on their capital. NAB has emerged from a restructuring with a relatively strong balance sheet and compelling portfolio of opportunities positioning it well for the future.

Total Shareholder Return

-6%

oOh!

What does it do?

Ooh! Media is a leading Out of Home advertising company with a dominant share in the Retailing sector. The company sells advertising opportunities on its wide network of signs and digital screens, allowing advertisers to reach consumers in new and exciting ways.

Why do we own it?

There are two major prevailing dynamics in the advertising industry. Firstly, audiences are increasingly fragmented, meaning that advertisers have to find ways to reach small target audiences with relevant adverts, or risk being ignored. Secondly, technology is disrupting traditional media causing major categories like Print and Television to lose audiences, and new categories like Online, Mobile and Out of Home to gain audiences. With the advent of digital screens, Out of Home advertising offers a new dynamic, high-tech media through which to reach consumers. These two powerful industry dynamics should see sustained growth in Out of Home advertising for the foreseeable future.

Total Shareholder Return

42%

Barramundi Portfolio Stocks continued

Ramsay Health Care

What does it do?

Ramsay Healthcare is Australia's leading hospital operator. It has hospitals and day surgery facilities across Australia, the United Kingdom, France, Indonesia and Malaysia. Ramsay has an exceptional record, growing revenue and earnings at an annual rate of more than 20% over the last ten years.

Why do we own it?

Ramsay benefits from the increasing health demands of an aging population. This organic growth is supplemented by an attractive pipeline of development opportunities in Australia, France and Indonesia. In Australia, Ramsay can quickly generate profits on new investments because most of its growth comes from adding capacity at existing hospitals. In France, Ramsay has established the country's largest private hospital group and has scope to achieve substantial cost efficiencies. Ramsay is a strong Australian company going global.

Total Shareholder Return

19%

Regis aged care

What does it do?

Regis Healthcare prides itself on being solely focused on aged care. Through leading practices and facilities, Regis provides for the accommodation and healthcare needs of people requiring specialist services. Their philosophy is simple, "Everything we do centres around our residents". Having an extensive presence across Australia, Regis offers residents choice in terms of location and service levels, as well as relatively seamless transitions from one facility to another should a move be required.

Why do we own it?

Regis provides a critical service to people who may otherwise be vulnerable. As Australia's population ages, we expect the need for this service to grow, providing for robust long-term demand growth. The state has been supportive, changing legislation to facilitate funding for aged care, which in turn has strengthened the company's financial position. Having started Regis 22 years ago, the directors are still actively involved in the company, indicating focus on their vision and mission.

Total Shareholder Return

-11%

RWC

What does it do?

Reliance is a global leader in the design, manufacture and supply of branded solutions for the plumbing industry. Reliance's fittings, pipes and valves are used in behind the wall plumbing, which is the infrastructure that enables water to flow from the water main to plumbing fixtures such as taps.

Why do we own it?

Reliance has used a first mover advantage in push-to-connect ("PTC") fittings to develop compelling strengths. Plumbers prefer the quality and innovation of Reliance's Sharkbite brand. The company produces around 15 times more PTC fittings than its nearest competitor, conferring an enormous scale advantage. Perhaps most importantly, Reliance's innovative products improve the efficiency of plumbers by allowing them to do more jobs in a day. Businesses that help their customers to make more money are particularly attractive for us.

Total Shareholder Return

5%

ResMed

What does it do?

ResMed is a global leader in the treatment of sleep disordered breathing conditions like obstructive sleep apnea. The company provides a range of treatment options for patients with these conditions including CPAP flow generators and consumables. The firm is a leader in a global oligopoly with competitors Respironics and New Zealand's Fisher & Paykel Healthcare.

Why do we own it?

ResMed benefits from an aging and fattening population and increasing awareness and treatment of sleep disordered breathing. The company has posted solid profit growth over a number of years leveraging heavy ongoing investment in research and development (R&D). This R&D investment provides a strong intellectual property advantage from which long-run earnings growth should follow. The company is highly cash generative, has net cash on the balance sheet and is led by a capable and experienced management team.

Total Shareholder Return

17%

SEEK

What does it do?

SEEK is the largest global online employment marketplace. Operating across Australia, New Zealand, South East Asia, China, Brazil, Mexico, Bangladesh and Africa. SEEK's employment marketplaces are exposed to approximately 2.6 billion people and more than 20% of global GDP.

Why do we own it?

In Australia and New Zealand SEEK has a strong competitive position by virtue of being "front of mind" for job seekers. It will continue to benefit from the migration of employment advertising from traditional media to online. Domestically, successful development of its talent search platform would provide a high value new revenue stream while its international investments give SEEK exposure to faster growing, less mature employment markets.

Total Shareholder Return

11%

Sonic Healthcare

What does it do?

Sonic Healthcare is a leading global provider of medical diagnostic services. It is a global leader in pathology testing, and a significant player in the Australian diagnostic imaging market.

Why do we own it?

The combination of an ageing population, an increasing focus on preventative medicine and more effective diagnostic tests drives Sonic's substantial long-term growth opportunity. Regulated medical prices are typically set to allow small independent companies to make a reasonable profit, which allows Sonic to achieve significant additional profitability from its substantial scale.

Total Shareholder Return

5%

Barramundi Portfolio Stocks continued

Technology One

What does it do?

Technology One is one of Australia's largest enterprise software companies. It is focused on the government, financial services, education, healthcare and utilities sectors. The company develops, markets, sells, implements and supports its own integrated enterprise software.

Why do we own it?

Technology One has a strong historical track record of sales and profit growth. The company is deeply integrated into its customers' operations and is at the forefront of technology innovation in its niches. With a strong commitment to research and development driving constant product innovation, we see Technology One as well-positioned for long-term growth, particularly as it migrates existing customers to its cloud platform.

Total Shareholder Return

44%

Toxfree

What does it do?

Toxfree Solutions provides waste management and environmental services throughout Australia. The company specialises in the treatment of industrial and hazardous waste, and the provision of industrial cleaning services.

Why do we own it?

The waste sector has particularly high barriers to entry as a result of: (i) tight regulation; (ii) difficulties in obtaining licences to establish new waste facilities; and (iii) the need for exemplary safety practices to gain contracts from large resources and industrial customers. Consequently, Toxfree has assets that are very hard to replicate and which will benefit from growing waste streams as the Australian economy expands.

Total Shareholder Return

-11%

Vocus Communications

What does it do?

Vocus provides internet services to corporate and retail customers in the Australian telecommunications market.

Why do we own it?

As a smaller more nimble operator, Vocus can tailor corporate solutions that match the telecommunications needs of smaller and mid-size Australian companies. This allows it to win market share while offering its customers better value. In the retail market, dominant incumbent Telstra is relinquishing ownership of the network between Australian homes and the internet. As it does so smaller more agile players like Vocus will be well positioned to win greater share of the retail telecommunications market.

Total Shareholder Return

-2%

Westpac

What does it do?

Westpac is Australia's oldest bank and corporation. It operates a leading banking franchise in both Australia and New Zealand and has a strong presence in all spheres of retail and business banking. Westpac has a formidable stable of brands supporting its top tier position in both deposit gathering and lending.

Why do we own it?

The big four Australian banks enjoy a supportive industry structure and wide economic moats. Their scale, regulatory expertise, technology and brands constitute significant barriers to entry for potential competitors, allowing the banks to earn healthy returns on their capital. Westpac's significant share in core Australian lending and deposit gathering will ensure it continues to profit and grow over time.

Total Shareholder Return

-2%

Board of Directors

Alistair Ryan MComm (Hons), CA

Chairman of the Board, Chair of Remuneration & Nominations Committee, Independent Director

Alistair Ryan is an experienced company director and corporate executive with extensive corporate and finance sector experience in the listed company sector in New Zealand and Australia. He is a director of Kingfish, Marlin Global, Christchurch Casinos, Metlifecare, Lewis Road Creamery and Evolve Education Group as well as a member of the New Zealand Racing Board. Alistair had a 16-year career with SKYCITY Entertainment Group Limited (from pre-opening and pre-listing in 1996 through 2012). Alistair was a member of the senior executive team, holding the positions of General Manager Corporate, Company Secretary and Chief Financial Officer and served as a director of various SKYCITY subsidiary and associated companies. Prior to SKYCITY, Alistair was a Corporate Services Partner with international accounting firm Ernst & Young, based in Auckland. He is a member of Chartered Accountants Australia and New Zealand and the New Zealand Institute of Company Secretaries. Alistair's principal place of residence is Auckland.

Carmel Fisher BCA

Director

Carmel Fisher established Fisher Funds Management Limited in 1998 and is also a director of Kingfish and Marlin Global. Carmel's interest and involvement in the New Zealand share market spans nearly 30 years and she is widely recognised as one of New Zealand's pre-eminent investment professionals. Carmel's career started when she left Victoria University with an accounting degree to spend four years in the sharebroking industry. She then managed funds for Prudential Portfolio Managers and Sovereign Asset Management before launching Fisher Funds. Carmel's principal place of residence is Auckland and she can be contacted at Barramundi's registered office.

Carol Campbell BCom, CA, CMInstD

Chair of Audit & Risk Committee, Independent Director

Carol Campbell is a chartered accountant and a member of Chartered Accountants Australia and New Zealand. Carol is a director of The Business Advisory Group, a chartered accountancy practice, where she advises privately owned businesses. Prior to that, Carol was a partner at Ernst & Young for over 25 years. Carol has extensive financial experience and a sound understanding of efficient Board governance. Carol holds a number of directorships across a broad spectrum of companies, including T&G Global, NZME, NZ Post, Kiwibank and NPT. Carol is Chair of Ronald McDonald House Charities New Zealand and is also a director of Kingfish and Marlin Global. Carol's principal place of residence is Auckland.

Andy Coupe LLB

Chair of Investment Committee, Independent Director

Andy Coupe has extensive commercial and capital markets experience having worked in a number of sectors within the financial markets over the last 30 years. Andy was formerly a consultant in investment banking at UBS New Zealand Limited, where his role principally encompassed equity capital markets and takeover transactions involving numerous initial public offerings and secondary market transactions. Andy is a director of Kingfish, Marlin Global, Coupe Consulting and Gentrack Group. He is also Chairman of Solid Energy, Farmright and Deputy Chairman of the New Zealand Takeovers Panel. Andy's principal place of residence is Hamilton.

For membership of sub-committees please refer to pages 29 and 30.

Pictured left to right: Andy Coupe, Carmel Fisher, Alistair Ryan and Carol Campbell.

Corporate Governance Statement

The Board of Directors ("the Board") of Barramundi Limited ("Barramundi" or "the company") is committed to strong corporate governance practices and has adopted a comprehensive corporate governance code. The Board believes that the corporate governance structures and practices must encourage the creation of value for Barramundi shareholders while ensuring the highest standards of ethical conduct and providing accountability and control systems commensurate with the risks involved.

This code meets the required corporate governance principles under the NZX Corporate Governance ("NZXCG") Best Practice Code and the Corporate Governance Principles and Guidelines issued by the Financial Markets Authority ("FMA").

Compliance

Barramundi seeks to follow the best practice recommendations for listed companies to the extent that it is appropriate to the nature of its operations. The company considers that its governance practices complied with NZXCG Best Practice Code and the FMA Corporate Governance Principles and Guidelines in its entirety during the year ended 30 June 2016.

The company's constitution, the Board and committee charters, codes and policies referred to in this section are available to view at www.barramundi.co.nz

The following reports against these principles and guidelines:

Principle 1 – Ethical Standards

Directors observe and foster high ethical standards.

Barramundi has adopted policies of business conduct that provide all directors and representatives with clear guidance on those standards.

The **Code of Ethics** details the ethical and professional behavioural standards required of the directors and officers. The code also provides the means for proactively addressing and resolving potential ethical issues.

The **Conflicts of Interests Policy** details the process to be adopted for identifying conflicts of interests and the actions that should be taken.

The **Insider Trading Policy** details the procedure whereby persons nominated by Barramundi (its directors and persons associated with the Manager) may trade in Barramundi shares and take up shares purchased under the Barramundi dividend reinvestment plan. Nominated persons may not trade in Barramundi shares when they have price sensitive information that is not publicly available. In addition, except where the nominated person has the permission of the Board, the nominated person may trade in the company's shares only during the trading window commencing immediately after Barramundi's weekly disclosure of its net asset value to the New Zealand Stock Exchange ("NZX"), and ending at the close of trading two days following the net asset value disclosure.

No breaches of ethics principles were identified during the year.

Copies of the complete Code of Ethics, Conflicts of Interest Policy and the Insider Trading Policy are available to view at www.barramundi.co.nz

Principle 2 – Board Composition and Performance

There is a balance of independence, skills, knowledge, experience and perspective among directors that allows the Board to work effectively.

Board Size and Composition

NZX Listing Rules require a minimum of three directors with at least two of the directors being ordinarily resident in New Zealand. The composition of the Board must include a minimum number of two independent directors. The Board currently comprises three independent directors, including the Chairman, and one director who is not deemed to be independent.

The Board elects a Chairman whose primary responsibility is the efficient functioning of the Board.

Profiles of the individual directors can be found on page 26.

Director Independence

Barramundi retains a separate Board of Directors from the Manager. The Board ensures that shareholders' interests are held paramount.

As at 30 June 2016, the Board considered Alistair Ryan (Chairman), Carol Campbell and Andy Coupe to be independent directors in terms of the NZX definition. Carmel Fisher was not considered independent due to also being a director of Fisher Funds.

On appointment, each director is required to provide information to the Board to assess and confirm their independence as part of their consent to act as a director. Directors have undertaken to inform the Board as soon as practicable if they think their status as an independent director has or may have changed.

Board Role and Responsibility
The Board is responsible for the direction and control of Barramundi and is accountable to shareholders and others for Barramundi's performance and its compliance with the appropriate laws and standards.

Barramundi offers shareholders a highly experienced Board with financial markets experience and strengths in funds management and corporate governance.

The Board's responsibilities include:

- Manager's performance – regularly reviewing both performance and compliance with the contractual arrangements of the Manager;
- determining appropriate capital management strategies to enhance long-term shareholder returns including setting the Distribution Policy, Share Buyback Policy and any capital raising programmes (such as warrants);
- Board performance and composition – evaluating the performance of independent directors, determining the size and composition of the Board as well as making recommendations for the appointment and removal of directors;
- succession planning – planning Board succession;
- financial performance – approving the annual budget and monitoring financial performance;
- approving and regularly reviewing the company's key policies and procedures;
- financial reporting – considering and approving the annual and half-year financial reports, ensuring they are consistent with all legal and regulatory requirements;
- audit – selecting and recommending to shareholders the appointment of the external auditor. Maintaining a direct and ongoing dialogue with the external auditor;
- risk management – identifying the principal risks faced by the company and ensuring that appropriate control and monitoring systems are in place to manage the impact of these risks;
- overseeing communication and reporting to shareholders;
- relationship with regulators, NZX and adherence to its obligations regarding continuous disclosure – maintaining ongoing dialogue with NZX;
- custodian – appointing a custodian to safeguard the company's assets. Trustees Executors Limited is the custodian of Barramundi's assets; and
- other service providers – appointing other service providers and evaluating their performance.

The Board met eight times during the year and received papers, including regular reports from the Corporate Manager and the Manager to read and consider before each meeting. At all times, the Board is provided with accurate timely information on all aspects of Barramundi's operations. The Board is kept informed of key risks to Barramundi on a continuing basis. In addition, the Board meets whenever necessary to deal with specific matters needing attention between the scheduled meetings and the independent directors meet as required.

Board Members	Meetings Attended/ (Scheduled)
Alistair Ryan (Chairman)	8 (8)
Carmel Fisher	7 (8)
Carol Campbell	8 (8)
Andy Coupe	8 (8)
Meetings Held	**8 (8)**

The Manager's responsibilities as stated in the Management Agreement include:

- the provision of management services to the company such as investment and portfolio management services and administrative services;
- dealing with the custodian; and
- attendance at Barramundi Board meetings.

The Manager is to, at all times, invest the portfolio on a prudent and commercial basis consistent with the company's investment criteria and performance objectives.

While the Board's key role is to monitor the performance of the Manager, it is not involved in the selection or management of investments within the Barramundi portfolio.

Retirement and Re-election of Directors
In accordance with the company's constitution, one third, or the number nearest to one third, of the directors (excluding any director appointed since the previous Annual Shareholders' Meeting ["ASM"]) retire by rotation at the ASM.

Appropriate notice of director nominations has been provided in accordance with the requirements of NZX, the Barramundi constitution and the Companies Act 1993.

Diversity Policy
The Board views diversity as including, but not being limited to, skills, qualifications, experience, gender, race, age, ethnicity and cultural background.

In 2013, the Board established a Diversity Policy under the oversight of the Remuneration and Nominations Committee which is available on the company's website. The Barramundi Diversity Policy is limited to the Board and the Corporate Manager.

The Board recognises that having a diverse Board will assist it in effectively carrying out its role as described in Principle 2.

All appointments to the Board will be based on merit, and will include consideration of the Board's diversity needs, including gender diversity. Under the policy, the principal measurable diversity objective is to embed gender diversity as an active consideration in all succession planning for Board positions. During the year, there were no appointments to the Board.

The gender composition was as follows:

	as at 30 June 2016	as at 30 June 2015
Directors	two females, two males	two females, two males
Corporate Manager	male	male

The Board believes that the company has achieved the objectives set out in its Diversity Policy for the year ended 30 June 2016.

Board Performance Review

The Board conducts a formal review of its performance annually.

The Remuneration and Nominations Committee assesses the performance of individual directors whilst directors also assess the collective performance of the Board and the performance of the Chairman.

Principle 3 – Board Committees

The Board uses committees where this enhances effectiveness in key areas while retaining Board responsibility.

Audit and Risk Committee

The Barramundi Audit and Risk Committee focuses on audit and risk management and specifically addresses responsibilities relative to financial reporting and regulatory conformance. The Committee operates within the terms of reference established by the Barramundi Board, which the Committee reviews annually.

The Audit and Risk Committee is accountable for ensuring the performance and independence of the external auditor – PricewaterhouseCoopers ("PwC"). A statement regarding PwC's independence is included in their Auditor's and Accountants' Reports.

The Audit and Risk Committee also recommends to the Board which services, other than the statutory audit, may be provided by PwC as auditor.

During the year, the Committee held private sessions with the auditor. The auditor has a clear line of direct communication at any time with either the Chair of the Audit and Risk Committee or the Chairman of the Board, both of whom are independent directors.

The Audit and Risk Committee relies on information provided by management and the external auditor. Management determines and makes representations to the Board that the company's financial statements and disclosures are complete and accurate. The external auditor has the duty to plan and conduct audits.

As at 30 June 2016, the Audit and Risk Committee comprised independent directors Carol Campbell (Chair), Alistair Ryan and Andy Coupe, all of whom have appropriate financial experience and an understanding of the industry in which Barramundi operates. Meetings are held not less than twice a year having regard to Barramundi's reporting and audit cycle.

Audit and Risk Committee Members	Meetings Attended/ (Scheduled)
Carol Campbell (Chair)	2 (2)
Alistair Ryan	2 (2)
Andy Coupe	2 (2)
Meetings Held	**2 (2)**

The Audit and Risk Committee may have in attendance members of management, a representative from the Manager and such other persons, including the external auditor, as it considers necessary to provide appropriate information and explanations.

A copy of the Audit and Risk Committee Charter is available to view at www.barramundi.co.nz

Investment Committee

The Investment Committee comprises all Board members and meets at least twice per year. The Committee has a formal charter which can be found on the company's website.

The objective of the Committee is to oversee the investment management of Barramundi to ensure the portfolio is managed in accordance with the investment mandate and with the long-term performance objectives of the company.

Investment Committee Members	Meetings Attended/ (Scheduled)
Andy Coupe (Chair)	2 (2)
Alistair Ryan	2 (2)
Carmel Fisher	2 (2)
Carol Campbell	2 (2)
Meetings Held	**2 (2)**

Remuneration and Nominations Committee

The Remuneration and Nominations Committee comprises all Board members and meets at least once per year.

The Board's Remuneration and Nominations Committee has a formal charter which can be found on the company's website. Each Committee member, other than Carmel Fisher, is independent.

Independent directors receive fees determined by the Board on the recommendation of the Committee. Each year the Committee reviews the level of directors' remuneration. The Committee considers the skills, performance, experience and level of responsibility of directors when undertaking the review, and is authorised to obtain independent advice on market conditions.

Remuneration and Nominations Committee Members	Meetings Attended/ (Scheduled)
Alistair Ryan (Chair)	1 (1)
Carmel Fisher	1 (1)
Carol Campbell	1 (1)
Andy Coupe	1 (1)
Meetings Held	**1 (1)**

Principle 4 – Reporting and Disclosure

The Board demands integrity both in financial reporting and in the timeliness and balance of disclosures on entity affairs.

Timely and Balanced Disclosure

The company is committed to promoting investor confidence by providing complete and equal access to information in accordance with the NZX Listing Rules. The company has a Continuous Disclosure Policy designed to ensure this occurs. This policy can be found on the company's website.

The company's market disclosure officer is responsible for ensuring compliance with its disclosure obligations. The Board is accountable for making the final decision as to whether or not information requires disclosure.

The company's market disclosure officer is responsible for releasing any relevant information to the market once it has been approved. Financial information released is approved by the Board on the recommendation of the Audit and Risk Committee, while information released on other matters is approved by the Board.

Directors formally consider at each Board meeting whether there is relevant material information which should be disclosed to the market.

Financial Reporting

The Audit and Risk Committee oversees the quality and integrity of external financial reporting including the accuracy, completeness and timeliness of financial statements.

It reviews half-yearly and annual financial statements and makes recommendations to the Board concerning accounting policies, areas of judgement, compliance with accounting standards, stock exchange and legal requirements and the results of the external audit.

The Corporate Manager is responsible for ensuring compliance with the NZX continuous disclosure requirements and overseeing and co-ordinating disclosure to the exchange.

Management Agreement Renewal

When the Board is considering the renewal of the management agreement (every five years), it is the intention of the Board that a market announcement will be made before the date that the Board would need to instigate a non-renewal process. The announcement would state either that the management agreement is being renewed or that the non-renewal process is being instigated.

Principle 5 – Remuneration

The remuneration of directors and executives is transparent, fair and reasonable.

Independent Directors' Remuneration

The fees payable to independent directors are determined by the Board within the aggregate amount approved by shareholders. The current directors' fee pool limit of $125,000 was approved by shareholder resolution at the 2015 ASM. Prior to the 2015 ASM, the directors' fee pool limit was $120,000, approved by shareholders' written resolution in 2006. Any GST is in addition to this approved limit.

Details of remuneration paid to directors are disclosed in note 1 to the financial statements and are further disclosed in the Statutory Information section of this report.

Share Purchase Plan

A Share Purchase Plan was introduced by the Board in 2012 and states that all independent directors will receive company shares in lieu of 10% of their annual pretax directors' fees. Once an individual shareholding reaches 50,000 shares, the independent director can elect whether to continue with the plan. The intention of the Share Purchase Plan is to further align the interests of directors with those of shareholders.

A copy of the Director Remuneration Policy is available to view at www.barramundi.co.nz

Principle 6 – Risk Management and Internal Control

The Board regularly verifies that the entity has appropriate processes that identify and manage potential and relevant risks.

The Board has overall responsibility for Barramundi's system of risk management and internal control. Barramundi has in place policies and procedures to identify areas of significant business risk and to implement procedures to manage those risks effectively. Key risk management tools used by Barramundi include the Audit and Risk Committee function, outsourcing of certain functions to service providers, internal controls, financial and compliance reporting procedures and processes, business continuity planning and insurance.

A copy of the complete Risk Management Policy is available to view at www.barramundi.co.nz

In addition to the company's policies and procedures in place to manage business risks, the Manager has its own comprehensive risk management policy. The Board is informed of any changes to the Manager's policy.

Principle 7 – Auditors

The Board ensures the quality and independence of the external audit process.

Approach to Audit Governance

The independence of the external auditor is of particular importance to shareholders and the Board. The Audit and Risk Committee is responsible for overseeing the external audit of the company. Accordingly, it monitors developments in the areas of audit, and threats to audit independence, to ensure its policies and practices are consistent with emerging best practice in these areas.

As part of its responsibilities, the Audit and Risk Committee reviews the independence of external auditors and the appropriateness of any non-audit services they undertake for the company.

Engagement of the External Auditor

Barramundi's external auditor is PwC, who were appointed by shareholders at the 2007 annual meeting in accordance with the provisions of the Companies Act 1993 ("the Act"). PwC is automatically reappointed as auditor under Part 11, Section 207T of the Act.

Attendance at the Annual Meeting

PwC, as external auditor of the 2016 financial statements, is invited to attend this year's annual meeting and will be available to answer questions about the conduct of the audit, preparation and content of the auditor's report, accounting policies adopted by Barramundi and the independence of the auditor in relation to the conduct of the audit.

Principle 8 – Shareholder Relations

The Board fosters constructive relationships with shareholders that encourage them to engage with the company.

The Board recognises the importance of providing to shareholders comprehensive, timely and equal access to information about its activities. The Board aims to ensure that shareholders have available to them all information necessary to assess the company's performance. It has a system in place for canvassing shareholder views and for communicating the Board's views to shareholders.

Alongside periodic and continuous disclosure to NZX, Barramundi maintains a website www.barramundi.co.nz where the most recent net asset value that is released to the NZX on a weekly basis and at the end of each month is made available. Corporate governance policies, shareholder reports, monthly updates, market announcements, copies of ASM minutes, presentations, press releases, news articles and performance data are also made available.

Information is also communicated to shareholders in the annual and interim reports, quarter update newsletters which are published between these two reports and the monthly updates.

The release of the annual report is followed by the annual meeting which the Board recognises as an important forum at which shareholders can meet and hear from the Board and the Manager. The notice of meeting is circulated at least 10 days prior to the meeting and is also posted on the company's website. Shareholders are provided with notes on any resolutions proposed through the notice of meeting each year. This year's meeting will be held on 28 October 2016, 10:30am at the Ellerslie Event Centre in Auckland. Full participation of shareholders is encouraged at the ASM to ensure a high level of accountability and identification with the company's strategies and goals. Shareholders are encouraged to submit questions in writing prior to the meeting.

Principle 9 – Stakeholder Interests

The Board respects the interests of stakeholders within the context of the company's ownership type and its fundamental purpose.

The Board recognises that other stakeholders may have an interest in the company's activities. While there are no specific stakeholders' interests that are currently identifiable, the company will continue to review policies in consideration of future interests.

Directors' Statement of Responsibility

For the year ended 30 June 2016

We present the financial statements for Barramundi Limited for the year ended 30 June 2016.

We have ensured that the financial statements for Barramundi Limited give a true and fair view of the financial position of the company as at 30 June 2016 and its financial performance and cash flows for the year ended on that date.

We have ensured that the accounting policies used by the company comply with generally accepted accounting practice in New Zealand and believe that proper accounting records have been kept. We have ensured compliance of the financial statements with the Financial Reporting Act 2013.

We also consider that adequate controls are in place to safeguard the company's assets and to prevent and detect fraud and other irregularities.

The Barramundi Board authorised these financial statements for issue on 22 August 2016.

Alistair Ryan

Carmel Fisher

Carol Campbell

Andy Coupe

Financial Statements Contents

Independent Auditor's Report

to the shareholders of Barramundi Limited

Report on the Financial Statements

We have audited the financial statements of Barramundi Limited (the "Company") on pages 35 to 53, which comprise the statement of financial position as at 30 June 2016, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The Directors are responsible on behalf of the Company for the preparation and fair presentation of these financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Company's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We are independent of the Company. Our firm carries out other audit related services for the Company including assurance and non-assurance services. The provision of these other services has not impaired our independence.

Opinion

In our opinion, the financial statements on pages 35 to 53 present fairly, in all material respects, the financial position of the Company as at 30 June 2016, and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards.

Restriction on Use of our Report

This report is made solely to the Company's shareholders, as a body, in accordance with the Companies Act 1993. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

PricewaterhouseCoopers

Chartered Accountants　　　　Auckland
22 August 2016

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Barramundi Limited

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2016

	Notes	2016	2015
		$000	$000
Interest income		139	268
Dividend income		2,642	2,430
Other (losses)/income	1(i)	(512)	383
Net changes in fair value of financial assets and liabilities	1(ii)	6,761	7,488
Total net income		**9,030**	**10,569**
Operating expenses	1(iii)	(2,179)	(2,475)
Operating profit before tax		**6,851**	**8,094**
Total tax (expense)/benefit	3(i)	(1,434)	178
Net operating profit after tax attributable to shareholders		**5,417**	**8,272**
Other comprehensive income		0	0
Total comprehensive income after tax attributable to shareholders		**5,417**	**8,272**
Earnings per share			
Basic earnings per share			
Profit attributable to owners of the company ($000)		5,417	8,272
Weighted average number of ordinary shares on issue net of treasury stock ('000)		130,053	123,863
Basic earnings per share		**4.17c**	**6.68c**
Diluted earnings per share			
Profit attributable to owners of the company ($000)		5,417	8,272
Weighted average number of ordinary shares on issue net of treasury stock ('000)		130,053	123,863
Dilutive effect of warrants on issue ('000)		677	186
Ordinary shares to be issued under performance fee arrangement		0	100
		130,730	**124,149**
Diluted earnings per share		**4.14c**	**6.66c**

The Statement of Accounting Policies set out on pages 39 to 42 and the Notes to the Financial Statements set out on pages 43 to 53 should be read in conjunction with this Statement of Comprehensive Income.

Barramundi Limited

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2016

	Notes	Share Capital	Performance Fee Reserve	Accumulated Deficits	Total Equity
		Attributable to shareholders of the company			
		$000	$000	$000	$000
Balance at 1 July 2014		**113,620**	**0**	**(29,634)**	**83,986**
Comprehensive income					
Profit for the year		0	0	8,272	8,272
Other comprehensive income		0	0	0	0
Total comprehensive income for the year ended 30 June 2015		**0**	**0**	**8,272**	**8,272**
Transactions with owners					
Share buybacks	2	(64)	0	0	(64)
Manager's performance fee to be settled with ordinary shares	2	0	68	0	68
Dividends paid		0	0	(6,884)	(6,884)
Dividends reinvested	2	2,638	0	0	2,638
Total transactions with owners for the year ended 30 June 2015		**2,574**	**68**	**(6,884)**	**(4,242)**
Balance at 30 June 2015		**116,194**	**68**	**(28,246)**	**88,016**
Comprehensive income					
Profit for the year		0	0	5,417	5,417
Other comprehensive income		0	0	0	0
Total comprehensive income for the year ended 30 June 2016		**0**	**0**	**5,417**	**5,417**
Transactions with owners					
Share buybacks	2	(573)	0	0	(573)
Shares issued for warrants exercised	2	9,053	0	0	9,053
Prior year Manager's performance fee settled with ordinary shares	2	68	(68)	0	0
Dividends paid		0	0	(7,258)	(7,258)
Dividends reinvested	2	2,677	0	0	2,677
Total transactions with owners for the year ended 30 June 2016		**11,225**	**(68)**	**(7,258)**	**3,899**
Balance at 30 June 2016		**127,419**	**0**	**(30,087)**	**97,332**

The Statement of Accounting Policies set out on pages 39 to 42 and the Notes to the Financial Statements set out on pages 43 to 53 should be read in conjunction with this Statement of Changes in Equity.

Barramundi Limited

STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Notes	2016	2015
		$000	$000
ASSETS			
Current Assets			
Cash and cash equivalents		4,780	9,130
Trade and other receivables	4	186	1,429
Financial assets at fair value through profit or loss	6	93,056	81,230
Current tax receivable	3(ii)	0	525
Total Current Assets		**98,022**	**92,314**
Non-current Assets			
Other receivable	4	287	425
Deferred tax asset	3(iii)	0	298
Total Non-current Assets		**287**	**723**
TOTAL ASSETS		**98,309**	**93,037**
LIABILITIES			
Current Liabilities			
Trade and other payables	5	400	272
Current tax payable	3(ii)	491	0
Financial liabilities at fair value through profit or loss	6	48	4,749
Total Current Liabilities		**939**	**5,021**
Non-current Liabilities			
Deferred tax liability	3(iii)	38	0
Total Non-current Liabilities		**38**	**0**
TOTAL LIABILITIES		**977**	**5,021**
EQUITY			
Share capital	2	127,419	116,194
Performance fee reserve		0	68
Accumulated deficits		(30,087)	(28,246)
TOTAL EQUITY		**97,332**	**88,016**
TOTAL EQUITY AND LIABILITIES		**98,309**	**93,037**

These financial statements have been authorised for issue for and on behalf of the Board by:

A B Ryan / Chairman
22 August 2016

C A Campbell / Chair of the Audit and Risk Committee
22 August 2016

The Statement of Accounting Policies set out on pages 39 to 42 and the Notes to the Financial Statements set out on pages 43 to 53 should be read in conjunction with this Statement of Financial Position.

Barramundi Limited

STATEMENT OF CASH FLOWS

For the year ended 30 June 2016

	Notes	2016	2015
		$000	$000
Operating Activities			
Cash was provided from:			
- Sale of investments		39,853	53,916
- Interest received		143	261
- Dividends received		2,644	2,265
- Other income		84	0
Cash was applied to:			
- Purchase of investments		(48,031)	(59,131)
- Operating expenses		(2,292)	(1,740)
- Other expenses		0	(125)
- Taxes paid		(82)	(1,154)
Net cash outflows from operating activities	**7**	**(7,681)**	**(5,708)**
Financing Activities			
Cash was provided from:			
- Proceeds from shares issued for warrants exercised		9,053	0
Cash was applied to:			
- Share buybacks		(573)	(64)
- Dividends paid (net of dividends reinvested)		(4,581)	(4,246)
Net cash inflows/(outflows) from financing activities		**3,899**	**(4,310)**
Net decrease in cash and cash equivalents held		**(3,782)**	**(10,018)**
Cash and cash equivalents at beginning of the year		9,130	18,667
Effects of foreign currency translation on cash balance		(568)	481
Cash and cash equivalents at end of the year		**4,780**	**9,130**

All cash balances comprise short-term cash deposits.

The Statement of Accounting Policies set out on pages 39 to 42 and the Notes to the Financial Statements set out on pages 43 to 53 should be read in conjunction with this Statement of Cash Flows.

Barramundi Limited

STATEMENT OF ACCOUNTING POLICIES

For the year ended 30 June 2016

General Information

Entity Reporting

These financial statements are for Barramundi Limited ("Barramundi" or "the company").

Legal Form and Domicile

Barramundi is incorporated and domiciled in New Zealand.

The company is a limited liability company, incorporated under the Companies Act 1993 on 8 September 2006.

The company is listed on the NZX Main Board and became an FMC Reporting Entity under the Financial Markets Conduct Act 2013 on 1 December 2014.

The company is a profit-oriented entity and began operating as a listed investment company on 26 October 2006.

The company's registered office is Level 1, 67-73 Hurstmere Road, Takapuna, Auckland.

Authorisation of Financial Statements

The Barramundi Board of Directors authorised these financial statements for issue on 22 August 2016.

No party may change these financial statements after their issue.

Accounting Policies

Period Covered by Financial Statements

These financial statements cover the audited results from operations for the year ended 30 June 2016.

Statement of Compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"), the Financial Reporting Act 2013 and part 7 of the Financial Markets Conduct Act 2013. They comply with the New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate. These financial statements comply with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board.

The following new standard relevant to the company is not yet effective and has not yet been applied in preparing the financial statements:

NZ IFRS 9: Financial Instruments is applicable to annual reporting periods beginning on or after 1 January 2018. The company plans to adopt this standard for the financial year ending 30 June 2019. *NZ IFRS 9* was issued in September 2014 as a complete version of the standard and will replace parts of the existing standard *NZ IAS 39: Financial Instruments Recognition and Measurement* that relate to the classification and measurement of financial instruments, hedge accounting and impairment. *NZ IFRS 9* requires financial assets to be classified into three measurement categories: fair value through profit and loss, fair value through other comprehensive income or amortised cost. The standard is not expected to materially affect the company's financial statements.

There are no other standards, amendments or interpretations that have been issued but are not yet effective that are expected to impact the company's financial statements.

Summary of Significant Accounting Policies

The accounting policies that materially affect the recognition, measurement and disclosure of items in the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position and Statement of Cash Flows are set out below. These policies have been consistently applied to all the years presented.

Measurement Base

The financial statements have been prepared on the historical cost basis, as modified by the fair valuation of certain assets as identified in specific accounting policies below.

Critical Judgements, Estimates and Assumptions

The preparation of these financial statements required the directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Determining the carrying value of the Other Receivable relating to the Centrebet Litigation receivable requires the judgement of directors. Details are provided in note 4 to the financial statements.

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and short-term money market deposits. Cash and cash equivalents are classified as loans and receivables under *NZ IAS 39*.

Statement of Cash Flows

The following are definitions of the terms used in the Statement of Cash Flows:

(a) Operating activities include all principal revenue producing activities and other events that are not financing activities.

(b) Financing activities are those activities that result in changes in the size and composition of the capital structure.

STATEMENT OF ACCOUNTING POLICIES CONTINUED

For the year ended 30 June 2016

Functional and Presentation Currency
The financial statements are presented in New Zealand dollars, which is the company's functional and presentation currency.

Foreign Currency Transactions and Translations
Foreign currency transactions are translated into the functional currency using exchange rates at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the Statement of Comprehensive Income within Other Income/(Losses).

Assets and liabilities denominated in foreign currencies at balance date are translated to the functional currency at the foreign currency exchange rates at that date. Foreign exchange gains and losses resulting from the translation of these balances at year end are recognised in the Statement of Comprehensive Income within Net Changes in Fair Value of Financial Assets and Liabilities.

Translation differences on monetary financial assets and liabilities such as cash are recognised in the Statement of Comprehensive Income within Other Income/(Losses) as foreign exchange gains/(losses) on cash and cash equivalents.

Translation differences on non-monetary financial assets and liabilities such as equities at fair value through profit or loss are recognised in the Statement of Comprehensive Income within Net Changes in Fair Value of Financial Assets and Liabilities.

Interest Income and Dividend Income
Interest is accounted for as earned using the effective interest method.

Dividend income is recognised when the company's right to receive payments is established (ex-dividend date).

Manager's Performance Fee
The performance fee is recognised in the Statement of Comprehensive Income on an accrual basis based on the performance of the company to balance date. Refer to note 11 of the financial statements.

Share-Based Payments
The consideration for any performance fee paid to Fisher Funds Management Limited ("the Manager") is calculated in accordance with the Management Agreement described in note 11 and comprises cash and Barramundi share capital. Performance fees, where earned by the Manager, are paid annually within 30 days of balance date, relating to the preceding period and recognised as an expense in the Statement of Comprehensive Income. The portion paid in share capital is an equity-settled share-based payment and is recognised at the fair value of half of the performance fee expense (excluding GST) as an equity reserve until the ordinary shares are issued. These shares are issued at a price equal to the volume weighted average traded price of ordinary shares in the company over five trading days ending on the calculation date.

Income Tax
Current tax is calculated by reference to the amount of income taxes payable or recoverable for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted at balance date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax (if any) is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Barramundi elected into the Portfolio Investment Entity ("PIE") regime on 1 October 2007.

Goods and Services Tax ("GST")
The company is not registered for GST as its activities relate to financial services. The financial statements include GST where it is charged by other parties as it cannot be reclaimed.

Investments at Fair Value Through Profit or Loss
Classification
Investments in listed entities are classified at fair value through profit or loss in the financial statements under *NZ IAS 39*. This designation on inception is to provide more relevant information given that the investment portfolio is managed, and performance evaluated, on a fair value

basis, in accordance with a documented investment strategy.

Recognition and Measurement
All investments at fair value through profit or loss are initially recognised at fair value and are subsequently revalued to reflect changes in fair value.

Net changes in the fair value of investments classified as fair value through profit or loss are recognised in the Statement of Comprehensive Income as they arise.

The fair values of investments at fair value through profit or loss traded in active markets are based on last sale prices at balance date, except where the last sale price falls outside the bid-ask spread, in which case the bid price is used.

Transaction costs for all financial assets carried at fair value through profit or loss are expensed as incurred.

All purchases and sales of investments are recognised at trade date, which is the date on which the company commits to purchase or sell the asset.

All investments are derecognised upon disposal. Any gain or loss arising on derecognition of the investment is included in the Statement of Comprehensive Income. Gain or losses are calculated as the difference between the disposal proceeds and the carrying amount of the item.

Dividend income from investments at fair value through profit or loss is recognised in the Statement of Comprehensive Income when the company's right to receive payments is established (ex-dividend date).

Held for trading financial assets at fair value through profit or loss
Held for trading financial assets at fair value through profit or loss comprise forward foreign exchange contracts. The use of these contracts by the company is limited to the risk management of their investments.

Forward foreign exchange contracts can be used as economic hedges for equity investments against currency risk. Therefore, they are accounted for on the same basis as those investments and are recognised at their fair value. Forward foreign exchange contracts are measured at fair value both upon initial recognition and subsequently. Gains and losses arising from changes in the fair value are recognised in the Statement of Comprehensive Income when they arise.

Fair Value
The fair value of investments at fair value through profit or loss traded in active markets is based on last sale prices at balance date, except where the last sale price falls outside the bid-ask spread, in which case the bid price is used.

The fair value of investments and forward foreign exchange contracts that are not traded in an active market is determined by using valuation techniques. The company uses a variety of methods and makes assumptions that are based on market conditions existing at each year end date. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

The output of valuation techniques is always an estimate or approximation of a value that cannot be determined with certainty, and the valuation may not fully reflect all factors relevant to the positions the company holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Investments whose values are based on quoted market prices in active markets are classified within Level 1. The company does not adjust the quoted price for these instruments.

Derivative financial instruments are valued based on observable inputs and are classified within Level 2.

Valuation of investments classified within Level 3 may require significant unobservable inputs, as they trade infrequently or have suspended trading on their shares. As observable prices are not available for these securities, the company uses valuation techniques to derive the fair value.

Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company makes short-term cash deposits or accrues trade receivables with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

Barramundi Limited

STATEMENT OF ACCOUNTING POLICIES CONTINUED

For the year ended 30 June 2016

Trade and Other Receivables
Trade and other receivables are initially recognised at fair value and subsequently carried at amortised cost less impairment where collection is doubtful. Receivables are assessed on a case-by-case basis for impairment. The fair value of trade receivables is equivalent to their carrying amount.

Trade Payables
Trade payables are initially recognised at fair value and subsequently measured at amortised cost. The fair value of trade payables is equivalent to their carrying amount.

Financial Instruments
Financial instruments carried on the Statement of Financial Position include cash and cash equivalents, equity investments, forward foreign exchange contracts, trade receivables, trade payables and borrowings (when used). The various accounting policies associated with these financial instruments have been disclosed above.

Dividends Payable
Dividend distributions to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are declared by the Barramundi Board.

Segmental Reporting
Operating segments are identified on the basis of internal reports that are regularly reviewed by the Chief Operating Decision Maker, which for the company is deemed to be the Board of Directors and the Manager, to govern the company's operations and assess its performance.

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors and the Manager.

Earnings Per Share
Basic earnings per share is calculated by dividing profit attributable to equity holders of the company by the weighted average number of ordinary shares on issue during the year. Diluted earnings per share is calculated by dividing profit attributable to equity holders of the company by the weighted average number of ordinary shares plus the dilutive effect of potential ordinary shares outstanding during the year. Potential ordinary shares include outstanding warrants.

Share Capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares and warrants are shown in equity as a deduction, net of tax. Share capital bought back by the company reduces share capital and may be held as treasury stock at the value of the consideration paid. Treasury stock may later be re-issued which increases share capital by the fair value of the shares on issue date.

Comparative Information
Diluted earings per share comparative information has been restated from 6.55 to 6.66 cents per share so as to match the current year's classification. There has been no impact on net operating profit or on shareholders' funds as a result of these changes.

Note 1 Statement of Comprehensive Income

	2016	2015
	$000	$000
(i) Other (losses)/income		
Foreign exchange (losses)/gains on cash and cash equivalents	(512)	383
Total other (losses)/income	**(512)**	**383**
(ii) Net changes in fair value of financial assets and liabilities		
Investments designated at fair value through profit or loss		
- Australian equity investments	7,994	6,119
- Foreign exchange (losses)/gains on equity investments	(5,884)	3,952
Total gains on designated financial assets	**2,110**	**10,071**
Investments at fair value through profit or loss - held for trading		
Gains/(losses) on forward foreign exchange contracts	4,651	(2,583)
Total gains/(losses) on financial assets and liabilities held for trading	**4,651**	**(2,583)**
Net changes in fair value of financial assets and liabilities	**6,761**	**7,488**
(iii) Operating expenses		
Management fee (note 8)	1,292	1,244
Administration services (note 8)	159	175
Directors' fees (note 8)	144	145
Performance fee (note 8 and note 11)	0	157
Custody, brokerage and transaction fees	325	437
Investor relations and communications	126	153
NZX fees	38	66
Professional fees	33	23
Auditor's fees:		
Statutory audit and review of financial statements	29	34
Other assurance services	4	2
Non assurance services	2	4
Other operating expenses	27	35
Total operating expenses	**2,179**	**2,475**

Other assurance services relate to a share register audit and warrant register audit and non-assurance services relate to annual meeting procedures and agreed upon procedure reporting in relation to the performance fee calculation. No other fees were paid to the auditor during the year (2015: nil).

Note 2 Share Capital

Ordinary shares

As at 30 June 2016 there were 144,623,221 (30 June 2015: 126,358,365) fully paid Barramundi shares on issue, including treasury stock of nil shares (30 June 2015: nil). All ordinary shares are classified as equity, rank equally and have no par value. All shares (with the exception of treasury stock) carry an entitlement to dividends and one vote attached to each fully paid ordinary share.

	2016	2015
	$000	$000
Opening balance	116,194	113,620
New shares issued for warrants exercised	9,053	0
New shares issued under dividend reinvestment plan	2,128	2,576
Shares issued from treasury stock under dividend reinvestment plan	549	62
	127,924	116,258
Prior year Manager's performance fee settled with ordinary shares	68	0
Share buybacks held as treasury stock	(573)	(64)
Closing balance	**127,419**	**116,194**

Warrants

On 4 June 2015, 31,412,092 new Barramundi warrants were allotted and listed on the NZX Main Board. One new warrant was issued to all eligible shareholders for every four shares held on record date (3 June 2015). On 6 May 2016, 14,662,299 warrants were exercised at $0.62 per warrant and the remaining 16,749,793 warrants lapsed.

Treasury stock

On 2 November 2015, Barramundi announced the continuation of its share buyback programme of its ordinary shares in accordance with Section 65 of the Companies Act 1993. All the shares acquired under the buyback scheme are initially held as treasury stock but are available to be re-issued. The net cost of treasury stock is deducted from share capital.

			Number of shares	
	2016	2015	2016	2015
	$000	$000	'000	'000
Opening balance	154	152	0	0
Share buybacks	573	64	892	101
Shares re-issued under dividend reinvestment plan	(549)	(62)	(892)	(101)
Closing balance	**178**	**154**	**0**	**0**

Note 3 Taxation

	2016 $000	2015 $000
(i) Total tax expense		
Operating profit before tax	**6,851**	**8,094**
Non-taxable realised gain on financial assets and liabilities	(2,415)	(5,370)
Non-taxable unrealised loss/(gain) on financial assets and liabilities	374	(4,497)
Exempt dividends subject to Fair Dividend Rate	(337)	(217)
Fair Dividend Rate income	418	534
Cost method income	1	1
Other	194	411
Forfeit of tax credits	0	261
Prior period adjustment	34	150
Taxable income/(loss)	**5,120**	**(633)**
Tax at 28%	**1,434**	**(178)**
Taxation expense comprises:		
Current tax	1,433	0
Deferred tax	(9)	(293)
Forfeit of tax credits	0	73
Prior period adjustment	10	42
Total tax expense/(benefit)	**1,434**	**(178)**
(ii) Current tax balance		
Opening balance	525	(509)
Prior period adjustment	0	(42)
Current tax movements	(1,465)	0
Tax paid/credits used	449	1,076
Current tax (payable)/receivable	**(491)**	**525**
(iii) Deferred tax balance		
Opening balance	298	0
Prior period adjustment	(10)	0
Losses to carry forward	0	339
Losses utilised in current year	(330)	0
Other	(5)	6
Accrued dividends	9	(47)
Deferred tax (liability)/asset	**(38)**	**298**

(iv) Imputation credits

Imputation credits available for subsequent reporting periods total $494,415 (2015: $17,100). This amount represents the balance of the imputation credit account at the end of the reporting period, adjusted for imputation credits that will arise from the receipt of dividends recognised as a receivable at 30 June 2016.

Note 4 Trade and Other Receivables

	2016	2015
	$000	$000
Current assets		
Interest receivable	8	12
Dividends receivable	162	192
Unsettled investment sales	0	1,220
Other receivables and prepayments	16	5
Total current trade and other receivables	**186**	**1,429**
Non-current asset		
Centrebet litigation receivable	287	425
Total non-current other receivable	**287**	**425**

The Centrebet litigation receivable represents the company's share of the proceeds of a successful litigation undertaken by a former investee company, Centrebet, against the Australian Tax Office, comprising amounts of GST which had been overpaid by Centrebet, as well as a future benefit of carried forward GST losses accrued to it.

The directors, after consideration of the remaining amount of the receivable, have calculated a valuation based on the present value of the future distributions that they estimate the company will receive over the next three years, after applying a 10% discount rate.

Trade receivables are classified as loans and receivables under *NZ IAS 39.* Total loans and receivables are $5,252,268 (30 June 2015: $10,983,680) being cash plus trade and other receivables.

Note 5 Trade and Other Payables

	2016	2015
	$000	$000
Related party payable (note 8)	117	192
Unsettled investment purchases	228	0
Other payables and accruals	55	80
Total trade and other payables	**400**	**272**

Trade payables are classified as other financial liabilities under *NZ IAS 39*. All payables are contractually required to be paid within three months.

Note 6 Financial Assets and Liabilities at Fair Value Through Profit or Loss

	2016	2015
	$000	$000
Financial Assets		
Investments designated at fair value through profit or loss		
- Australian listed equity investments	93,056	81,175
Financial assets at fair value through profit or loss - held for trading		
- Forward foreign exchange contracts	0	55
Total financial assets at fair value through profit or loss	**93,056**	**81,230**
Financial Liabilities:		
Financial liabilities at fair value through profit or loss - held for trading		
Forward foreign exchange contracts	48	4,749
Total financial liabilities at fair value through profit or loss	**48**	**4,749**

Although investments at fair value through profit or loss are treated as current assets from an accounting point of view, the investment strategy of the company is to hold for the medium to long term.

All investments at fair value through profit or loss are valued using quoted sale prices from an active market and are classified as Level 1 in the fair value hierarchy.

Forward foreign exchange contracts are valued using observable market prices (as they are not quoted), and they are classified as Level 2 in the fair value hierarchy. The notional value of foreign exchange contracts held at 30 June 2016 was $47,461,675 (30 June 2015: $53,849,991).

Barramundi Limited

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2016

Note 7 Reconciliation of Net Operating Profit after Tax to Net Cash Flows from Operating Activities

	2016	2015
	$000	$000
Net operating profit after tax	**5,417**	**8,272**
Items not involving cash flows:		
Unrealised losses/(gains) on cash and cash equivalents	568	(481)
Unrealised gains on revaluation of investments	(4,274)	(791)
	(3,706)	**(1,272)**
Impact of changes in working capital items		
Increase/(decrease) in fees and other payables	128	(1,104)
Decrease/(increase) in interest, dividends and other receivables	1,243	(408)
Change in current and deferred tax	1,352	(1,332)
	2,723	**(2,844)**
Items relating to investments		
Net amount paid for investments	(8,178)	(5,215)
Realised gains on investments	(2,489)	(6,697)
(Increase)/decrease in unsettled purchases of investments	(228)	1,237
(Decrease)/increase in unsettled sales of investments	(1,220)	743
	(12,115)	**(9,932)**
Other		
(Decrease)/increase in performance fee payable to be settled by issue of shares	0	68
	0	**68**
Net cash outflows from operating activities	**(7,681)**	**(5,708)**

Note 8 Related Party Information

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions.

The Manager of Barramundi is Fisher Funds Management Limited ("Fisher Funds" or "the Manager"). Fisher Funds is a related party by virtue of the Manager's common directorship and a Management Agreement.

The Management Agreement with Fisher Funds provides for the provisional payment of a management fee equal to 1.25% (plus GST) per annum of the gross asset value, calculated weekly and payable monthly in arrears. This management fee is reduced by 0.10% for each 1.0% per annum by which the Gross Return achieved on the portfolio during each financial year is less than the change in the NZ 90 Day Bank Bill Index over the same period but subject to a minimum management fee of 0.75% (plus GST) per annum of the average gross asset value for that period. The annual management fee is finalised at 30 June and any adjustment (where the management fee is less than 1.25%) is offset against future management fee payments due to Fisher Funds. For the year ended 30 June 2016, there was no management fee adjustment required (30 June 2015: no adjustment).

Management fees for the year totalled $1,291,708 (30 June 2015: $1,244,429). In addition, a performance fee may be earned by the Manager if portfolio returns exceed the performance fee hurdle of the change in the NZ 90 Day Bank Bill Index plus 7% per annum, to the extent the high water mark is also exceeded. Performance fees are calculated weekly and payable annually at the end of each financial year. No performance fee has been earned by the Manager for the year ended 30 June 2016, see note 11 (30 June 2015 earned and payable: $156,569). Barramundi is a party to an Administration Services Agreement with Fisher Funds for the provision of administration services and a regular monthly fee is charged. The net amount payable to Fisher Funds at 30 June 2016 was $117,062 (30 June 2015: $192,003).

Included within investor relations and communications are marketing costs incurred by Fisher Funds on behalf of Barramundi which amounted to $15,516 for the year ended 30 June 2016 and were recharged in full to Barramundi (30 June 2015: $13,741).

The directors of Barramundi are the only key management personnel as defined by *NZ IAS 24 Related Party Disclosures* and they earn a fee for their services which is disclosed in note 1(iii) under directors' fees (only independent directors earn a director's fee). The directors also held shares in the company at 30 June 2016 which are disclosed in the Statutory Information section of the annual report and total 1.49% of total shares on issue (30 June 2015: 1.04%, plus 1.05% of total warrants on issue). The directors did not receive any other benefits which may have necessitated disclosure under *NZ IAS 24* (paragraph 16).

Off-market transactions between Barramundi and other funds managed by Fisher Funds take place for the purposes of rebalancing portfolios without incurring brokerage costs. These transactions are conducted after the market has closed at last sale price. During the year ended 30 June 2016, off-market transactions between Barramundi and other funds managed by Fisher Funds totalled nil purchases and nil sales (year ended 30 June 2015: $823,338 purchases and $4,561,224 sales).

Note 9 Financial Risk Management Policies

The company is subject to a number of financial risks which arise as a result of its investment activities, including market risk (price, interest rate and currency), credit risk and liquidity risk.

The Management Agreement between Barramundi and Fisher Funds details permitted investments. Financial instruments currently recognised in the financial statements also comprise cash and cash equivalents, forward foreign exchange contracts, trade and other receivables and trade and other payables.

Capital Risk Management

The company's objective when managing capital (share capital, reserves and borrowings [if any]) is to prudently manage shareholder capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, undertake share buybacks, issue new shares and make borrowings in the short term.

The company was not subject to any externally imposed capital requirements during the year.

In August 2009, the company announced a long-term distribution policy of paying out 2% of average net asset value each quarter which continues to apply.

Market Risk

All equity investments present a risk of loss of capital, often due to factors beyond the company's control such as competition, regulatory changes, commodity price changes and changes in general economic climates domestically and internationally. The Manager moderates this risk through careful stock selection and diversification, daily monitoring of the market positions and monthly reporting to the Board of Directors. In addition, the Manager has to meet the criteria of authorised investments within the prudential limits defined in the Management Agreement.

The market risk of the company is concentrated in Australia.

The maximum market risk resulting from financial instruments is determined as their fair value.

Price Risk

The company is exposed to the risk of fluctuations in the underlying value of its listed portfolio companies. There were no companies individually comprising more than 10% of Barramundi's total assets at 30 June 2016 (30 June 2015: none).

Interest Rate Risk

Surplus cash is held in interest-bearing Australian and New Zealand bank accounts. The company is therefore exposed to the risk of movements in both Australian and New Zealand interest rates. There is no hedge against the risk of movements in interest rates.

The company may use short-term fixed rate borrowings to fund investment opportunities. There were no borrowings at 30 June 2016 (30 June 2015: none).

Currency Risk

The company holds monetary and non-monetary assets denominated in Australian dollars. It is therefore exposed to currency risk as the value of Australian denominated equities and cash held in Australian dollars will fluctuate with changes in the relative value of the New Zealand dollar compared to the Australian dollar. The company mitigates this risk by entering into forward foreign exchange contracts as and when the Manager deems it appropriate. At any time during the year the portfolio may be hedged by an amount deemed appropriate by the Manager.

Note 9 Financial Risk Management Policies continued

Credit Risk

In the normal course of its business, the company is exposed to credit risk from transactions with its counterparties.

Other than cash at bank, there are no significant concentrations of credit risk. The company does not expect non-performance by counterparties, therefore no collateral or security is required.

All transactions in listed securities are paid for on delivery according to standard settlement instructions. The company invests cash and enters into forward foreign exchange contracts with banks registered in New Zealand and Australia which carry a minimum short-term credit rating of S&P A-1 (or equivalent).

Listed securities are held in trust by an independent trustee company.

The maximum credit risk of financial assets is deemed to be their carrying amount as reported in the Statement of Financial Position.

Liquidity Risk

The company endeavours to invest the proceeds from the issue of shares in appropriate investments while maintaining sufficient liquidity, through daily cash monitoring, to meet working capital and investment requirements. Such liquidity can be augmented by short-term borrowings from a registered bank to a maximum value of 20% of the gross asset value of the company. No such borrowings have arisen to date.

Note 10 Sensitivity Analysis

The sensitivity of the year end result and shareholders' equity to reasonably possible changes in market conditions (based on historic trends) at 30 June is as follows:

2016: Company ($'000)					
Equity Prices					
	Carrying Amount	**-10%**		**+10%**	
		Profit	**Equity**	**Profit**	**Equity**
Investments at fair value through profit or loss – designated	93,056	(9,306)	(9,306)	9,306	9,306
Interest Rate					
	Carrying Amount	**-1%**		**+1%**	
		Profit	**Equity**	**Profit**	**Equity**
Cash and cash equivalents	4,780	(48)	(48)	48	48
Foreign Exchange Rate					
	Carrying Amount	**-10%**		**+10%**	
		Profit	**Equity**	**Profit**	**Equity**
Cash and cash equivalents	4,780	228	228	(187)	(187)
Net trade and other receivables/payables	221	75	75	(62)	(62)
Investments at fair value through profit or loss – designated	93,056	10,340	10,340	(8,460)	(8,460)
Investments at fair value through profit or loss – held for trading	(48)	(5,274)	(5,274)	4,315	4,315

Note 10 Sensitivity Analysis continued

2015: Company ($'000)

	Carrying Amount	-10% Profit	-10% Equity	+10% Profit	+10% Equity
Equity Prices					
Investments at fair value through profit or loss – designated	81,175	(8,118)	(8,118)	8,118	8,118
Interest Rate	**Carrying Amount**	**-2% Profit**	**-2% Equity**	**+2% Profit**	**+2% Equity**
Cash and cash equivalents	9,130	(183)	(183)	183	183
Foreign Exchange Rate	**Carrying Amount**	**-10% Profit**	**-10% Equity**	**+10% Profit**	**+10% Equity**
Cash and cash equivalents	9,130	925	925	(757)	(757)
Net trade and other receivables/payables	1,837	204	204	(164)	(164)
Investments at fair value through profit or loss – designated	81,175	9,019	9,019	(7,380)	(7,380)
Investments at fair value through profit or loss – held for trading	(4,694)	(5,983)	(5,983)	4,895	4,895

Price Risk
A variable of 10% was selected for price risk as this is a reasonably expected movement based on historic trends in equity prices. The table above summarises the impact on profit and equity at 30 June if equity prices were 10% higher/lower with all other variables held constant.

Interest Rate Risk
A variable of 1% (30 June 2015: 2%) was selected as this is reasonably expected movement based on past overnight cash rate movements. The percentage movement for the interest rate sensitivity relates to an absolute change in the interest rate rather than a percentage change in interest rate. The table above summarises the impact on profit and equity if interest rates were 1% higher/lower (2015: 2% higher/lower) with all other variables held constant.

Currency Risk
A variable of 10% was selected as this is reasonably expected movement based on historic trends in exchange rate movements. The table above summarises the impact on profit and equity if exchange rates were 10% higher/lower with all other variables held constant.

A NZD/AUD exchange rate sensitivity of -/+10% has been used. The NZD/AUD exchange rate was 0.9565 at 30 June 2016 (30 June 2015: 0.8799).

Note 11 Performance Fee

The Management Agreement with Fisher Funds provides for an annual performance fee for outperforming the benchmark rate and providing excess returns.

The performance fee payable to the Manager under the agreement is 15% of the lesser of:

a) the excess return for the applicable period multiplied by the number of shares on issue at the end of the period; or

b) the dollar amount by which the net asset value per share exceeds the highest net asset value per share (after adjustment for capital changes and distributions) at the end of any previous calculation period in which a performance fee was payable, multiplied by the number of shares at the end of the period.

Excess return is defined as the excess above a benchmark return which is the change in the NZ 90 Day Bank Bill Index in the period plus 7% per annum.

In accordance with the terms of the Management Agreement, half of any performance fee payable (exclusive of GST) will be applied by the Manager to subscribe for shares ranking equally in all respects with existing ordinary shares in Barramundi, and issued at a price equal to the volume weighted average traded price of ordinary shares over the last five trading days ended 30 June 2016.

At 30 June 2016 the net asset value per share of $0.67 (30 June 2015: $0.70 per share) was above the high water mark net asset value per share of $0.63 (being the highest net asset value per share at the end of the last calculation period of 30 June 2015 adjusted for any capital changes and distributions), however the company did not provide a return in excess of the benchmark.

Accordingly, the company has not expensed a performance fee in its Statement of Comprehensive Income for the year ended 30 June 2016 (30 June 2015: $156,569).

Note 12 Net Asset Value

The audited net asset value of Barramundi as at 30 June 2016 was $0.67 per share (30 June 2015: $0.70 per share) calculated as the net assets of $97,331,739 divided by the number of shares on issue of 144,623,221.

Note 13 Contingent Liabilities and Unrecognised Contractual Commitments

There were no material contingent liabilities or unrecognised contractual commitments as at 30 June 2016 (30 June 2015: nil).

Note 14 Segmental Reporting

The company operates in a single operating segment being financial investment in Australia.

Note 15 Subsequent Events

At 17 August 2016, the unaudited net asset value of the company was $0.73 per share and the share price was $0.65.

On 22 August 2016, the Board declared a dividend of 1.40 cents per share. The record date for this dividend is 15 September 2016 with a payment date of 30 September 2016.

There were no other events which require adjustment to or disclosure in these financial statements.

Shareholder Information

Size of Shareholding as at 17 August 2016

Holding Range	# of Shareholders	# of Shares	% of Total
1 to 999	159	70,586	0.05
1,000 to 4,999	490	1,329,398	0.92
5,000 to 9,999	1,114	7,771,794	5.37
10,000 to 49,999	2,360	51,078,878	35.32
50,000 to 99,999	381	25,672,948	17.75
100,000 to 499,999	223	41,048,130	28.38
500,000 +	20	17,651,487	12.21
TOTAL	**4,747**	**144,623,221**	**100.00%**

20 Largest Shareholders as at 17 August 2016

Holder Name	# of Shares	% of Total
Forsyth Barr Custodians Limited <1-Custody>	1,812,545	1.25
FNZ Custodians Limited	1,506,642	1.04
ASB Nominees Limited <Account 340941 - MI>	1,462,553	1.01
Leslie Burgess	1,220,530	0.84
Ivor Anthony Millington	1,200,000	0.83
Derek John Smith + Maureen Margaret Smith	1,101,553	0.76
Lewis Tait Sutherland	1,002,037	0.69
Bryan Thomas Seddon + Dorothy Edith Allison Seddon	800,000	0.56
Raoul John Daroux	727,848	0.50
Custodial Services Limited <A/C 3>	726,348	0.50
Vani Kapoor	685,000	0.47
Neil Patrick Lithgow	683,897	0.47
Franz Christian Elias	649,534	0.46
Colleen Anne Kerr + Walter Mick George Yovich + Janet Mary Kerr + Heather Anne Pryor	624,514	0.43
Anthony John Simmonds + Maureen Simmonds + Heron Hill Trustee Company Limited	617,003	0.43
Gerardus Van Den Bemd	610,018	0.42
Custodial Services Limited <A/C 2>	595,563	0.41
ASB Nominees Limited <339992 A/C>	591,743	0.41
Thomas Vincent Brien + Jillian Maureen Brien	534,159	0.37
John Licco Sarfati	500,000	0.36
TOTAL	**17,651,487**	**12.21%**

Statutory Information

Directors' Relevant Interests in Equity Securities as at 30 June 2016

Interests Register

The company is required to maintain an interests register in which the particulars of certain transactions and matters involving the directors must be recorded. The interests register for Barramundi is available for inspection at its registered office. Particulars of entries in the interests register as at 30 June 2016 are as follows:

	Ordinary Shares	
	Held Directly	**Held by Associated Persons**
A B Ryan(1)	44,564	-
C M Fisher(2)	-	2,054,296
C A Campbell(3)	33,656	-
R A Coupe(4)	20,983	-

(1) A B Ryan purchased 8,032 shares in the year ended 30 June 2016, issued under the share purchase plan (issue price $0.62). A B Ryan received 3,181 shares in the year ended 30 June 2016, issued under the dividend reinvestment plan (average issue price $0.62). A B Ryan acquired 6,556 shares in the year ended 30 June 2016, on the exercise of 6,556 warrants (exercise price $0.62).

(2) Associated persons of C M Fisher received 100,360 shares in the year ended 30 June 2016, issued in satisfaction of 50% of the net performance fee due to Fisher Funds Management Limited for the year ended 30 June 2015, under the Barramundi Management Agreement (issue price: $0.6783). Associated persons of C M Fisher acquired 500,000 shares on market in the year ended 30 June 2016 (average purchase price $0.64). Associated persons of C M Fisher acquired 192,511 shares in the year ended 30 June 2016, on the exercise of 192,511 warrants (exercise price $0.62).

(3) C A Campbell purchased 6,024 shares in the year ended 30 June 2016, issued under the share purchase plan (issue price $0.62). C A Campbell received 2,402 shares in the year ended 30 June 2016, issued under the dividend reinvestment plan (average issue price $0.62). C A Campbell acquired 4,960 shares in the year ended 30 June 2016, on the exercise of 4,960 warrants (exercise price $0.62).

(4) R A Coupe purchased 6,024 shares in the year ended 30 June 2016, issued under the share purchase plan (issue price $0.62). R A Coupe received 1,475 shares in the year ended 30 June 2016, issued under the dividend reinvestment plan (average issue price $0.62). R A Coupe acquired 2,651 shares in the year ended 30 June 2016, on the exercise of 2,651 warrants (exercise price $0.62).

Statutory Information continued

Directors Holding Office

The company's directors as at 30 June 2016 were:

A B Ryan (Chairman)

C M Fisher

C A Campbell

R A Coupe

In accordance with the Barramundi constitution, at the 2015 Annual Shareholders' Meeting, Carmel Fisher retired and being eligible was re-elected. Alistair Ryan retires by rotation at the 2016 Annual Shareholders' Meeting and being eligible, offers himself for re-election.

Directors' Remuneration

The following table sets out the total remuneration received by each director from Barramundi for the year ended 30 June 2016. The directors' fees disclosed in the financial statements include a portion of non-recoverable GST expensed by Barramundi.

Directors' remuneration* for the 12 months ended 30 June 2016	
A B Ryan	$50,000[(1)]
C A Campbell	$37,500[(2)]
R A Coupe	$37,500[(3)]

** excludes GST*

(1) $5,000 of this amount was applied to the purchase of 8,032 shares under the Barramundi share purchase plan.

(2) $3,750 of this amount was applied to the purchase of 6,024 shares under the Barramundi share purchase plan. C A Campbell received $5,000 as Chair of Audit and Risk Committee.

(3) $3,750 of this amount was applied to the purchase of 6,024 shares under the Barramundi share purchase plan. R A Coupe received $5,000 as Chair of Investment Committee.

Carmel Fisher does not earn a director's fee.

Employee Remuneration

Barramundi does not have any employees. Corporate management services are provided to the company by Fisher Funds.

Disclosure of Interests as at 30 June 2016

General Interest Pursuant to Section 140 of the Companies Act 1993 as at 30 June 2016:

A B Ryan	Kingfish Limited	Director
	Marlin Global Limited	Director
	Metlifecare Limited	Director
	Evolve Education Group Limited	Director
	The New Zealand Racing Board	Board Member
	Lewis Road Creamery Limited	Director
	Christchurch Casinos Limited	Director
	Auditor Regulation Advisory Group	Member
C M Fisher	Kingfish Limited	Director
	Marlin Global Limited	Director
	Fisher Funds Management Limited	Director
C A Campbell	Kingfish Limited	Director
	Marlin Global Limited	Director
	T&G Global Limited	Director
	Hick Bros Civil Construction Limited & associated companies	Director
	Woodford Properties Limited	Director
	Brave Star Media Limited	Director
	alphaXRT Limited	Director
	New Zealand Post Limited	Director
	Key Assets NZ Limited	Director
	The Business Advisory Group Limited	Director
	Kiwibank Limited	Director
	NPT Limited	Director
	NZME Limited	Director*
	Key Assets Foundation	Trustee
	Ronald McDonald House Charities NZ	Chair
R A Coupe	Kingfish Limited	Director
	Marlin Global Limited	Director
	Farmright Limited	Chairman
	Solid Energy New Zealand Limited	Chairman
	New Zealand Takeovers Panel	Deputy Chairman
	Coupe Consulting Limited	Director
	Gentrack Group Limited	Director

(1) Notices given by directors during the year ended 30 June 2016 are marked with an asterisk.

(2) The following details included in the interests register as at 30 June 2015, or entered during the year ended 30 June 2016, have been removed during the year ended 30 June 2016:

- *R A Coupe is no longer a member of Institute of Finance Professionals New Zealand*

Statutory Information continued

Directors' Indemnity and Insurance

Barramundi has insured all of its directors against liabilities and costs referred to in Section 162(3), 162(4) and 162(5) of the Companies Act 1993. The insurance does not cover liabilities arising from criminal actions.

The company has granted an indemnity in favour of all current and future directors of the company in accordance with the company's constitution.

Auditor's Remuneration

During the 30 June 2016 year the following amounts were paid/payable to the auditor – PricewaterhouseCoopers.

	$000
Statutory audit and review of financial statements	29
Other assurance services	4
Non assurance services	2

PricewaterhouseCoopers is a registered audit firm and its audit partners are licensed auditors under the Auditor Regulation Act 2011.

Donations

The company did not make any donations during the year ended 30 June 2016.

Directory

Nature of Business

The principal activity of Barramundi is investment in growing Australian companies.

Manager

Fisher Funds Management Limited
Level 1
67 – 73 Hurstmere Road
Takapuna
Auckland 0622

Directors

Independent Directors
Alistair Ryan (Chairman)
Carol Campbell
Andy Coupe

Director
Carmel Fisher

Corporate Manager

Glenn Ashwell

Registrar

Shareholders with enquiries about transactions and changes of address should contact Barramundi's share registrar:

Computershare Investor Services Limited
Level 2
159 Hurstmere Road
Takapuna
Auckland 0622
Phone: +64 9 488 8777
Email: enquiry@computershare.co.nz

Alternatively, to change your address, update your payment instructions, and to view your investment portfolio including transactions online, please visit: www.computershare.co.nz/investorcentre

Auditor

PricewaterhouseCoopers New Zealand
188 Quay Street
Auckland 1142

Solicitor

Bell Gully
Level 21
48 Shortland Street
Auckland 1010

Banker

ANZ Banking Group Limited
Level 9
215 – 229 Lambton Quay
Wellington 6011

Investor Enquiries

Barramundi Limited
Level 1
67 – 73 Hurstmere Road
Takapuna
Auckland 0622
Private Bag 93502
Takapuna
Auckland 0740
Phone: +64 9 489 7074
Fax: +64 9 489 7139
Email: enquire@barramundi.co.nz

Barramundi
LANDING TOMORROW'S TROPHIES

Printed onto Advance laser, which is produced from Elemental Chlorine Free (ECF) pulp from virgin wood. This wood is sourced from managed farmed trees in an ISO14001 and ISO9001 (International Quality Management Standard) accredited mill, that generates a portion of their power from tree waste, saving 200 million litres of diesel oil annually.