
BARRAMUNDI LIMITED
FINANCIAL STATEMENTS CONTENTS
FOR THE YEAR ENDED 30 JUNE 2018

	Page
Statement of Comprehensive Income	1
Statement of Changes in Equity	2
Statement of Financial Position	3
Statement of Cash Flows	4
Notes to the Financial Statements	5

BARRAMUNDI LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 \$000	2017 \$000
Interest income		101	131
Dividend income		2,811	2,512
Net changes in fair value of financial assets and liabilities	2	20,133	2,986
Other income	3	1,308	65
Total net income		24,353	5,694
Operating expenses	4	(4,159)	(2,400)
Operating profit before tax		20,194	3,294
Total tax benefit/(expense)	5	293	(634)
Net operating profit after tax		20,487	2,660
Other comprehensive income		0	0
Total comprehensive income after tax		20,487	2,660
Basic earnings per share	7	12.99c	1.82c
Diluted earnings per share	7	12.84c	1.80c

The accompanying notes form an integral part of these financial statements.

BARRAMUNDI LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

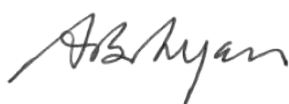
		<i>Attributable to shareholders of the company</i>			
	Notes	Share Capital \$000	Performance Fee Reserve \$000	Accumulated Deficits \$000	Total Equity \$000
Balance at 1 July 2016		127,419	0	(30,087)	97,332
Comprehensive income					
Profit for the year		0	0	2,660	2,660
Other comprehensive income		0	0	0	0
Total comprehensive income for the year ended 30 June 2017		0	0	2,660	2,660
Transactions with owners					
Share buybacks	6	(225)	0	0	(225)
Warrant issue costs	6	(13)	0	0	(13)
Dividends paid	6	0	0	(7,889)	(7,889)
New shares issued under dividend reinvestment plan	6	2,684	0	0	2,684
Shares issued from treasury stock under dividend reinvestment plan	6	216	0	0	216
Total transactions with owners for the year ended 30 June 2017		2,662	0	(7,889)	(5,227)
Balance at 30 June 2017		130,081	0	(35,316)	94,765
Comprehensive income					
Profit for the year		0	0	20,487	20,487
Other comprehensive income		0	0	0	0
Total comprehensive income for the year ended 30 June 2018		0	0	20,487	20,487
Transactions with owners					
Shares issued for warrants exercised	6	8,564	0	0	8,564
Share buybacks	6	(2,252)	0	0	(2,252)
Dividends paid	6	0	0	(8,501)	(8,501)
New shares issued under dividend reinvestment plan	6	962	0	0	962
Shares issued from treasury stock under dividend reinvestment plan	6	2,137	0	0	2,137
Manager's performance fee to be settled with ordinary shares	16	0	1,002	0	1,002
Total transactions with owners for the year ended 30 June 2018		9,411	1,002	(8,501)	1,912
Balance at 30 June 2018		139,492	1,002	(23,330)	117,164

The accompanying notes form an integral part of these financial statements.

BARRAMUNDI LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Notes	2018 \$000	2017 \$000
SHAREHOLDERS' EQUITY	6	117,164	94,765
Represented by:			
ASSETS			
Current Assets			
Cash and cash equivalents	10	7,644	7,703
Trade and other receivables	8	364	234
Financial assets at fair value through profit or loss	2	111,978	88,343
Current tax receivable	5	1	0
Total Current Assets		119,987	96,280
Non-current Assets			
Other receivable	8	37	186
Deferred tax asset	5	309	0
Total Non-current Assets		346	186
TOTAL ASSETS		120,333	96,466
LIABILITIES			
Current Liabilities			
Trade and other payables	9	2,489	1,144
Current tax payable	5	0	513
Financial liabilities at fair value through profit or loss	2	680	10
Total Current Liabilities		3,169	1,667
Non-current Liabilities			
Deferred tax liability	5	0	34
Total Non-current Liabilities		0	34
TOTAL LIABILITIES		3,169	1,701
NET ASSETS		117,164	94,765

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



A B Ryan
Chair
20 August 2018



C A Campbell
Chair of the Audit and Risk Committee
20 August 2018

The accompanying notes form an integral part of these financial statements.

BARRAMUNDI LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 \$000	2017 \$000
Operating Activities			
Sale of investments		36,781	63,980
Interest received		100	132
Dividends received		2,678	2,512
Other income received		1,142	117
Purchase of investments		(39,162)	(55,525)
Operating expenses		(2,132)	(2,403)
Taxes paid		(560)	(615)
Net cash (outflows)/inflows from operating activities	10	(1,153)	8,198
Financing Activities			
Proceeds from warrants exercised		8,564	0
Warrant issue costs		0	(13)
Share buybacks		(2,234)	(225)
Dividends paid (net of dividends reinvested)		(5,402)	(4,989)
Net cash inflows/(outflows) from financing activities		928	(5,227)
Net (decrease)/increase in cash and cash equivalents held		(225)	2,971
Cash and cash equivalents at beginning of the year		7,703	4,780
Effects of foreign currency translation on cash balance		166	(48)
Cash and cash equivalents at end of the year	10	7,644	7,703

The accompanying notes form an integral part of these financial statements.

Note 1 Basis of Accounting

Reporting Entity

Barramundi Limited ("Barramundi" or "the company") is listed on the NZX Main Board, is registered in New Zealand under the Companies Act 1993 and is a FMC Reporting Entity under the Financial Markets Conduct Act 2013.

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

Basis of Preparation

These financial statements have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013, the NZX Main Board listing rules and New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate for profit-oriented entities, and International Financial Reporting Standards (IFRS).

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 and in the accompanying notes. The financial statements are presented in New Zealand dollars, rounded to the nearest one thousand dollars.

The financial statements include GST where it is charged by other parties as it cannot be reclaimed.


Foreign Currency Transactions and Translations

Foreign currency transactions are converted into New Zealand dollars using exchange rates prevailing at transaction date. Foreign currency assets and liabilities are translated into New Zealand dollars using the exchange rates prevailing at the balance date.

Foreign exchange gains or losses relating to the financial assets and liabilities at fair value through profit or loss are presented in the Statement of Comprehensive Income within "Net changes in fair value of financial assets and liabilities".

Foreign exchange gains and losses relating to cash and cash equivalents, trade and other receivables, and trade and other payables are presented in the Statement of Comprehensive Income within "Other income".


Accounting Policies

Accounting policies that summarise the recognition and measurement basis used and are relevant to an understanding of the financial statements, are provided throughout the notes to the financial statements and are designated by a  symbol.

The accounting policies adopted have been consistently applied to all years presented, unless otherwise stated. *NZ IFRS 9: Financial Instruments* is a standard relevant to the company which is not yet effective and has not yet been applied in preparing the financial statements. Based on the company's assessment, *NZ IFRS 9* is not expected to have a material impact on the classification and measurement of the company's financial assets. Minor changes are expected to disclosures about the company's financial assets, particularly in the year of adoption of the new standard.

There are no other accounting standards that have been issued but are not yet effective that are expected to have a material impact on these financial statements.

Critical Judgements, Estimates and Assumptions

The preparation of financial statements requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Judgements are designated by a  symbol in the notes to the financial statements. There were no material estimates or assumptions required in the preparation of these financial statements.

Authorisation of Financial Statements

The Barramundi board of directors authorised these financial statements for issue on 20 August 2018.

No party may change these financial statements after their issue.

Note 2 Investments



Investments are initially recognised at fair value and are subsequently revalued to reflect changes in fair value. Net changes in the fair value of investments are recognised in the Statement of Comprehensive Income.

Listed equity investments are classified as designated investment assets at fair value through profit or loss. Forward foreign exchange contracts are classified as held for trading financial assets at fair value through profit or loss.

BARRAMUNDI LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 2 Investments (continued)



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.

All purchases and sales of investments are recognised at trade date, which is the date the company commits to purchase or sell the investment and transaction costs are expensed as incurred. When an investment is sold, any gain or loss arising on the sale is included in the Statement of Comprehensive Income. Realised gains or losses are calculated as the difference between the sale proceeds and the carrying amount of the item.

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



Barramundi has classified all its investments at fair value through profit or loss. 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.

The fair value of listed equity investments 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 for a particular investment, in which case the bid price will be used to value the investment.

The fair value of forward foreign exchange contracts is determined by using valuation techniques based on spot exchange rates and forward points supplied by The World Markets Company PLC via Thomson Reuters.

Financial assets and liabilities at fair value through profit or loss	2018	2017
	\$000	\$000

Financial Assets:

Investments designated at fair value through profit or loss

Australian listed equity investments	111,978	88,343
Total financial assets at fair value through profit or loss	111,978	88,343

Financial Liabilities:

Financial liabilities at fair value through profit or loss - held for trading

Forward foreign exchange contracts	680	10
Total financial liabilities at fair value through profit or loss	680	10

Net changes in fair value of financial assets and liabilities

Investments designated at fair value through profit or loss

Australian equity investments	18,552	2,631
Foreign exchange gains on equity investments	3,451	113
Total gains on designated financial assets	22,003	2,744

Investments at fair value through profit or loss - held for trading

(Losses)/gains on forward foreign exchange contracts	(1,870)	242
Total (losses)/gains on financial assets and liabilities held for trading	(1,870)	242

Net changes in fair value of financial assets and liabilities	20,133	2,986
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The notional value of forward foreign exchange contracts held at 30 June 2018 was \$61,704,132 (30 June 2017: \$50,191,641).



Investments recognised at fair value are categorised according to a fair value hierarchy that shows the extent of judgement used in determining their fair value. Where unadjusted quoted prices are used, the investments are categorised as Level 1. When inputs derived from quoted prices are used, the investments are categorised as Level 2 and, if inputs are not based on observable market data they are categorised as Level 3.



All equity investments held by Barramundi are categorised as Level 1 and all forward foreign exchange contracts are classified as Level 2 in the fair value hierarchy. There were no financial instruments classified as Level 3 at 30 June 2018 (30 June 2017: none).

BARRAMUNDI LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 3 Other income	2018	2017
	\$000	\$000
GST refunds (note 11)	1,318	0
Foreign exchange (losses)/gains on cash and cash equivalents	(10)	65
Total other income	1,308	65

Note 4 Operating expenses		
Management fee (note 11)	1,349	1,404
Performance fee (note 11)	1,999	0
Administration services (note 11)	159	159
Directors' fees (note 11)	132	144
Brokerage	199	371
Investor relations and communications	111	111
Custody and accounting fees	52	56
NZX fees	44	41
Professional fees	30	43
Auditor's fees:		
Statutory audit and review of financial statements	35	33
Non-assurance services ¹	5	2
Regulatory fees	9	2
Other operating expenses	35	34
Total operating expenses	4,159	2,400

¹ Non-assurance services relate to agreed upon procedures performed in respect of the performance fee calculation. No other fees were paid to the auditor during the year (2017: nil).

Note 5 Taxation

Barramundi is a Portfolio Investment Entity ("PIE") for tax purposes.



Taxation expense comprises both current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at balance date, and any adjustment to tax payable in respect of previous years. 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 recognised as the differences between the carrying amounts of assets and liabilities in the financial statements and the amounts used for taxation purposes. A deferred tax asset is only recognised to the extent it is probable it will be utilised.

Taxation expense is determined as follows:	2018	2017
	\$000	\$000
Operating profit before tax	20,194	3,294
Non-taxable realised gain on financial assets and liabilities	(7,499)	(5,152)
Non-taxable unrealised (gain)/loss on financial assets and liabilities	(14,306)	3,130
Fair Dividend Rate income	415	887
Exempt dividends subject to Fair Dividend Rate	(142)	(316)
Non-deductible expenses and other	290	332
Prior period adjustment	0	88
Taxable (loss)/income	(1,048)	2,263
Tax at 28%	(293)	634
<i>Taxation expense comprises:</i>		
Current tax	46	613
Deferred tax	(339)	(4)
Prior period adjustment	0	25
Total tax (benefit)/expense	(293)	634

BARRAMUNDI LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 5 Taxation (continued)	2018 \$000	2017 \$000
Current tax balance		
Opening balance	(513)	(491)
Prior period adjustment	0	(25)
Current tax movements	(46)	(634)
Tax paid	560	615
Credits used	0	22
Current tax receivable/(payable)	1	(513)
Deferred tax balance		
Opening balance	(34)	(38)
Current year losses	389	0
Accrued dividends	(50)	4
Other	4	0
Deferred tax asset/(liability)	309	(34)

j A deferred tax asset has been recognised as it is probable that future tax profits will be available to utilise the loss.

Imputation credits

The imputation credits available for subsequent reporting periods total \$7,369 (2017: \$518,376). 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 2018.

Note 6 Shareholders' equity

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.

When shares are acquired by the company, the amount of consideration paid is recognised directly in equity. Acquired shares are classified as treasury stock and presented as a deduction from share capital. When treasury stock is subsequently sold or reissued, the cost of treasury stock is reversed and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs, is recognised within share capital.

Barramundi has 165,630,469 fully paid ordinary shares on issue (2017: 149,103,903). All ordinary shares rank equally and have no par value. All shares carry an entitlement to dividends and one vote is attached to each fully paid ordinary share.

Buybacks

Barramundi maintains an ongoing share buyback programme. As at 30 June 2018, Barramundi had acquired 3,837,320 (2017: 349,361) shares under the programme which allows up to 5% of the ordinary shares on issue (as at the date 12 months prior to the acquisition) to be acquired. Shares acquired under the buyback programme are held as treasury stock and subsequently reissued to shareholders under the dividend reinvestment plan. There was no treasury stock held at balance date (2017: nil).

Warrants

On 22 November 2016, 36,471,368 Barramundi warrants were allotted and quoted on the NZX Main Board on 23 November 2016. One new warrant was issued to all eligible shareholders for every four shares held on record date (21 November 2016). On 24 November 2017, 14,832,269 warrants were exercised at \$0.58 per warrant and the remaining 21,639,099 warrants lapsed.

BARRAMUNDI LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 6 Shareholders' equity (continued)

Dividends



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.

Barramundi has a distribution policy where 2% of average NAV is distributed each quarter. Dividends paid during the year comprised:

	2018	Cents per		2017	Cents per
	\$000	share		\$000	share
29 Sep 2017	1,932	1.30	30 Sep 2016	2,021	1.40
22 Dec 2017	2,134	1.31	22 Dec 2016	2,023	1.39
29 Mar 2018	2,250	1.38	31 Mar 2017	1,908	1.30
29 Jun 2018	2,185	1.33	29 Jun 2017	1,937	1.31
	8,501	5.32		7,889	5.40

Dividend Reinvestment Plan

Barramundi has a dividend reinvestment plan which provides shareholders with the option to reinvest all or part of any cash dividends in fully paid ordinary shares at a 3% discount to the five-day volume weighted average share price from the date the shares trade ex-entitlement. During the year ended 30 June 2018, 5,486,617 ordinary shares (2017: 4,830,043 ordinary shares) were issued in relation to the plan for the quarterly dividends paid. To participate in the dividend reinvestment plan, a completed participation notice must be received by Barramundi before the next record date.

Performance Fee Reserve



The portion of any performance fee to be paid in ordinary shares is an equity share-based payment and is recognised at fair value in an equity reserve until the ordinary shares are issued.

See note 11(ii) for further details.

Note 7 Earnings per Share



Basic earnings per share is calculated by dividing the 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 assumes conversion of all dilutive potential ordinary shares in determining the denominator.

Basic earnings per share	2018	2017
Profit attributable to owners of the company (\$'000)	20,487	2,660
Weighted average number of ordinary shares on issue net of treasury stock ('000)	157,704	146,188
Basic earnings per share	12.99c	1.82c
Diluted earnings per share		
Profit attributable to owners of the company (\$'000)	20,487	2,660
Weighted average number of ordinary shares on issue net of treasury stock ('000)	157,704	146,188
Diluted effect of warrants on issue ('000)	249	1,528
Ordinary shares to be issued under performance fee arrangement ('000)	1,616	0
	159,569	147,716
Diluted earnings per share	12.84c	1.80c

BARRAMUNDI LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 8 Trade and Other Receivables



Trade and other receivables are classified as loans and receivables and are initially recognised at fair value, and subsequently measured at amortised cost less any provision for impairment. Receivables are assessed on a case-by-case basis for impairment.



The fair value of trade and other receivables is equivalent to their carrying amount.

	2018	2017
	\$000	\$000
Current assets		
Interest receivable	6	6
Dividends receivable	299	163
Other receivables and prepayments	59	65
Total current trade and other receivables	364	234
Non-current asset		
Other receivables	37	186
Total non-current other receivable	37	186

Note 9 Trade and Other Payables



Trade and other payables are classified as other financial liabilities and are initially recognised at fair value, and subsequently measured at amortised cost.



The fair value of trade and other payables is equivalent to their carrying amount.

	2018	2017
	\$000	\$000
Related party payable (note 11)	1,133	126
Unsettled purchases of investments	1,233	927
Share buyback payable	18	0
Other payables and accruals	105	91
Total trade and other payables	2,489	1,144

Note 10 Cash and Cash Flow Reconciliation

Cash and Cash Equivalents



Cash and cash equivalents are classified as loans and receivables and comprise cash on deposit at banks and short-term money market deposits.

	2018	2017
	\$000	\$000
Cash - New Zealand dollars	942	1,395
Cash - Australian dollars	6,702	6,308
Cash and Cash Equivalents	7,644	7,703

BARRAMUNDI LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 10 Cash and Cash Flow Reconciliation (continued)

Reconciliation of Net Operating Profit after Tax to Net Cash Flows from Operating Activities	2018	2017
	\$000	\$000
Net operating profit after tax	20,487	2,660
<i>Items not involving cash flows:</i>		
Unrealised (gains)/losses on cash and cash equivalents	(166)	48
Unrealised (gains)/losses on revaluation of investments	(13,634)	2,758
	(13,800)	2,806
Impact of changes in working capital items		
Increase in trade and other payables	1,345	749
Increase in trade and other receivables	(130)	(48)
Change in current and deferred tax	(857)	18
	358	719
Items relating to investments		
Amount paid for purchases of investments	(39,162)	(55,525)
Amount received from sales of investments	36,781	63,980
Realised gains on investments	(6,495)	(5,743)
Increase in unsettled purchases of investments	(306)	(699)
	(9,182)	2,013
Other		
Increase in share buybacks payable	(18)	0
Performance fee to be settled by issue of shares	1,002	0
	984	0
Net cash (outflows)/inflows from operating activities	(1,153)	8,198

Note 11 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.

Transactions with related parties

The Manager of Barramundi is Fisher Funds Management Limited ("Fisher Funds" or "the Manager"). Fisher Funds is a related party by virtue of the Management Agreement and having a director in common. In return for the performance of its duties as Manager, Fisher Funds is paid the following fees:

(i) Management fee: 1.25% (plus GST) per annum of the gross asset value, calculated weekly and payable monthly in arrears. The fee reduces if the Manager underperforms, thereby aligning the Manager's interests with those of the Barramundi shareholders. For every 1% underperformance (relative to the change in the NZ 90 Day Bank Bill Index) the management fee percentage is reduced by 0.1%, subject to a minimum 0.75% per annum management fee.

(ii) Performance fee: Fisher Funds may earn an annual performance fee of 15% (plus GST) of excess returns over and above the performance fee hurdle return (being the change in the NZ 90 Day Bank Bill Index plus 7%) subject to achieving the High Water Mark ("HWM").

The HWM is 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.

In accordance with the terms of the Management Agreement, when a performance fee is earned, it is paid within 30 days of the balance date and the Manager is required to apply half of the performance fee to subscribe for shares, issued at a price equal to the volume weighted average traded price ("VWAP") of ordinary shares over the last five trading days ended 30 June for the relevant year. Ordinary shares issued to the Manager rank equally in all respects with existing ordinary shares in Barramundi.

Note 11 Related Party Information (continued)

Transactions with related parties (continued)

(ii) Performance fee (continued)



Performance fees paid to the Manager are 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. The component paid in cash is treated in line with a typical operating expense.

At 30 June 2018 the Manager had achieved a return in excess of the performance fee hurdle return and the HWM. For the year ended 30 June 2018, excess returns of \$12,916,119 (2017: nil) were generated and the net asset value per share before the deduction of a performance fee was \$0.71 (2017: \$0.64), which exceeded the HWM after adjustment for capital changes and distributions of \$0.52 (2017: \$0.59). Accordingly, the company has expensed a performance fee of \$1,999,437 (2017: nil) which is made up of \$1,966,479 (including GST) earned by the Manager and \$32,958 from a post balance date adjustment. See note 16 for full details of how the performance fee was settled for the year ended 30 June 2018.

(iii) Administration fee: Fisher Funds provides corporate administration services and a fee is payable monthly in arrears.

Fees earned and payable:	2018	2017
	\$000	\$000
Fees earned by the Manager for the year ending 30 June		
Management fees	1,349	1,404
Performance fees	1,999	0
Administration services	159	159
Total fees earned by the Manager	3,507	1,563

Fees payable to the Manager at 30 June		
Management fees	122	113
Performance fees payable in cash	998	0
Administration services	13	13
Total fees payable to the Manager	1,133	126

Investments by the Manager

The Manager held shares in, and received dividends from, the company at 30 June 2018 which total 0.36% of the total shares on issue (2017: 0.40% and 0.41% of total warrants on issue).

Investment transactions with related parties

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 (on an arm's length basis). Purchases for the year ended 30 June 2018 totalled \$2,545,364 (2017: \$13,498) and sales totalled \$nil (2017: \$nil).

GST Refund

Fisher Funds historically charged Barramundi GST at the standard GST rate on the provision of investment services. Last year the Inland Revenue Department ("IRD") confirmed that the lower GST fund manager rate of 1.5% could be charged to Barramundi (and this rate has been applied since 1 August 2017).

During April 2018, Barramundi received from Fisher Funds \$1,330,764, being a refund of overcharged GST of \$1,235,042 plus use of money interest ("UOMI") of \$95,722 on the provision of investment services to Barramundi for the eight year period from 1 August 2009 to 31 July 2017.

In the Statement of Comprehensive Income, the portion of the GST refund relating to historical years of \$1,221,780 and UOMI of \$95,722, which totals \$1,317,502, has been recognised as other income, with the balance of \$13,262 relating to the current year recognised as a reduction in management fee expense. The GST refund and UOMI was excluded from the performance fee calculation as it was not generated by investment activity.

Directors

The directors of Barramundi are the only key management personnel and they earn a fee for their services. The directors' fee pool is \$125,000 (plus GST if any) per annum. The amount paid to directors is disclosed in note 4 under directors' fees (currently only independent directors earn a director's fee).

Note 11 Related Party Information (continued)

Directors (continued)

The directors also held shares in the company at 30 June 2018 which total 1.22% of total shares on issue (30 June 2017: 1.07% of the total shares on issue and 1.09% of total warrants on issue). Dividends were also received by the directors as a result of their shareholding.

Note 12 Financial Risk Management

The company is subject to a number of financial risks which arise as a result of its investment activities, including market risk, 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.

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 regular 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

Price risk is the risk of gains or losses from changes in the market price of investments. 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 2018 (30 June 2017: none).

Interest Rate Risk

Interest rate risk is the risk of movements in interest rates. Surplus cash is held in interest bearing Australian and New Zealand bank accounts. The company is therefore exposed to the risk of gains or losses or changes in interest income from movements in both Australian and New Zealand interest rates. There is no hedge against the risk of movements in interest rates.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of an investment will fluctuate because of change in foreign exchange rates. The company holds assets denominated in Australian dollars and 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. 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.

Sensitivity Analysis

The table below summarises the impact on net operating profit after tax and shareholders' equity to reasonably possible changes arising from market risk exposure at 30 June as follows:

		2018	2017
		\$000	\$000
Price risk ¹			
Investments designated at fair value (listed)	Carrying value	111,978	88,343
	Impact of a 10% change in market prices: +/-	11,198	8,834
Interest rate risk ²			
Cash and cash equivalents	Carrying value	7,644	7,703
	Impact of a 1% change in interest rates: +/-	76	77

¹ A variable of 10% was selected for price risk as this is a reasonably expected movement based on historic trends in equity prices.

² A variable of 1% was selected as this is a 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.

BARRAMUNDI LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 12 Financial Risk Management (continued)

Market Risk (continued)

Sensitivity Analysis (continued)

		2018	2017
		\$000	\$000
Currency risk ³			
Cash and cash equivalents	Carrying value	6,702	6,308
	Impact of a +10% change in exchange rates	(609)	(573)
	Impact of a -10% change in exchange rates	745	701
Investments designated at fair value (listed)	Carrying value	111,978	88,343
	Impact of a +10% change in exchange rates	(10,180)	(8,031)
	Impact of a -10% change in exchange rates	12,442	9,816
Financial assets and liabilities held for trading	Carrying value	(680)	(10)
	Impact of a +10% change in exchange rates	5,609	4,563
	Impact of a -10% change in exchange rates	(6,856)	(5,577)
Net foreign currency payables/receivables	Carrying value	(891)	(573)
	Impact of a +10% change in exchange rates	81	(116)
	Impact of a -10% change in exchange rates	(99)	142

³ A variable of 10% was selected as this is a reasonably expected movement based on historic trends in exchange rate movements.

Credit Risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. In the normal course of its business, the company is exposed to credit risk from transactions with its counterparties.

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

Listed securities are held by an independent custodian, Trustees Executors Limited. All transactions in listed securities are paid for on delivery according to standard settlement instructions. The company invests cash with banks registered in New Zealand and Australia which carry a minimum short-term credit rating of S&P A-1+ (or equivalent).

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

Liquidity Risk

Liquidity risk is the risk that the assets held by the company cannot readily be converted to cash in order to meet the company's financial obligations as they fall due. 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.

Liquidity to fund investment requirements can be augmented through the procurement of a debt facility from a registered bank to a maximum value of 20% of the gross asset value of the company. There were no such debt facilities at 30 June 2018 (2017: nil).

Capital Risk Management

The company's objective is to prudently manage shareholder capital (share capital, reserves, accumulated deficits and borrowings (if any)).

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 secure borrowings in the short term.

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

Since announcing a long-term distribution policy in August 2009, the company continues to pay 2% of average net asset value each quarter.

BARRAMUNDI LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 13 Net Asset Value

The audited net asset value per share of Barramundi as at 30 June 2018 was \$0.71 (30 June 2017: \$0.64), calculated as the net assets of \$117,164,415 divided by the number of shares on issue of 165,630,469.

Note 14 Commitments and Contingent Liabilities

There were no unrecognised contractual commitments or contingent liabilities as at 30 June 2018 (2017: nil).

Note 15 Financial Reporting by Segments

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

There has been no change to the operating segment during the year.

Note 16 Subsequent Events

(i) In accordance with the terms of the Management Agreement, Barramundi settled the performance fee due to Fisher Funds of \$1,966,479 (including GST) relating to the year ended 30 June 2018 on 27 July 2018 as follows:

1. Fisher Funds used half of the performance fee (excluding GST) to subscribe for Barramundi ordinary shares at the VWAP of ordinary shares over the last five trading days ended 30 June 2018, being \$0.60 per share (rounded to two decimal places). Barramundi issued 1,615,592 ordinary shares totalling \$968,709; and
2. The balance of \$997,770 (including GST) was paid in cash to Fisher Funds.

(ii) A post balance date adjustment of \$32,958 was made to increase the cost of the performance fee, to recognise the difference between the VWAP of ordinary shares over the last five trading days ended 30 June 2018 (\$0.60) and the share price on 27 July 2018 when the performance fee was paid to Fisher Funds (\$0.62). This brings the total cost of the 1,615,592 shares issued for the performance fee to \$1,001,667.

(iii) The Board declared a dividend of 1.40 cents per share on 20 August 2018. The record date for this dividend is 13 September 2018 with a payment date of 28 September 2018.

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