
BARRAMUNDI LIMITED
FINANCIAL STATEMENTS CONTENTS
FOR THE YEAR ENDED 30 JUNE 2019

| | 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 2019

| | Notes | 2019 \$000 | 2018 \$000 |
|--|--------------|-----------------------|-----------------------|
| Interest income | | 81 | 101 |
| Dividend income | | 3,273 | 2,811 |
| Net changes in fair value of financial assets and liabilities | 2 | 7,573 | 20,133 |
| Other (losses)/income | 3 | (76) | 1,308 |
| Total net income | | 10,851 | 24,353 |
| Operating expenses | 4 | (2,265) | (4,159) |
| Operating profit before tax | | 8,586 | 20,194 |
| Total tax (expense)/benefit | 5 | (1,158) | 293 |
| Net operating profit after tax attributable to shareholders | | 7,428 | 20,487 |
| Total comprehensive income after tax attributable to shareholders | | 7,428 | 20,487 |
| Basic earnings per share | 7 | 4.40c | 12.99c |
| Diluted earnings per share | 7 | 4.37c | 12.84c |

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

BARRAMUNDI LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

| | | <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 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 | | 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 |
| Comprehensive income | | | | | |
| Profit for the year | | 0 | 0 | 7,428 | 7,428 |
| Other comprehensive income | | 0 | 0 | 0 | 0 |
| Total comprehensive income for the year ended 30 June 2019 | | 0 | 0 | 7,428 | 7,428 |
| Transactions with owners | | | | | |
| Share buybacks | 6 | (416) | 0 | 0 | (416) |
| Warrant issue costs | 6 | (27) | 0 | 0 | (27) |
| Dividends paid | 6 | 0 | 0 | (9,085) | (9,085) |
| New shares issued under dividend reinvestment plan | 6 | 2,919 | 0 | 0 | 2,919 |
| Shares issued from treasury stock under dividend reinvestment plan | 6 | 322 | 0 | 0 | 322 |
| Manager's performance fee settled with ordinary shares | | 917 | (1,002) | 0 | (85) |
| Manager's performance fee settled with treasury stock | | 79 | 0 | 0 | 79 |
| Total transactions with owners for the year ended 30 June 2019 | | 3,794 | (1,002) | (9,085) | (6,293) |
| Balance at 30 June 2019 | | 143,286 | 0 | (24,987) | 118,299 |

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

BARRAMUNDI LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

| | Notes | 2019 \$000 | 2018 \$000 |
|--|----------|----------------|----------------|
| SHAREHOLDERS' EQUITY | 6 | 118,299 | 117,164 |
| Represented by: | | | |
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 10 | 2,269 | 7,644 |
| Trade and other receivables | 8 | 343 | 364 |
| Financial assets at fair value through profit or loss | 2 | 116,490 | 111,978 |
| Current tax receivable | 5 | 0 | 1 |
| Total Current Assets | | 119,102 | 119,987 |
| Non-current Assets | | | |
| Other receivable | 8 | 0 | 37 |
| Deferred tax asset | 5 | 0 | 309 |
| Total Non-current Assets | | 0 | 346 |
| TOTAL ASSETS | | 119,102 | 120,333 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | 9 | 202 | 2,489 |
| Financial liabilities at fair value through profit or loss | 2 | 17 | 680 |
| Current tax payable | 5 | 535 | 0 |
| Total Current Liabilities | | 754 | 3,169 |
| Non-current Liabilities | | | |
| Deferred tax liability | 5 | 49 | 0 |
| Total Non-current Liabilities | | 49 | 0 |
| TOTAL LIABILITIES | | 803 | 3,169 |
| NET ASSETS | | 118,299 | 117,164 |

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



A B Ryan
Chair
19 August 2019



C A Campbell
Chair of the Audit and Risk Committee
19 August 2019

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

BARRAMUNDI LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

| | Notes | 2019 \$000 | 2018 \$000 |
|--|-----------|----------------|----------------|
| Operating Activities | | | |
| Sale of listed equity investments | | 30,873 | 37,980 |
| Interest received | | 84 | 100 |
| Dividends received | | 3,397 | 2,678 |
| Other (expenses)/income | | (5) | 1,142 |
| Purchase of listed equity investments | | (31,082) | (39,162) |
| Operating expenses | | (3,267) | (2,132) |
| Taxes paid | | (264) | (560) |
| Net settlement of forward foreign exchange contracts | | 1,271 | (1,199) |
| Net cash inflows/(outflows) from operating activities | 10 | 1,007 | (1,153) |
| Financing Activities | | | |
| Proceeds from warrants exercised | | 0 | 8,564 |
| Warrant issue costs | | (28) | 0 |
| Share buybacks | | (434) | (2,234) |
| Dividends paid (net of dividends reinvested) | | (5,844) | (5,402) |
| Net cash (outflows)/inflows from financing activities | | (6,306) | 928 |
| Net decrease in cash and cash equivalents held | | (5,299) | (225) |
| Cash and cash equivalents at beginning of the year | | 7,644 | 7,703 |
| Effects of foreign currency translation on cash balance | | (76) | 166 |
| Cash and cash equivalents at end of the year | 10 | 2,269 | 7,644 |

In the current year, cash flow from operating activities in relation to realisation and settlement of forward foreign exchange contracts are disclosed separately. Accordingly, comparatives have been reclassified to conform with current year presentation.

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 to for-profit 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 and liabilities as identified in specific accounting policies and in the accompanying notes.

The functional and reporting currency used to prepare the financial statements is 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 (losses)/ 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.

The Company adopted NZ IFRS 9 Financial Instruments (replacing NZ IAS 39 Financial Instruments: Recognition and Measurement) from 1 July 2018 and applied the standard retrospectively. From 1 July 2018, the Company classifies the financial assets and liabilities in the following measurement categories:

- those to be measured at fair value through profit or loss (previously measured as designated at fair value through profit or loss or held for trading and measured at fair value), and
- those to be measured at amortised cost (previously measured as loans and receivables).

The adoption of NZ IFRS 9 has had no material impact on the Company's financial statements and no material adjustments are noted on transition.

Under NZ IFRS 9, on initial recognition of a financial asset, the Company needs to assess on a forward looking basis, the expected credit loss associated with the financial assets carried at amortised cost. At each reporting date, the credit risk of a financial asset, apart from trade receivables, is assessed to determine whether there has been a significant increase in the credit risk. During the assessment the Company will consider both forward looking information and the financial history of counterparties to assess the probability of default or likelihood that full settlement is not received. Trade receivables will be assessed against the simplified approach of a lifetime expected loss allowance.

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.

Note 1 Basis of Accounting (continued)

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 **j** 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 19 August 2019.

No party may change these financial statements after their issue.

Note 2 Financial assets and liabilities at fair value through profit or loss



Given that the investment portfolio is managed, and performance is evaluated on a fair value basis in accordance with a documented investment strategy, Barramundi has classified all its investments at fair value through profit or loss.



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

Financial assets at fair value through profit or loss comprise of Australian listed equity investment assets and forward foreign exchange contracts with positive value.

Financial liabilities at fair value through profit or loss comprise of forward foreign exchange contracts with negative value.

Forward foreign exchange contracts can be used as economic hedges for equity investments against currency risk. 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.

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.

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).

The carrying amounts of the investments at the balance date are their fair values. Fair value measurements are categorised into a three level hierarchy that reflects the significance of the inputs used in making the measurements. 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 significant inputs are not based on observable market data they are categorised as Level 3.



All listed 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 2019 (30 June 2018: none).

| Financial assets and liabilities at fair value through profit or loss | 2019 | 2018 |
|--|----------------|----------------|
| | \$000 | \$000 |
| <i>Financial Assets:</i> | | |
| Australian listed equity investments | 115,540 | 111,978 |
| Forward foreign exchange contracts | 950 | 0 |
| Total financial assets at fair value through profit or loss | 116,490 | 111,978 |
| <i>Financial Liabilities:</i> | | |
| Forward foreign exchange contracts | 17 | 680 |
| Total financial liabilities at fair value through profit or loss | 17 | 680 |

BARRAMUNDI LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

Note 2 Financial assets and liabilities at fair value through profit or loss (continued)

| | 2019 | 2018 |
|---|--------------|---------------|
| | \$000 | \$000 |
| Net changes in fair value of financial assets and liabilities | | |
| Australian listed equity investments | 8,618 | 18,552 |
| Foreign exchange (losses)/gains on Australian listed equity investments | (3,930) | 3,451 |
| Gains/(losses) on forward foreign exchange contracts | 2,885 | (1,870) |
| Net changes in fair value of financial assets and liabilities through profit or loss | 7,573 | 20,133 |

The notional value of forward foreign exchange contracts held at 30 June 2019 was \$76,440,015 (30 June 2018: \$61,704,132).

Note 3 Other (losses)/income

| | 2019 | 2018 |
|--|--------------|--------------|
| | \$000 | \$000 |
| GST refund (note 11) | 0 | 1,318 |
| Foreign exchange (losses)/gains on cash and cash equivalents | (76) | (10) |
| Total other (losses)/income | (76) | 1,308 |

Note 4 Operating expenses

| | 2019 | 2018 |
|--|--------------|--------------|
| | \$000 | \$000 |
| Management fee (note 11) | 1,440 | 1,349 |
| Performance fee (note 11) | 0 | 1,999 |
| Administration services (note 11) | 159 | 159 |
| Directors' fees (note 11) | 176 | 132 |
| Brokerage | 163 | 199 |
| Investor relations and communications | 116 | 111 |
| Custody and accounting fees | 47 | 52 |
| NZX fees | 54 | 44 |
| Professional fees | 31 | 30 |
| Auditor's fees: | | |
| Statutory audit and review of financial statements | 35 | 35 |
| Non-assurance services ¹ | 0 | 5 |
| Regulatory fees | 13 | 9 |
| Other operating expenses | 31 | 35 |
| Total operating expenses | 2,265 | 4,159 |

¹ Non-assurance services in the prior year relate to agreed upon procedures performed in respect of the performance fee calculation. No other fees were paid to the auditor.

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.

BARRAMUNDI LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

Note 5 Taxation (continued)

| | 2019 | 2018 |
|--|--------------|----------------|
| | \$000 | \$000 |
| Taxation expense is determined as follows: | | |
| Operating profit before tax | 8,586 | 20,194 |
| Non-taxable realised gain on financial assets and liabilities | (7,862) | (7,499) |
| Non-taxable unrealised loss/(gain) on financial assets and liabilities | 3,192 | (14,306) |
| Fair Dividend Rate income | 335 | 415 |
| Exempt dividends subject to Fair Dividend Rate | (124) | (142) |
| Imputation credits | 61 | 0 |
| Non-deductible expenses and other | 166 | 290 |
| Prior period adjustment | 0 | 0 |
| Taxable income/(loss) | 4,354 | (1,048) |
| Tax at 28% | 1,219 | (293) |
| Imputation credits | (61) | 0 |
| Total tax expense/(benefit) | 1,158 | (293) |
| <i>Taxation expense comprises:</i> | | |
| Current tax | 799 | 46 |
| Deferred tax | 359 | (339) |
| Total tax expense/(benefit) | 1,158 | (293) |
| Current tax balance | | |
| Opening balance | 1 | (513) |
| Current tax movements | (799) | (46) |
| Tax paid | 224 | 560 |
| Credits used | 39 | 0 |
| Current tax (payable)/receivable | (535) | 1 |
| Deferred tax balance | | |
| Opening balance | 309 | (34) |
| Current year losses | (390) | 389 |
| Accrued dividends | 35 | (50) |
| Other | (3) | 4 |
| Deferred tax (liability)/asset | (49) | 309 |

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A deferred tax asset is recognised only if 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 \$546,590 (2018: \$7,369). 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 2019.

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 172,081,073 fully paid ordinary shares on issue (2018: 165,630,469). 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.

BARRAMUNDI LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

Note 6 Shareholders' equity (continued)

Buybacks

Barramundi maintains an ongoing share buyback programme. For the year ended 30 June 2019, Barramundi had acquired 671,901 (2018: 3,837,320) 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 were 33,210 shares held as treasury stock at balance date (2018: 30,000).

Warrants

On 1 November 2018, 42,153,796 Barramundi warrants were allotted and quoted on the NZX Main Board. One new warrant was issued to all eligible shareholders for every four shares held on record date (31 October 2018). The warrants are exercisable at \$0.64 per warrant, adjusted down for dividends declared during the period up to the exercise date of 25 October 2019. Warrant holders can elect to exercise some or all of their warrants on the exercise date subject to a minimum exercise of 500 warrants. The net cost of issuing warrants is deducted from share capital.

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:

| | 2019 | Cents per | | 2018 | Cents per |
|-------------|--------------|------------------|-------------|--------------|------------------|
| | \$000 | share | | \$000 | share |
| 28 Sep 2018 | 2,337 | 1.40 | 29 Sep 2017 | 1,932 | 1.30 |
| 21 Dec 2018 | 2,389 | 1.42 | 22 Dec 2017 | 2,134 | 1.31 |
| 28 Mar 2019 | 2,121 | 1.25 | 29 Mar 2018 | 2,250 | 1.38 |
| 27 Jun 2019 | 2,238 | 1.31 | 29 Jun 2018 | 2,185 | 1.33 |
| | 9,085 | 5.38 | | 8,501 | 5.32 |

Dividend Reinvestment Plan

Barramundi has a dividend reinvestment plan which provides ordinary 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 2019, 5,506,913 ordinary shares (2018: 5,486,617 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.

BARRAMUNDI LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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. Potential ordinary shares include outstanding warrants.

| | 2019 | 2018 |
|--|--------------|---------------|
| Basic earnings per share | | |
| Profit attributable to owners of the Company (\$'000) | 7,428 | 20,487 |
| Weighted average number of ordinary shares on issue net of treasury stock ('000) | 168,926 | 157,704 |
| Basic earnings per share | 4.40c | 12.99c |
| Diluted earnings per share | | |
| Profit attributable to owners of the Company (\$'000) | 7,428 | 20,487 |
| Weighted average number of ordinary shares on issue net of treasury stock ('000) | 168,926 | 157,704 |
| Diluted effect of warrants on issue ('000) | 1,045 | 249 |
| Ordinary shares to be issued under performance fee arrangement ('000) | 0 | 1,616 |
| | 169,971 | 159,569 |
| Diluted earnings per share | 4.37c | 12.84c |

Note 8 Trade and Other Receivables



Trade and other receivables are classified as financial assets at amortised cost 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 trade and other receivables' carrying values are a reasonable approximation of fair value.

| | 2019 \$000 | 2018 \$000 |
|--|---------------|---------------|
| Current assets | | |
| Interest receivable | 3 | 6 |
| Dividends receivable | 172 | 299 |
| Unsettled investment sales | 149 | 0 |
| Other receivables and prepayments | 19 | 59 |
| Total current trade and other receivables | 343 | 364 |
| Non-current asset | | |
| Other receivables | 0 | 37 |
| Total non-current other receivable | 0 | 37 |

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 trade and other payables' carrying values are a reasonable approximation of fair value.

| | 2019 \$000 | 2018 \$000 |
|---------------------------------------|---------------|---------------|
| Related party payable (note 11) | 137 | 1,133 |
| Unsettled purchases of investments | 0 | 1,233 |
| Share buyback payable | 0 | 18 |
| Other payables and accruals | 65 | 105 |
| Total trade and other payables | 202 | 2,489 |

Note 10 Cash and Cash Flow Reconciliation

Cash and Cash Equivalents



Cash and cash equivalents are classified as financial assets at amortised cost and comprise cash on deposit at banks and short-term money market deposits.

| | 2019 \$000 | 2018 \$000 |
|----------------------------------|---------------|---------------|
| Cash - New Zealand dollars | 745 | 942 |
| Cash - Australian dollars | 1,524 | 6,702 |
| Cash and Cash Equivalents | 2,269 | 7,644 |

Reconciliation of Net Operating Profit after Tax to Net Cash Inflows/(Outflows) from Operating Activities

| | | |
|--|----------------|-----------------|
| Net operating profit after tax | 7,428 | 20,487 |
| Items not involving cash flows: | | |
| Unrealised losses/(gains) on cash and cash equivalents | 76 | (166) |
| Unrealised losses/(gains) on revaluation of investments | 3,216 | (14,304) |
| Unrealised (gains)/losses on forward foreign exchange contracts | (1,613) | 670 |
| | 1,679 | (13,800) |
| Impact of changes in working capital items | | |
| (Decrease)/increase in trade and other payables | (2,301) | 1,345 |
| Decrease/(increase) in trade and other receivables | 21 | (130) |
| Change in current and deferred tax | 894 | (857) |
| | (1,386) | 358 |
| Items relating to investments | | |
| Amount paid for purchases of investments | (31,082) | (39,162) |
| Amount received from sales of investments | 30,873 | 37,980 |
| Net amount received/(paid) on settlement of forward foreign exchange contracts | 1,271 | (1,199) |
| Realised gains on investments | (9,176) | (6,495) |
| Decrease/(increase) in unsettled purchases of investments | 1,233 | (306) |
| Increase in unsettled sales of investments | 149 | 0 |
| | (6,732) | (9,182) |
| Other | | |
| Decrease/(increase) in share buybacks payable | 18 | (18) |
| Performance fee to be settled by issue of shares | 0 | 1,002 |
| | 18 | 984 |
| Net cash inflows/(outflows) from operating activities | 1,007 | (1,153) |

In the current year, cash flow in relation to unrealised gains and losses and investment related transactions of forward foreign exchange contracts are disclosed separately. Accordingly, comparatives have been reclassified to conform with current year presentation.

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. 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.

Note 11 Related Party Information (continued)

Transactions with related parties (continued)

(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.



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 2019 the Company had not achieved a return in excess of the performance fee hurdle return and the HWM. For the year ended 30 June 2019, no excess returns (2018: \$12,916,119) were generated and the net asset value per share before the deduction of a performance fee was \$0.69 (2018: \$0.71), which did not exceed the HWM after adjustment for capital changes and distributions of \$0.70 (2018: \$0.52). Accordingly, the Company has not expensed a performance fee (2018: \$1,999,437 was expensed).

(iii) **Administration fee:** Fisher Funds provides corporate administration services and a monthly fee is charged.

| | 2019 \$000 | 2018 \$000 |
|---|---------------|---------------|
| Fees earned by the Manager for the year ending 30 June | | |
| Management fees | 1,440 | 1,349 |
| Performance fees | 0 | 1,999 |
| Administration services | 159 | 159 |
| Total fees earned by the Manager | 1,599 | 3,507 |
| Fees payable to the Manager at 30 June | | |
| Management fees | 124 | 122 |
| Performance fees payable in cash | 0 | 998 |
| Administration services | 13 | 13 |
| Total fees payable to the Manager | 137 | 1,133 |

Investments by the Manager

The Manager held shares in, and received dividends from, the Company at 30 June 2019 which total 1.28% of the total shares on issue (2018: 0.36%) and none of the total warrants on issue (2018: no 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 2019 totalled \$169,685 (2018: \$2,545,364) and sales totalled \$464,230 (2018: \$nil).

Note 11 Related Party Information (continued)

GST Refund

Fisher Funds historically charged Barramundi GST at the standard GST rate on the provision of investment services. In 2017 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 2018 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 2018 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 increased from \$125,000 to \$157,500 (plus GST if any) per annum from 1st July 2018 (30 June 2018: \$125,000). The amount paid to directors is disclosed in note 4.

The directors also held shares in the Company at 30 June 2019 which total 1.20% of total shares on issue (30 June 2018: 1.22%) and 1.22% of the warrants on issue (30 June 2018: none). 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 2019 (30 June 2018: 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 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 changes in foreign exchange rates. The Company holds assets denominated in Australian dollars and it is therefore exposed to currency risk as the value of these assets 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.

Note 12 Financial Risk Management (continued)

Market Risk (continued)

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:

| | | 2019 \$000 | 2018 \$000 |
|---|--|---------------|---------------|
| Price risk ¹ | | | |
| Australian listed equity investments | Carrying value | 115,540 | 111,978 |
| | Impact of a 10% change in market prices: +/- | 11,554 | 11,198 |
| Interest rate risk ² | | | |
| Cash and cash equivalents | Carrying value | 2,269 | 7,644 |
| | Impact of a 1% change in interest rates: +/- | 23 | 76 |
| Currency risk ³ | | | |
| Cash and cash equivalents | Carrying value | 1,524 | 6,702 |
| | Impact of a +10% change in exchange rates | (139) | (609) |
| | Impact of a -10% change in exchange rates | 169 | 745 |
| Australian listed equity investments | Carrying value | 115,540 | 111,978 |
| | Impact of a +10% change in exchange rates | (10,504) | (10,180) |
| | Impact of a -10% change in exchange rates | 12,838 | 12,442 |
| Forward foreign exchange contracts | Carrying value | 933 | (680) |
| | Impact of a +10% change in exchange rates | 6,949 | 5,609 |
| | Impact of a -10% change in exchange rates | (8,493) | (6,856) |
| Net foreign currency payables/receivables | Carrying value | 323 | (891) |
| | Impact of a +10% change in exchange rates | (29) | 81 |
| | Impact of a -10% change in exchange rates | 36 | (99) |

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 historical volatility. 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.

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.

The Company measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss.

Australian listed equity investments are held by an independent custodian, Trustees Executors Limited. All transactions in listed securities are paid for on delivery according to standard settlement instructions and are normally settled within three business days. Dividends receivable are due from listed Australian companies and are normally settled within a month after the Ex-Dividend date. The Company has cash and 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.

Management considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month expected credit losses as any such impairment would be wholly insignificant to the Company.

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.

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

Note 12 Financial Risk Management (continued)

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 2019 (2018: 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.

Note 13 Net Asset Value

The audited net asset value per share of Barramundi as at 30 June 2019 was \$0.69 (30 June 2018: \$0.71), calculated as the net assets of \$118,299,331 divided by the number of shares on issue of 172,081,073 (2018: net assets of \$117,164,415 and 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 2019 (2018: nil).

Note 15 Financial Reporting by Segments

The Company operates in a single operating segment, being Australian financial investment.

The Company is managed as a whole and is considered to have a single operating segment. There is no further division of the Company or internal segment reporting used by the Directors when making strategic, investment or resource allocation decisions.

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

Note 16 Subsequent Events

The Board declared a dividend of 1.39 cents per share on 19 August 2019. The record date for this dividend is 12 September 2019 with a payment date of 26 September 2019.

Subsequent to balance date, the Board negotiated and agreed with the Manager a change to the performance fee structure. The change results in a 33% reduction to the performance fee earn rate (above the performance hurdle) from 15% to 10% together with the introduction of a cap (1.25%) on the total performance fee amount in conjunction with moving to payment of any performance fee 100% in cash rather than 50% cash and 50% shares. The changes take effect from 1 July 2019.

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