



BARRAMUNDI LIMITED

# ANNUAL REPORT

—— 30 JUNE 2018 ——

## CONTENTS

|    |                                        |
|----|----------------------------------------|
| 03 | About Barramundi                       |
| 06 | Directors' Overview                    |
| 10 | The STEEPP Process                     |
| 12 | Manager's Report                       |
| 17 | Barramundi Portfolio Stocks            |
| 26 | Board of Directors                     |
| 27 | Corporate Governance Statement         |
| 33 | Directors' Statement of Responsibility |
| 34 | Financial Statements Contents          |
| 53 | Independent Auditor's Report           |
| 57 | Shareholder Information                |
| 58 | Statutory Information                  |
| 61 | Glossary                               |
| 63 | Directory                              |

## CALENDAR

Next Dividend Payable

**28 SEPTEMBER 2018**

---

Annual Shareholders' Meeting  
Ellerslie Event Centre, Auckland  
10:30am

**19 OCTOBER 2018**

---

Interim Period End

**31 DECEMBER 2018**

---



## ABOUT BARRAMUNDI

**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 quality, growth companies. 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 quality, 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 the ‘STEEPP’ investment criteria (see pages 10 and 11).

---

This report is dated 21 September 2018 and is signed on behalf of the Board of Barramundi Limited by Alistair Ryan, Chair, and Carmel Fisher, director.



Alistair Ryan, Chair



Carmel Fisher, Director

## AT A GLANCE

For the 12 months ended 30 June 2018

Net profit

**\$20.5M**

Total shareholder return

**+10.1%**

Adjusted NAV return

**+22.6%**

As at 30 June 2018

Share price

**\$0.60**

NAV per share

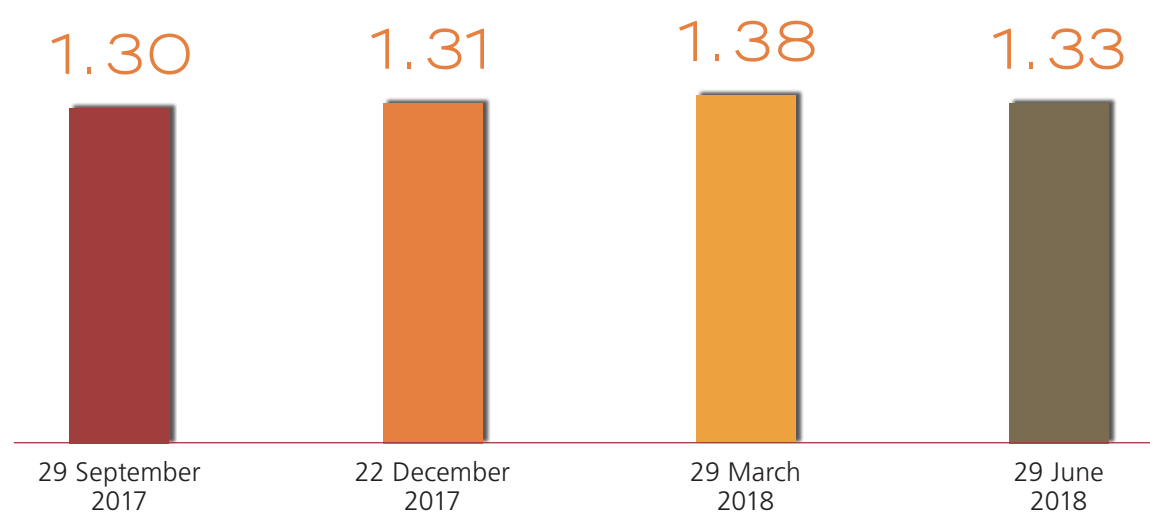
**\$0.71**

Adjusted NAV per share

**\$1.61**

## DIVIDENDS PAID

Dividends paid during the year ended 30 June 2018 (cents per share)



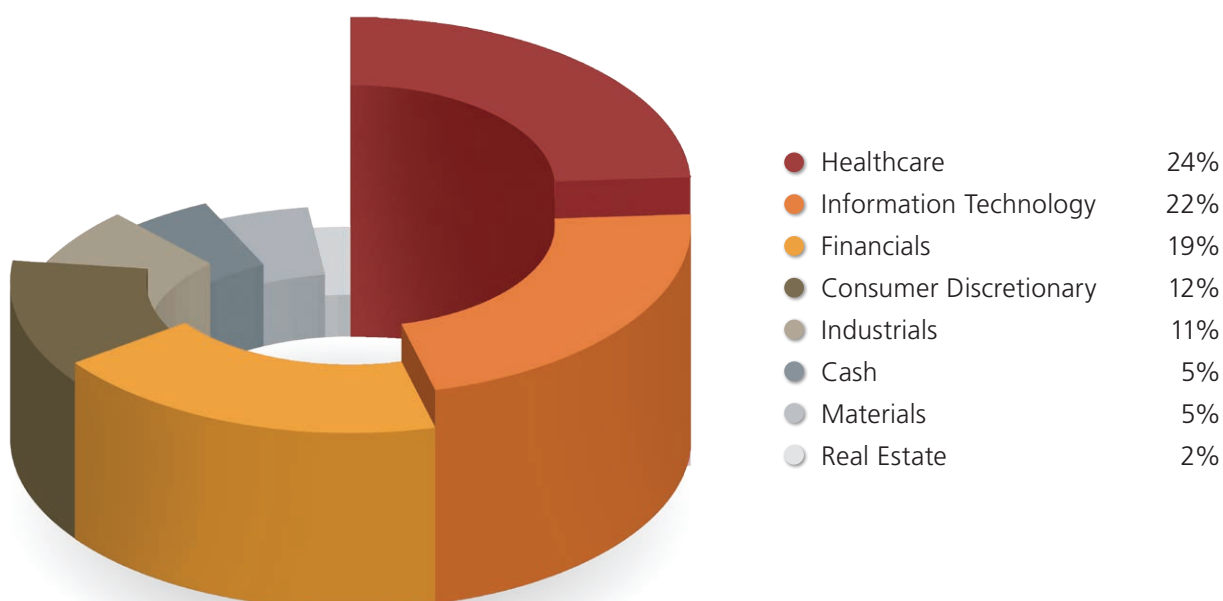
# LARGEST INVESTMENTS

As at 30 June 2018



# SECTOR SPLIT

As at 30 June 2018



# DIRECTORS' OVERVIEW



---

**Alistair Ryan**

Chair

---

"2018 was an excellent year for Barramundi and we look forward to discussing the key performance drivers with you"





**Barramundi delivered a strong result for shareholders, returning 22.6%<sup>1</sup> after fees and tax for the 12 months to 30 June 2018, and a net profit of \$20.5m. The result was driven by sound stock selection and portfolio construction, enabling Barramundi to outperform its benchmark<sup>2</sup> which rose 14.9% for the year. The portfolio gains were broad based, with the large core holdings making a significant contribution to the year's performance.**

#### REVENUES AND EXPENSES

The 2018 net profit result comprised gains on investments of \$20.1m, dividend and interest income of \$2.9, other income of \$1.3m (a result of a refund of GST and related use of money interest), less operating expenses of \$4.1m. A small tax benefit of \$0.3m was recorded for the period. Fisher Funds was paid a \$2.0m performance fee for the portfolio's performance, consistent with the terms of the Management Agreement. Operating expenses were \$1.8m higher than the previous corresponding period, primarily due to the performance fee being earned by the Manager, whereas no performance fee had been earned during the previous corresponding period given the subdued performance.

#### CAPITAL MANAGEMENT

The share price discount to NAV widened to 15.5% as at 30 June 2018. Share buybacks present an opportunity to enhance shareholder value and are utilised when the share price to NAV is sufficiently deep. During the 2018 financial year, Barramundi took advantage of the increasing discount and acquired approximately 3.8m shares on market under the buyback programme. Shares acquired under the buyback programme are held as treasury stock and are generally reissued under the dividend reinvestment plan. Treasury stock was also used to settle a portion of the performance fee paid to Fisher Funds for the period.

Total shareholder return was 10.1% for the 2018 period, reflecting the wider discount between the share price and the value of the Barramundi portfolio. The total shareholder return for the period was largely driven by the 5.32 cents per share paid in dividends during the 2018 financial year, and the next dividend will be 1.40 cents per share to be paid on 28 September 2018 with a record

date of 13 September 2018. Barramundi continues to offer its dividend reinvestment plan where shareholders are able to reinvest all or part of any cash dividends in fully paid ordinary shares<sup>3</sup>.

Barramundi also has a regular warrants programme in place as part of its capital management initiatives. Barramundi's last warrant issue expired in November 2017, raising \$8.6m for further investment. The board continually monitors a range of factors to determine the potential timing for further warrant issues. It is the board's intention that warrant issues occur regularly, pending market conditions, and it is anticipated a further Barramundi warrant issue will be considered later this year.

#### PEOPLE

As discussed in the Barramundi Interim Report, portfolio manager Manuel Greenland announced his resignation late in 2017 and an extensive recruitment search for his replacement ensued. We were pleased to announce in March this year that Fisher Funds had appointed Robbie Urquhart as the Senior Portfolio Manager responsible for Australian equities, including the Barramundi portfolio. We welcome Robbie to the Barramundi team and encourage you to read his views on the portfolio and the Australian market in the Manager's Report on page 12.

#### CONCLUSION

2018 was an excellent year for Barramundi and we look forward to discussing the key performance drivers with you in more depth at the upcoming Annual Shareholders' Meeting which will be held on Friday 19 October at 10.30am at the Ellerslie Event Centre in Auckland.

All shareholders are encouraged to attend the Annual Shareholders' Meeting, with those who are unable to attend invited to cast their vote on resolutions prior to the meeting.

We would like to thank shareholders for your continued support of Barramundi.

On behalf of the board,



**Alistair Ryan, Chair**  
**Barramundi Limited**  
21 September 2018

<sup>1</sup> Adjusted NAV return

<sup>2</sup> S&P/ASX200 (70% hedged to NZD)

<sup>3</sup> To participate in the dividend reinvestment plan, a completed participation notice must be received by Barramundi before the next record date. Full details of the dividend reinvestment plan can be found in the Barramundi Dividend Reinvestment Plan Offer Document, a copy of which is available at [www.barramundi.co.nz/investor-centre/capital-management-strategies/](http://www.barramundi.co.nz/investor-centre/capital-management-strategies/)

## DIRECTORS' OVERVIEW CONTINUED

### COMPANY PERFORMANCE

| FOR THE YEAR ENDED 30 JUNE          | 2018     | 2017    | 2016    | 2015    | 2014      | 5 YEARS<br>(ANNUALISED) |
|-------------------------------------|----------|---------|---------|---------|-----------|-------------------------|
| Total Shareholder Return            | 10.1%    | 6.2%    | 0.4%    | 15.7%   | 3.2%      | 7.0%                    |
| Adjusted NAV Return                 | 22.6%    | 2.7%    | 6.2%    | 10.1%   | (6.8%)    | 6.5%                    |
| Dividend Return                     | 8.9%     | 8.7%    | 8.2%    | 8.7%    | 9.0%      | -                       |
| Net Profit                          | \$20.5m  | \$2.7m  | \$5.4m  | \$8.3m  | (\$6.2m)  | -                       |
| Basic Earnings per Share            | 12.99cps | 1.82cps | 4.17cps | 6.68cps | (5.20)cps | -                       |
| OPEX ratio                          | 3.7%     | 2.1%    | 2.1%    | 2.4%    | 1.6%      | -                       |
| OPEX ratio (before performance fee) | 1.8%     | 2.1%    | 2.1%    | 2.2%    | 1.6%      | -                       |

| AS AT 30 JUNE                            | 2018   | 2017   | 2016   | 2015   | 2014   |
|------------------------------------------|--------|--------|--------|--------|--------|
| Audited NAV                              | \$0.71 | \$0.64 | \$0.67 | \$0.70 | \$0.69 |
| Adjusted NAV                             | \$1.61 | \$1.32 | \$1.28 | \$1.21 | \$1.10 |
| Share price                              | \$0.60 | \$0.60 | \$0.62 | \$0.67 | \$0.64 |
| Warrant price                            | -      | \$0.01 | -      | \$0.04 | -      |
| Share price discount to NAV <sup>1</sup> | 15.5%  | 6.3%   | 7.5%   | 2.9%   | 7.2%   |

### PORTFOLIO PERFORMANCE

| FOR THE YEAR ENDED 30 JUNE          | 2018  | 2017  | 2016  | 2015  | 2014   | 5 YEARS<br>(ANNUALISED) |
|-------------------------------------|-------|-------|-------|-------|--------|-------------------------|
| Gross Performance Return            | 24.3% | 6.0%  | 11.0% | 13.0% | (3.4%) | 9.8%                    |
| Blended Index <sup>2</sup>          | 14.9% | 14.7% | 3.3%  | 13.0% | 2.8%   | 9.6%                    |
| Performance fee hurdle <sup>3</sup> | 9.0%  | 9.2%  | 9.9%  | 10.7% | 9.8%   |                         |

NB: All returns have been reviewed by an independent actuary.

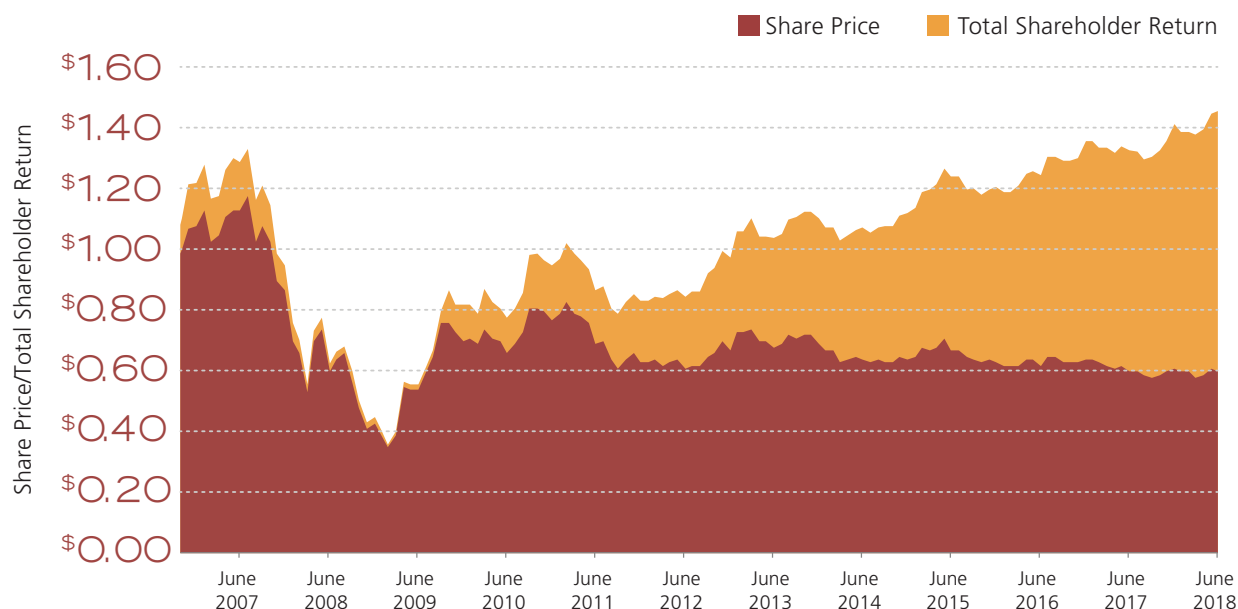
<sup>1</sup> Share price discount to NAV (including warrant price on a pro-rated basis).

<sup>2</sup> 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. Returns shown gross in NZ dollar terms.

<sup>3</sup> The performance fee hurdle is the Benchmark Rate (NZ 90 Day Bank Bill Index +7%).



## TOTAL SHAREHOLDER RETURN



## NON-GAAP FINANCIAL INFORMATION

Barramundi uses the following non-GAAP measures:

- adjusted net asset value – the underlying value of the investment portfolio adjusted for capital allocation decisions after fees and tax,
- adjusted NAV return – the net return to an investor after fees and tax,
- gross performance return – the Manager's portfolio performance in terms of stock selection and currency hedging before fees and tax,
- total shareholder return – the return to an investor who reinvests their dividends, and if in the money, exercises their warrants at warrant maturity date for additional shares,
- OPEX ratio - the percentage of Barramundi's assets used to cover operating expenses, excluding tax and brokerage, and
- dividend return – how much Barramundi pays out in dividends each year relative to its share price.

All references to the above measures in this Annual Report are to such non-GAAP measures. The calculations applied to non-GAAP measures are described in the Barramundi Non-GAAP Financial Information Policy and in the Glossary on page 61. A copy of the policy is available at <http://barramundi.co.nz/about-barramundi/barramundi-policies/>

# THE STEEPP PROCESS

Fisher Funds employs a process that it calls STEEPP to analyse existing and potential 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 broadly determine their portfolio weighting (or indeed whether they make the grade to be a portfolio company in the first place).

The STEEPP criteria are as follows:



## 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.



## TRACK RECORD

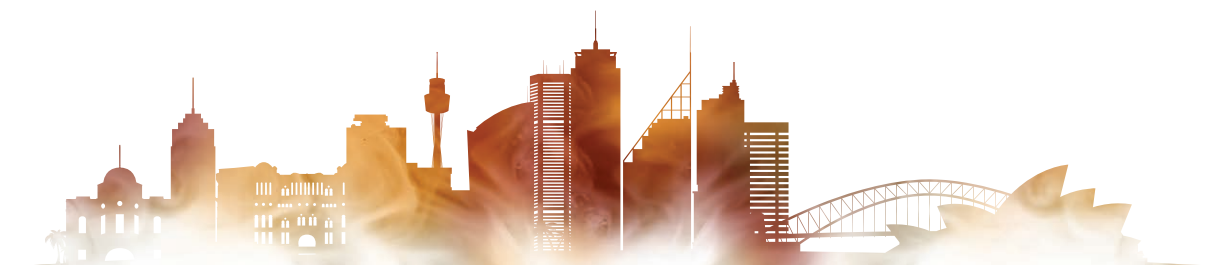
How has the company performed in the past? Has the company performed under the same management team? Has it grown organically or by acquisition? How did the company react during a downturn? Fisher Funds prefers to buy established companies that have executed well in the past.



## EARNINGS HISTORY

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

*Applying this STEEPP analysis, Fisher Funds constructed a portfolio for Barramundi which comprised 26 securities as at 30 June 2018.*



### EARNINGS GROWTH FORECAST

What is the company's earnings growth forecast over the next three to five years? What is the probability of achieving the forecast? What does Fisher Funds expect the company's earnings potential to be? Fisher Funds notices that too many analysts focus on short-term earnings. As long-term growth investors, Fisher Funds thinks about where the company's earnings could be in three to five years.



### 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 Fisher Funds, the quality of the company management and its corporate governance is of paramount importance.



### 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 Fisher Funds' 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.

# MANAGER'S REPORT

12

Barramundi Limited | Annual Report | 2018



---

**Robbie Urquhart**

Senior Portfolio Manager

---

“Barramundi’s portfolio provided us with little to complain about during the year”



For the year ended 30 June 2018 the Barramundi gross performance return was 24.3%. This was a strong result in what was a positive year for the market overall with the Barramundi benchmark<sup>1</sup> returning 14.9%.

I am pleased to be delivering my inaugural Manager's Report to shareholders after what has been a strong year of performance for the Barramundi portfolio. Having only started as the Senior Portfolio Manager in June of 2018, I'd like to acknowledge the Fisher Funds investment team of Frank Jasper, Terry Tolich and Delano Gallagher (and also the former Barramundi Senior Portfolio Manager Manuel Greenland) for this result.

Fisher Funds' clearly defined investment process resonates deeply with me. The fundamental 'bottom-up' stock picking process is underpinned by the firm's sound investment philosophy neatly encapsulated by the STEEPP acronym which we describe in more detail elsewhere in this report.

## THE YEAR IN REVIEW

At the start of the 2018 financial year, Barramundi was invested in approximately 30 companies spanning the healthcare (including health insurance), technology, digital/online classifieds, outdoor advertising, and retirement community living sectors. The portfolio also had an exposure to the major banks and two bellwether high quality, diversified miners. The portfolio also owned a company in the fast food business and a domestic retailer.

At a sector level, the Barramundi portfolio had no exposure to the energy, telecommunication services or utilities sectors. While the portfolio has held some investments in these sectors in the past, during the year, companies within these sectors didn't pass muster for us when put through the STEEPP lens.

Barramundi's portfolio provided us with little to complain about during the year. Positive returns were broad based, with over 25 individual positions delivering positive returns across the year. A small handful of companies delivered negative returns, with only two of those (**Technology One** and **Ramsay Health Care**) standing out as meaningful detractors on the loss side of the ledger.

Pleasingly, the returns of our portfolio's larger positions such as **CSL** +41% for the year, **Carsales.com** 35% and **Seek** 32% were particularly positive, and on the whole the management teams and staff of the portfolio companies delivered reasonable results, corroborating the investment theses underlying each of the positions. Three of Barramundi's portfolio

companies, **ToxFree Solutions** +44%, **APN Outdoor** +36% and **Gateway** +12% were subject to takeover bids during the period which gave their share prices a boost. It was pleasing to see the market recognise the latent value that we saw in these businesses.

For this year's Manager's Report, we thought it would be helpful to delve a little deeper into two of the portfolio companies mentioned above, **CSL** and **Technology One**. These two companies generated divergent return experiences for the portfolio over the year, one positive and one negative. Below we provide some deeper context into what they do, why they performed the way they did and why we believe it is appropriate they still hold a place in the Barramundi portfolio.

**CSL**, one of the largest positions in the Barramundi portfolio, is, in our view, one of Australia's great companies. Founded over a century ago in 1916 in Melbourne as Commonwealth Serum Laboratories, CSL was set up as a government body focused on vaccine manufacture. Saving lives and protecting the health of people stricken with medical conditions has been central to its DNA from inception and remains core to the culture of the firm. Over time, it has expanded its range of products to include amongst others antivenene (snake venom vaccine), the production of insulin, polio vaccine and penicillin.

CSL first entered the production of blood plasma derived products in 1952 through plasma fractionation (a process to separate plasma into its various components which can then be processed into products used to treat various disorders). Today, the company's core focus is on its range of plasma derived products and the affiliated supply chain. CSL also has a burgeoning influenza vaccine business (through subsidiary Seqirus).

The company was privatised and corporatised as CSL Ltd in 1994, and listed on the ASX at an IPO price of \$2.30 a share. Since then, it has grown to be a A\$90bn market cap company with its share price topping \$200 a share. Along the way, it has delivered compounded total annualised returns to shareholders of +28% per annum.

There are a number of reasons for and key planks underpinning this sustained growth and superb long-term performance.

Firstly, CSL has a long history of strong innovation and focus on development. It has in excess of 1,500 research and development experts globally and invests substantially each year in adding to its range of biotherapy products, vaccines and support programmes. Affiliated with this, the company's

<sup>1</sup> S&P/ASX200 (70% hedged to NZD)

## MANAGER'S REPORT CONTINUED

global scale and nature of its product suites (and the whole plasma supply chain) pose significant barriers to entry for competitors that wish to enter CSL's key markets.

Extracting plasma from people at scale, fractionating the product and turning it into useful products that receive all necessary regulatory approvals is not straightforward. It requires trust and integrity across the supply chain journey. This starts when the plasma donors walk into collection centres to have needles stuck in their arms, and applies to the storage, transportation (and traceability) of the plasma, to the fractionation, development, approval process and finally through to the distribution and marketing of the final products.

CSL competes against a small handful of companies globally so (relative to many other sectors) the competitive dynamic is manageable. Its research and development programmes give it a reasonable chance of staying at the forefront of innovation and product development globally and the breadth of its product range gives some diversification to earnings as well.

While small, we have also been encouraged by the growth within CSL's influenza vaccine business, which is one of three global players in this flu vaccine market.

At a corporate/head office level, CSL is well capitalised and has a long history of stable, competent management. Through successive management teams, CSL has been astute in allocating the cash flow generated by the company to organic growth options as well as growth through acquisition. The larger acquisitions CSL undertook in the mid-2000s of Aventis Behring and ZLB Central Laboratory have paid their way for CSL and its shareholders, helping to cement CSL's leadership position in the market. In our experience, allocating capital sensibly through mergers and acquisition activity is not that common for companies, so this history gives us some confidence that CSL will continue to be a responsible steward of capital within their control going forward.

The broader macro backdrop provides a decent structural tailwind for demand of CSL's products. Ageing populations, especially across the developed world, continue to lead to rising health and medical complications that need solving. In addition, medical advancements in identifying and hence driving the need for solutions to rare and poorly understood medical conditions is another source of structural growth.

To be clear, there is of course risk affiliated with owning CSL shares – it is not all a bed of roses. CSL is not a monopoly and does face decent competition from the small handful of global peers. From time

to time, the market may also get too optimistic on extrapolating the earnings potential of its development pipeline of products. However, as long as management keeps as focused on building the company and its culture as they have been in the last 100+ years, over time we think CSL will continue to deliver sound return on capital deployed within its businesses and sound returns for shareholders.

Now for one of 2017/18's problem children.

**Technology One** had a torrid period of share price performance in the 12 months to 30 June 2018 where it fell 25% for shareholders (including dividends). Given that the company's reported net earnings grew at around +9% in the 2017 financial year over the previous year (underlying growth was higher), and the current and longer-term outlook on growth appears sound – why such share price volatility?

Well, to set the scene as a quick refresher of its history, Technology One was founded in Queensland by Adrian Di Marco in 1987. Since then, it has grown to become one of Australia's largest enterprise software companies. Technology One provides enterprise software (akin to the 'plumbing' for the general running of operations) to customers. These include higher education institutions like universities, healthcare companies (including hospitals) and government agencies. This software enables clients to manage a broad range of their business operations including customer records management, invoicing, human resources and payroll.

Technology One has a long history of growing earnings in a profitable manner largely in Australia with some growth coming out of New Zealand. In fact, the company has recently announced contracts to provide software to the New Zealand Treasury and the Department of the Prime Minister and Cabinet. Technology One also has a small foothold in the UK market.

The past year or so has proved to be one of transition for the company. In May 2017, Adrian Di Marco stepped aside as CEO, passing the reins to Mr Edward Chung (the previous COO). Around this time, Technology One was involved in a public spat with one of its clients. At its September 2017 year end results, the company missed guidance although earnings growth was still positive. And then, in addition to this, it telegraphed that a new accounting standard, which is coming into effect in 2019, would have consequences for how it would report its earnings. Initially, Technology One could not provide clarity on exactly how the new standard would affect its accounts. The combination of these key factors put the company in the penalty box from the stock market's perspective.



There it stayed until July 2018, when Technology One reduced some of the uncertainty by clarifying how the pending new accounting changes would impact their reporting. At the same time, the company reiterated guidance and provided some commentary on its long-term growth strategy. A 'relief rally' in the share price ensued.

While the recent market concerns are legitimate, in our view the company's recent hiccups did not fundamentally derail the earnings power of the business and the three core trends and tailwinds driving growth:

- (1) **Growing customer base:** Technology One has a reasonable runway of untapped customers within Australia (and New Zealand) that it can target.
- (2) **Upselling to existing clients:** Technology One invests consistently in research and development, adding new functionality and modules to its existing product offering which it upsells to existing clients. Over the last decade, it has increased the number of products used per customer from approximately three to five, and is aiming to lift this by another three products over the next decade.
- (3) **Increased cloud computing:** Technology One is experiencing a tailwind of growth from moving its existing customers into the cloud – a process which will run (and add to revenue) for a number of years yet.

Additionally, Technology One has spent a number of years establishing a foothold in the UK market. While the UK presence has not borne fruit for them yet, it remains a watching brief and may in the future be a growth lever for the company. Watch this space.

Technology One was first added to the Barramundi portfolio in December 2012 and we remain comfortable that the investment thesis and longer-term growth opportunity remains intact.

### KEY PORTFOLIO CHANGES

We initiated two new positions during the year in **NextDC** (data centres) and **Xero** ('beautiful' accounting software).

**NextDC** is one of the main data centre providers in Australia. The company is benefitting from the strong growth in demand for data storage facilities as data usage in general increases, from businesses moving their software and data into the cloud, through to consumers watching more online streamed television at home. NextDC is currently in a capital hungry period of growth as it rolls out additional data centres across the major metropolitan areas in Australia. To fund this growth, the company has raised significant amounts of equity and debt over the past year. NextDC has had a decent track record over the past

decade of executing well, and earning a good return through time from the money it has spent on the older generation data centres.

Founded in New Zealand, **Xero** is one of the market leading providers of cloud based accounting software to small and medium-sized businesses in New Zealand, Australia and the UK, with growing presences in the US and other international markets. Xero's software is typically rated as best in class and continues to pioneer innovative new functionality to attract and retain customers. The size of the ultimate opportunity is large as more and more businesses globally adopt accounting based software. We think there are many years of potential profit growth in front of Xero.

We exited six of the Barramundi portfolio positions during the 2018 financial year; Baby Bunting (retailer), Gateway (retirement community living), Medibank (health insurance), Reliance Worldwide (building products), Tox Free Solutions (waste management), and Virtus Health (fertility healthcare).

In the case of Tox Free Solutions and Gateway, both companies were subject to takeover activity which drove the exit, and in assessing the other four we felt the investment opportunity set was better elsewhere.

### INVESTMENT SUMMARY AND OUTLOOK

At an economic level, the Australian outlook, while positive, has a few more clouds on the horizon than has been evident in recent years. Tightening lending standards and a cooling housing market are putting the brakes on consumer confidence. There is a note of caution driven by the threat of trade wars amongst key Australian trading partners. By the time I write to you in next year's report, Australia will likely have gone through a general election, so political risk and noise is likely to be a feature of the landscape as well. This noise may provide active managers such as Barramundi with interesting investment opportunities. We shall see.

On the positive side of the ledger, GDP growth seems to be ticking along and employment remains robust. Offsetting some consumer softness, the resources sector seems to be in a rising investment cycle again, which is stimulatory, and similarly infrastructure spending is experiencing some tailwinds. The scale advantage and diversity of the Australian economy (relative to New Zealand) and a floating currency provide some useful economic buffers which helps with economic stability.

Similar to global equity markets, the Australian equity market has risen a long way from the market lows of March 2009. From an investment style perspective, investing in high quality and growth companies (which is what we aim to do with Barramundi) has been a good place to be in the past year.

## MANAGER'S REPORT CONTINUED

On various valuation multiple metrics, it is true that many companies are trading at higher prices and multiples today than they have done in recent years. The reasons for this and prognostications of where share prices and 'the market' goes from here is the source of endless debate amongst market participants.

There will come a time when the equity market falls and when our style of investing is out of vogue with the market and these events may even possibly coincide – although that is not common. However, looking forward from here, we don't profess to know when either will happen. It is the nature of markets that these factors are out of our control. While we are respectful of market cycles, we do aim to do less handwringing about where the proverbial 'Mr Market' will take us. Rather, we spend more of our time focused on finding quality, growing companies and let time and patience do its magic trick of compounding returns.

Barramundi's portfolio companies have a significant proportion of their income derived internationally – providing ballast against potential domestic economic headwinds. They have strong balance sheets and a number are in a net cash position, providing a buffer against future shocks. They have strong management teams that have proven through time to be good stewards of capital invested in their operations – they are working hard for their shareholders. A number face structural tailwinds (especially in the technology holdings), and have a multi-year runway of growth in front of them – providing longer-term upside in earnings.

The combination of all these factors leave us optimistic that through time, the Barramundi portfolio companies will do well and provide sound returns.



**Robbie Urquhart / Senior Portfolio Manager**  
**Fisher Funds Management Limited**  
 21 September 2018

### PORTFOLIO HOLDINGS SUMMARY AS AT 30 JUNE 2018

| Company                            | % Holding     |
|------------------------------------|---------------|
| Ansell                             | 3.6%          |
| APN Outdoor                        | 1.4%          |
| ARB Corporation                    | 4.3%          |
| AUB Group                          | 3.1%          |
| BHP Billiton                       | 3.1%          |
| Brambles                           | 4.3%          |
| Carsales.com                       | 6.5%          |
| Commonwealth Bank                  | 4.6%          |
| Credit Corp                        | 3.9%          |
| CSL                                | 7.1%          |
| Domino's Pizza                     | 3.3%          |
| Ingenia Communities                | 1.6%          |
| Link Administration Holdings       | 3.4%          |
| Nanosonics                         | 3.0%          |
| National Australia Bank            | 4.5%          |
| NEXTDC                             | 3.6%          |
| Ooh! Media                         | 2.6%          |
| Ooh! Media Placement               | 1.1%          |
| Ramsay Health Care                 | 3.2%          |
| ResMed                             | 3.6%          |
| Rio Tinto                          | 2.0%          |
| SEEK                               | 7.1%          |
| Sonic Healthcare                   | 3.0%          |
| Technology One                     | 1.7%          |
| Westpac                            | 2.8%          |
| Wisetech Global                    | 3.1%          |
| Xero                               | 3.3%          |
| <b>Equity Total</b>                | <b>94.8%</b>  |
| Australian dollar cash             | 4.9%          |
| New Zealand dollar cash            | 0.8%          |
| <b>Total Cash</b>                  | <b>5.7%</b>   |
| Centrebet Rights                   | 0.0%          |
| Forward foreign exchange contracts | -0.5%         |
| <b>TOTAL</b>                       | <b>100.0%</b> |

# THE BARRAMUNDI PORTFOLIO STOCKS

The following is a brief introduction to each of your portfolio companies, with a description of why they deserve a position in the Barramundi portfolio. Total shareholder return is for the year to 30 June 2018 and is based on the closing price for each company plus any capital management initiatives. For companies that are new additions to the portfolio during the year, total shareholder return is for the period of holding to 30 June 2018.



## WHAT DOES IT DO?

Ansell designs, develops, manufactures and markets a wide range of hand and arm protection solutions for use in various industrial and manufacturing activities and in healthcare. 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 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. We expect the company's earnings growth to be driven by increasing global industrial production, adoption of better occupational safety standards in emerging markets, and by its own initiatives to differentiate its products through branding and innovation and to strengthen its relationship with key distributors.

TOTAL SHAREHOLDER RETURN

**+ 17 %**



## 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.

Note in June 2018, APN Outdoor was subject to a takeover offer from French listed JC Decaux which received ACCC<sup>1</sup> approval in August.

TOTAL SHAREHOLDER RETURN

**+ 36 %**



## WHAT DOES IT DO?

ARB is Australia's largest manufacturer and distributor of 4x4 accessories. The company's key strength is its product leadership, with ARB-branded products enjoying a material price premium to competitors. This has been established through a prolonged R&D focus which has resulted in ARB having the best products. ARB products are distributed through a network of its own stores and independent stores in Australia, and a network of distributors around the world that sees it export to more than 100 countries.

## WHY DO WE OWN IT?

ARB dominates a very specific market niche. This leaves potential competitors little scope to successfully enter its market. The company is run by its founders who have taken a long-term view in building the business. This has produced an excellent record of growth, capital allocation and returns. We therefore believe in management's decision to continue investment into capacity to meet future domestic and international demand. Based on supportive trends in its home market, and the probability and potential scale of success in the export market, we believe the market under-estimates ARB's long-term earnings power.

TOTAL SHAREHOLDER RETURN

**+ 48 %**

Total shareholder returns in Australian dollar terms sourced from Factset.

<sup>1</sup> Australian Competition and Consumer Commission.

## BARRAMUNDI PORTFOLIO STOCKS CONTINUED

**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's owner-driven business model where member firms are strongly incentivised to grow. We believe insurance broking is an industry ripe for consolidation, allowing AUB 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 over time.

**WHAT DOES IT DO?**

BHP Billiton is among the most competitive mining companies in the world, with particularly advantageous positions in the copper and iron ore markets. BHP also has an attractive position in US oil and gas.

**WHY DO WE OWN IT?**

BHP Billiton enjoys significant cost advantages over its competitors. Its large mining operations deliver scale benefits and high grade ore bodies enhance the sales value of its produce. Importantly, BHP's mines are relatively close to its customers, reducing the cost of getting goods to market. The combination of these advantages sees the company earning superior profits over the commodity price cycle, and faring better than peers in periods of weakness.

**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 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 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

+ 8 %

TOTAL SHAREHOLDER RETURN

+ 27 %

TOTAL SHAREHOLDER RETURN

- 6 %

*Purchased during the year*



#### WHAT DOES IT DO?

Carsales owns a network of classified advertising websites in Australia. Carsales' main website, [www.carsales.com.au](http://www.carsales.com.au), is the leading automotive classifieds website in Australia.

#### WHY DO WE OWN IT?

A first mover advantage is important in online marketplaces; think of eBay, Amazon or TradeMe. Carsales enjoys the first mover advantage in all its markets, making it 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

**+ 35 %**



#### WHAT DOES IT DO?

Commonwealth Bank of Australia (CBA) operates a leading banking franchise in both Australia and New Zealand (through subsidiary ASB) and has a strong presence in all spheres of retail and business banking. CBA has built a profitable portfolio of assets and positioned itself to benefit from key growth areas in the Australian and NZ economies. The bank also enjoys an enviable scale advantage in gathering deposits, allowing it an important source of stable and low-cost funding.

#### 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. CBA's significant share in core Australian (and NZ) lending and deposit gathering should ensure it continues to profit and grow over time.

TOTAL SHAREHOLDER RETURN

**- 7 %**



#### 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 developing 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 opportunities.

TOTAL SHAREHOLDER RETURN

**+ 5 %**



## BARRAMUNDI PORTFOLIO STOCKS CONTINUED

**WHAT DOES IT DO?**

CSL is a leader in the growing global plasma therapies and influenza markets. Plasma therapies 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 have historically and continue to invest significant resources in plasma supply and research and development, securing future earnings growth.

**WHAT DOES IT DO?**

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

**WHY DO WE OWN IT?**

Dominos is an Australian growth stock with multi-year 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.

**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 Land-Lease Communities (LLCs) 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 ageing 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 villages and LLCs villages along with development opportunities will drive solid long-term earnings growth.

TOTAL SHAREHOLDER RETURN

+ 41 %

TOTAL SHAREHOLDER RETURN

+ 3 %

TOTAL SHAREHOLDER RETURN

+ 23 %





#### 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, and this year acquired a major asset services business that operates in the UK and Europe.

#### 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. The recently acquired Link Asset Services business provides a new growth opportunity for the company.

TOTAL SHAREHOLDER RETURN

- 5 %



#### 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 by Nanosonics and in partnership with leading companies like GE Healthcare, Phillips 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. Nanosonics continues to invest in research and development, and expects to launch the second generation Trophon in the second half of 2018, and further disinfection products in time.

TOTAL SHAREHOLDER RETURN

+ 24 %



#### 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

- 1 %

## BARRAMUNDI PORTFOLIO STOCKS CONTINUED

**WHAT DOES IT DO?**

Next DC is an Australian data centre business. It currently operates seven data centres across Australia and has one major new data centre development underway. Next DC provides only the data centre infrastructure within which its customers can locate their servers. Its unique proposition is to create a valuable ecosystem within its data centres by assembling a community of customers for whom it makes commercial sense to be in close data proximity.

**WHY DO WE OWN IT?**

Next DC benefits from the strong secular growth trends in cloud computing, data use and connectivity. The Australian cloud services market is forecast to grow three-fold by 2022. Assisted by this tailwind, Next DC's earnings should multiply as the capacity of its existing data centres becomes fully utilised and as the capacity of its new data centres comes on-stream over the next couple of years.

**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.

**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.

**WHY DO WE OWN IT?**

Ramsay benefits from the increasing health demands of an ageing population. This longer-term structural organic growth is supplemented by an attractive pipeline of development opportunities in Australia, France and Indonesia. In Australia, Ramsay can generate incremental profits in reasonable timeframes on new investments because most of its growth comes from adding capacity in 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

**+ 81 %***Purchased during the year*

TOTAL SHAREHOLDER RETURN

**+ 30 %**

TOTAL SHAREHOLDER RETURN

**- 25 %**



#### WHAT DOES IT DO?

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

#### WHY DO WE OWN IT?

ResMed benefits from an ageing 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, and is led by a capable and experienced management team.



#### WHAT DOES IT DO?

Rio Tinto is among the most competitive mining companies in the world, with particularly advantageous positions in the iron ore, bauxite & aluminium and copper markets.

#### WHY DO WE OWN IT?

Rio Tinto enjoys significant cost advantages over its competitors. It's large mining operations deliver scale benefits and high grade ore bodies enhance the sales value of its produce. Importantly, Rio Tinto's mines are relatively close to its customers, reducing the cost of getting goods to market. The combination of these advantages sees the company earning superior profits over the commodity cycle, and faring better than peers in periods of weakness.



#### WHAT DOES IT DO?

SEEK is the largest global online employment marketplace. Operating across Australia, New Zealand, South East Asia, China, Brazil and Mexico, 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. Seek Australia has a database of millions of Australian CVs which attracts recruiters and employers to the site. This in turn attracts additional job seekers to the site, and so the cycle continues. 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

**+ 42 %**

TOTAL SHAREHOLDER RETURN

**+ 17 %**

TOTAL SHAREHOLDER RETURN

**+ 32 %**

*Purchased during the year*

BARRAMUNDI PORTFOLIO STOCKS CONTINUED



**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.



**WHAT DOES IT DO?**  
TechnologyOne is one of Australia’s largest enterprise software companies. It is focused on the government, education, healthcare and utilities sectors. The company develops, markets, sells, implements and supports its own integrated enterprise software.

**WHY DO WE OWN IT?**  
TechnologyOne 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 TechnologyOne as well-positioned for long-term growth, particularly as it migrates existing customers to its cloud platform.



**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 should ensure it continues to profit and grow over time.

TOTAL SHAREHOLDER RETURN

+ 5 %

TOTAL SHAREHOLDER RETURN

- 25 %

TOTAL SHAREHOLDER RETURN

+ 2 %



#### WHAT DOES IT DO?

WiseTech Global is a logistics software business with a presence in key global regions and with key global customers. Its main product, Cargowise One, offers clients a complete suite of logistics services and general business solutions. An early lead in the freight forwarding software domain confers a key technology moat, increases customer switching costs and establishes a nascent network benefit to participants using its technology.

#### WHY DO WE OWN IT?

While increasing trade flows are supportive, customers need better technology to help them manage greater supply chain complexity, comply with more onerous regulation and address vociferous competition. WiseTech is an early leader in an industry with low penetration of a clear internet-based technology solution, making for significant growth prospects should the company retain its leading position in the sphere.



#### WHAT DOES IT DO?

Xero is the market leading provider of cloud-based accounting software for small to medium businesses and their accountants in NZ, Australia and the UK, with growing presence in the US and other markets such as SE Asia and Africa.

#### WHY DO WE OWN IT?

Xero's software is consistently rated as best in class and it continues to pioneer innovative new functionality to attract and retain customers. As a result, Xero has a significant share of the cloud-based accounting software market and is growing subscriber numbers rapidly. The size of the ultimate opportunity for Xero is significant and there are many years of material growth ahead given the industry is only in the early stages of migration to the cloud.

TOTAL SHAREHOLDER RETURN

+ 127 %

TOTAL SHAREHOLDER RETURN

+ 29 %

*Purchased during the year*





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

## BOARD OF DIRECTORS

**ALISTAIR RYAN** MComm (Hons), CA

**Chair and Independent Director**  
**Chair of Remuneration and Nominations Committee**  
**Member of the Audit & Risk Committee**  
**Member of the Investment Committee**

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, Kiwibank, Christchurch Casinos, Evolve Education and Metlifecare. 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. Prior to SKYCITY, Alistair was a Corporate Services Partner with international accounting firm Ernst & Young, based in Auckland. He is a Fellow of Chartered Accountants Australia and New Zealand. Alistair's principal place of residence is Auckland.

Alistair was first appointed to the Barramundi board on 10 February 2012.

**CAROL CAMPBELL** BCom, CA, CMInstD

**Chair of Audit and Risk Committee**  
**Independent Director**  
**Member of the Remuneration & Nomination Committee**  
**Member of the Investment Committee**

Carol Campbell is a chartered accountant and a member of Chartered Accountants Australia and New Zealand. 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, New Zealand Post, Asset Plus and NZME where she is also Chair of the Audit and Risk Committee. Carol is also a director of Kingfish and Marlin Global. Carol was a director of The Business Advisory Group, a chartered accountancy practice, for 11 years and prior to that a partner at Ernst & Young for over 25 years. Carol's principal place of residence is Auckland.

Carol was first appointed to the Barramundi board on 5 June 2012.

**CARMEL FISHER** BCA

**Director**  
**Member of the Remuneration & Nomination Committee**  
**Member of the Investment Committee**

Carmel Fisher established Fisher Funds Management Limited in 1998. 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 is also a director of Kingfish, Marlin Global and New Zealand Trade & Enterprise. Carmel's principal place of residence is Auckland.

Carmel was first appointed to the Barramundi board on 30 January 2004.

**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 involving numerous initial public offerings and secondary market transactions, and takeover transactions. Andy is a director of Kingfish, Marlin Global, Briscoe Group, Coupe Consulting and Gentrack Group. He is also Chair of Farmright, the New Zealand Takeovers Panel and Deputy Chair of Television New Zealand. Andy's principal place of residence is Hamilton.

Andy was first appointed to the Barramundi board on 1 March 2013.



# CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2018

Barramundi's board recognises the importance of good corporate governance and is committed to ensuring that the company meets best practice governance principles to the extent that it is appropriate for the nature of the Barramundi operations. Strong corporate governance practices 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.

The board is responsible for establishing and implementing the company's corporate governance frameworks, and is committed to fulfilling this role in accordance with best practice having appropriate regard to applicable laws, the NZX Corporate Governance Best Practice Code ("NZX Code") and the Financial Markets Authority Corporate Governance - Principles and Guidelines. The board oversees the management of Barramundi, with the day-to-day management responsibilities of Barramundi being delegated to Fisher Funds Management Limited ("Fisher Funds" or "the Manager").

As at 30 June 2018, Barramundi was in compliance with the NZX Code, with the exception of recommendations 4.3 and 5.3 for the reasons explained under the relevant principles.

The corporate governance policies and procedures, and board and committee charters, are regularly reviewed by the board against the corporate governance standards set by NZX, any regulatory changes, and developments in corporate governance practices.

The Barramundi constitution and each of the charters, codes and policies referred to in this section are available on the Barramundi website ([www.barramundi.co.nz](http://www.barramundi.co.nz)) under the "About Barramundi" "Policies" section.

## Principle 1 – Code of ethical behaviour

Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.

## CODE OF ETHICS & STANDARDS OF PROFESSIONAL CONDUCT

Barramundi's Code of Ethics & Standards of Professional Conduct details the ethical and professional behavioural standards required of the directors and those employees of the Manager who work on Barramundi matters.

The Code of Ethics & Standards of Professional Conduct covers a wide range of areas including: standards of behaviour, conflicts of interest, proper use of company information and assets, compliance with laws and policies, reporting concerns and receiving gifts.

Any person who becomes aware of a breach or suspected breach of the Code of Ethics & Standards of Professional Conduct is required to report it immediately in accordance with the procedure set out in the Code of Ethics & Standards of Professional Conduct.

Training on the Code of Ethics & Standards of Professional Conduct is included as part of the induction process for new directors and employees of the Manager.

## SECURITIES TRADING POLICY

The Securities Trading Policy details the trading restrictions on persons nominated by Barramundi (including its directors and employees of the Manager who work on Barramundi matters) in Barramundi shares and other securities.

In relation to Barramundi shares, nominated persons, with the permission of the board of Barramundi, may trade in Barramundi 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.

Nominated persons may not trade in Barramundi shares when they have price sensitive information that is not publicly available.

## CONFLICTS OF INTEREST POLICY

The Conflicts of Interest Policy outlines the board's policy on conflicts of interest. The policy details the process to be adopted for identifying conflicts of interests and managing any such conflicts.

## Principle 2 – Board composition and performance

To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives.

## BOARD CHARTER

Barramundi's board operates under a written charter which defines the respective functions and responsibilities of the board, focusing on the values, principles and practices that provide the corporate governance framework.

## CORPORATE GOVERNANCE STATEMENT CONTINUED

The board has overall responsibility for all decision making within Barramundi. 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. The board has delegated the day-to-day management of Barramundi to the Manager.

The board uses committees to address certain matters that require detailed consideration. The board retains ultimate responsibility for the function of its committees and determines their responsibilities. The board is assisted in meeting its responsibilities by receiving reports and plans from Fisher Funds and through its annual work programme.

Directors have access to key employees of the Manager who are connected to the activities of Barramundi and can request any information they consider necessary for informed decision making.

### NOMINATION AND APPOINTMENT OF DIRECTORS

In accordance with Barramundi's constitution and NZX Listing Rules, one third of the directors are required to retire by rotation and may offer themselves for re-election by shareholders each year. Procedures for the appointment and removal of directors are also governed by the constitution. The Remuneration and Nominations Committee is responsible for identifying and nominating candidates to fill director vacancies for board approval.

### WRITTEN AGREEMENT

The company provides a letter of appointment to each newly appointed director setting out the terms of their appointment. The letter includes information regarding the board's responsibilities, expectations of directors, tenure and independence, expected time commitments, indemnity and insurance provisions, declaration of interests and confidentiality. New directors are required to consent to act as a director.

### DIRECTOR INFORMATION AND INDEPENDENCE

The board comprises four directors with diverse backgrounds, skills, knowledge, experience and perspectives. Information about each director including a profile of experience is available on page 26 of this Annual Report and also on the Barramundi website.

The board takes into account guidance provided under the NZX Main Board/Debt Market Listing Rules in determining the independence of directors. Director independence is considered annually. 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.

As at 30 June 2018, the board considers that Alistair Ryan (Chair), Carol Campbell and Andy Coupe are independent directors. As at 30 June 2018, the board considers that Carmel Fisher is not an independent director by virtue of the Management Agreement between Barramundi and Fisher Funds, and her being a director of Fisher Funds.

Information in respect of directors' ownership interests is available on page 58.

### DIVERSITY

Barramundi has a formal Diversity Policy. The board views diversity as including but not being limited to, skills, qualifications, experience, gender, race, age, ethnicity and cultural background. The board recognises that having a diverse board will enhance effectiveness in key areas.

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 board's gender composition was as follows:

| 2018 position     | Number |      | Proportion |      |
|-------------------|--------|------|------------|------|
|                   | Female | Male | Female     | Male |
| Directors         | 2      | 2    | 50%        | 50%  |
| Corporate Manager |        | 1    |            | 100% |

| 2017 position     | Number |      | Proportion |      |
|-------------------|--------|------|------------|------|
|                   | Female | Male | Female     | Male |
| Directors         | 2      | 2    | 50%        | 50%  |
| Corporate Manager |        | 1    |            | 100% |

The board believes that Barramundi has achieved the objectives set out in its Diversity Policy for the year ended 30 June 2018.

### DIRECTOR TRAINING

All directors are responsible for ensuring they remain current in understanding their duties as directors. To ensure ongoing education, directors are regularly informed of developments that affect the company's industry and business environment.

## ASSESSMENT OF DIRECTOR PERFORMANCE

The Remuneration and Nominations Committee conducts a formal review of director, committee and board performance annually. Appropriate strategies for improvement are recommended to the board as and when required. The Chair of the board also has discussions with directors on individual performance.

## SEPARATION OF THE CHAIR AND CHIEF EXECUTIVE

Barramundi delegates its management personnel requirements to Fisher Funds pursuant to an Administration Services Agreement. The Chair of Barramundi is a different person to the Chief Executive of Fisher Funds.

### Principle 3 – Board committees

The board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility.

The board has three standing committees: the Audit and Risk Committee, the Remuneration and Nominations Committee and the Investment Committee.

Each committee operates under a charter approved by the board. The charter of each committee is reviewed annually.

## DIRECTOR MEETING ATTENDANCE

A total of eight board meetings, two Audit and Risk Committee meetings, one Remuneration and Nominations Committee meeting and two Investment Committee meetings were held in 2018. Director attendance at board meetings and committee member attendance at committee meetings is shown below.

| Director       | Board | Audit and Risk Committee | Remuneration and Nominations Committee | Investment Committee |
|----------------|-------|--------------------------|----------------------------------------|----------------------|
| Carol Campbell | 8/8   | 2/2                      | 1/1                                    | 2/2                  |
| Andy Coupe     | 8/8   | 2/2                      | 1/1                                    | 2/2                  |
| Carmel Fisher* | 8/8   | 2/2                      | 1/1                                    | 2/2                  |
| Alistair Ryan  | 8/8   | 2/2                      | 1/1                                    | 2/2                  |

\*Carmel Fisher was an attendee at the Audit and Risk Committee meetings.

## AUDIT AND RISK COMMITTEE

The Audit and Risk Committee Charter sets out the objectives of the Audit and Risk Committee, which are to provide assistance to the board in fulfilling its responsibilities in relation to the company's financial reporting, internal controls structure, risk management systems and the external audit function.

The Audit and Risk Committee focuses on audit and risk management and specifically addresses responsibilities relative to financial reporting and regulatory compliance.

The Audit and Risk Committee is accountable for ensuring the performance and independence of the external auditor, including that the external auditor or lead audit partner is changed at least every five years.

The Audit and Risk Committee also reviews the appropriateness of any non audit services and recommends to the board which services, other than the statutory audit, may be provided by PricewaterhouseCoopers as 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 Chair of the board, both of whom are independent directors. During the year, the Audit and Risk Committee held private sessions with the auditor.

The Audit and Risk Committee currently comprises 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.

The Audit and Risk Committee may have in attendance the Corporate Manager and/or other employees of the Manager and such other persons including the external auditor as it considers necessary to provide appropriate information and explanations.

## REMUNERATION AND NOMINATIONS COMMITTEE

The Remuneration and Nominations Committee Charter sets out the objectives of the Remuneration and Nominations Committee which are to set and review the level of directors' remuneration, ensure a formal rigorous and transparent procedure for the appointment of new directors to the board, and evaluate the balance of skills, knowledge and experience on the board. The Remuneration and Nominations Committee also assesses the performance of directors, the board and board sub-committees.

## CORPORATE GOVERNANCE STATEMENT CONTINUED

The Remuneration and Nominations Committee currently comprises independent directors Alistair Ryan (Chair), Carol Campbell, Andy Coupe and non-independent director Carmel Fisher.

### INVESTMENT COMMITTEE

The Investment Committee Charter sets out the objective of the Investment Committee which 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 Barramundi.

The Investment Committee currently comprises independent directors Andy Coupe (Chair), Carol Campbell, Alistair Ryan and non-independent director Carmel Fisher.

### TAKEOVER RESPONSE PROTOCOLS

The board has adopted a formal Takeover Response Protocol as an internal framework that sets out the process to be followed if there is a takeover offer for Barramundi.

#### Principle 4 – Reporting and disclosure

The board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures.

### CONTINUOUS DISCLOSURE

Barramundi is committed to promoting investor confidence by providing complete and equal access to information in accordance with the NZX Listing Rules. Barramundi has a Continuous Disclosure Policy designed to ensure this occurs. The Corporate Manager is responsible for ensuring compliance with the NZX continuous disclosure requirements and overseeing and co-ordinating disclosure to the exchange.

### CHARTERS AND POLICIES

The key corporate governance documents, including policies and charters, are available on Barramundi's website under the "About Barramundi" "Policies" section.

### FINANCIAL REPORTING

Barramundi believes its financial reporting is balanced, clear and objective. Barramundi is committed to ensuring integrity and timeliness in its financial and non-financial reporting, ensuring the market and shareholders are provided with an objective view on the performance of the company.

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

As at 30 June 2018, Barramundi does not have a formal environmental, social and governance (ESG) framework. Barramundi will continue to assess whether it is appropriate that an ESG framework is adopted in the future.

#### Principle 5 – Remuneration

The remuneration of directors and executives should be transparent, fair and reasonable.

### DIRECTORS' REMUNERATION

The Director Remuneration Policy sets out the structure of the remuneration to non-executive directors, the review process and reporting requirements.

Directors' fees are determined by the board on the recommendation of the Remuneration and Nominations Committee within the aggregate amount approved by shareholders. The current directors' fee pool limit of \$125,000 (plus GST if any) was approved by shareholder resolution at the 2015 Annual Shareholders' Meeting.

Each year the Remuneration and Nominations Committee reviews the level of directors' remuneration. The Remuneration and Nominations 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.

The following table sets out the remuneration received by each director from Barramundi for the year ended 30 June 2018.

#### Directors' remuneration\* for the 12 months ended 30 June 2018

|                  |                         |
|------------------|-------------------------|
| A B Ryan (Chair) | \$50,000 <sup>(1)</sup> |
| C A Campbell     | \$37,500 <sup>(2)</sup> |
| R A Coupe        | \$37,500 <sup>(3)</sup> |

\*excludes GST

(1) \$5,000 of this amount was applied to the purchase of 8,440 shares under the Barramundi share purchase plan.

(2) \$3,750 of this amount was applied to the purchase of 6,330 shares under the Barramundi share purchase plan. C A Campbell receives \$5,000 as Chair of Audit and Risk Committee.

(3) \$3,750 of this amount was applied to the purchase of 6,330 shares under the Barramundi share purchase plan. R A Coupe receives \$5,000 as Chair of Investment Committee.

For the 2018 financial year, Carmel Fisher did not receive a director's fee.

Details of remuneration paid to directors are also disclosed in note 4 to the financial statements. The directors' fees disclosed in the financial statements include a portion of non-recoverable GST expensed by Barramundi.

### DIRECTORS' SHAREHOLDING - SHARE PURCHASE PLAN

A Share Purchase Plan was introduced by the board in 2012 which requires each director to allocate 10% of their annual director's fee to the purchase (on market) of Barramundi shares. Once an individual director's shareholding reaches 50,000 shares, the 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.

### CEO REMUNERATION

Barramundi delegates its management personnel requirements to Fisher Funds pursuant to an Administration Services Agreement. Consequently, Fisher Funds is responsible for non-director remuneration matters.

#### Principle 6 – Risk management

Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks.

### RISK MANAGEMENT FRAMEWORK

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 implements 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 and business continuity planning. Barramundi also maintains insurance policies that it considers adequate to meet its insurable risks.

The Audit and Risk Committee and board receive regular reports on the operation of risk management policies and procedures. Significant risks are discussed at each board meeting, and/or as required.

In addition to Barramundi's policies and procedures in place to manage business risks, Fisher Funds has its own comprehensive risk management framework. The board is informed of key changes to Fisher Funds' framework.

### HEALTH AND SAFETY

Barramundi's Manager operates under a Health and Safety Policy. Under this policy, Fisher Funds assumes responsibility for the health and safety of its employees.

#### Principle 7 – Auditors

The board should ensure the quality and independence of the external audit process.

Barramundi's Audit and Risk Committee makes recommendations to the board on the appointment of the external auditor. The Audit and Risk Committee monitors the independence and effectiveness of the external auditor and approves and reviews any non-audit services performed by the external auditor. An External Auditor Independence Policy which documents the framework of Barramundi's relationship with its external auditor was adopted in August 2018.

The Audit and Risk Committee meets with the external auditor to approve their terms of engagement, audit partner rotation (at least every five years) and audit fee, and to review and provide feedback in respect of the annual audit plan. The Audit and Risk Committee holds private sessions with the auditor.

Barramundi's current external auditor is PricewaterhouseCoopers ("PwC"), and was 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.

The Audit and Risk Committee has assessed PwC to be independent and confirmed that the non-audit services provided in relation to confirming the amounts used in the performance fee calculation have not compromised PwC's independence.

PwC, as external auditor of the 2018 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 their independence in relation to the conduct of the audit.

Barramundi delegates the day-to-day management responsibilities to Fisher Funds and the designated Corporate Manager is responsible for operational and compliance risks across Barramundi's business.

#### Principle 8 – Shareholder rights and relations

The board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.



## CORPORATE GOVERNANCE STATEMENT CONTINUED

### INFORMATION FOR SHAREHOLDERS

The board recognises the importance of providing shareholders with 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 Barramundi's performance.

Barramundi's website, [www.barramundi.co.nz](http://www.barramundi.co.nz), provides information to shareholders and investors about the company. Barramundi's 'Investor Centre' contains a range of information including periodic and continuous disclosures to the NZX, half year and annual reports and content related to the Annual Shareholders' Meeting. The website also contains information about Barramundi's directors, copies of key corporate governance documents and general company information.

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

### COMMUNICATING WITH SHAREHOLDERS

Barramundi communicates regularly with its shareholders through its monthly and quarterly updates. The company receives questions from shareholders from time to time, and has processes in place to ensure shareholder communications are responded to within a reasonable timeframe. The company's website sets out Barramundi's appropriate contact details for communications from shareholders. Barramundi also provides options for shareholders to receive and send communications by post or electronically.

### SHAREHOLDER VOTING RIGHTS

In accordance with the Companies Act 1993, Barramundi's Constitution and the NZX Main Board Listing Rules, Barramundi refers major decisions which may change the nature of Barramundi to shareholders for approval. Barramundi conducts voting at its shareholder meetings by way of poll and on the basis of one share, one vote.

### NOTICE OF ANNUAL MEETING

The 2018 Barramundi Notice of Annual Meeting will be available on the Barramundi website at least 28 days prior to the meeting.

This year's meeting will be held at 10.30am on 19 October 2018, at the Ellerslie Event Centre in Auckland. Full participation of shareholders is encouraged at the annual meeting and shareholders are encouraged to submit questions in writing prior to the meeting.

### MANAGEMENT AGREEMENT RENEWAL

The Management Agreement between Barramundi and Fisher Funds is subject to renewal every five years. The Management Agreement is next subject to renewal in 2021.



# DIRECTORS' STATEMENT OF RESPONSIBILITY

FOR THE YEAR ENDED 30 JUNE 2018

We present the financial statements for Barramundi Limited for the year ended 30 June 2018.

We have ensured that the financial statements for Barramundi Limited present fairly the financial position of the company as at 30 June 2018 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 Markets Conduct 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 20 August 2018.



**Alistair Ryan**



**Carmel Fisher**



**Carol Campbell**



**Andy Coupe**

# FINANCIAL STATEMENTS CONTENTS

- 35 Statement of Comprehensive Income
- 36 Statement of Changes in Equity
- 37 Statement of Financial Position
- 38 Statement of Cash Flows
- 39 Notes to the Financial Statements



## BARRAMUNDI LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

|                                                               | NOTES    | 2018          | 2017         |
|---------------------------------------------------------------|----------|---------------|--------------|
|                                                               |          | \$000         | \$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           |
| <b>Total net income</b>                                       |          | <b>24,353</b> | <b>5,694</b> |
| Operating expenses                                            | 4        | (4,159)       | (2,400)      |
| <b>Operating profit before tax</b>                            |          | <b>20,194</b> | <b>3,294</b> |
| Total tax benefit/(expense)                                   | 5        | 293           | (634)        |
| <b>Net operating profit after tax</b>                         |          | <b>20,487</b> | <b>2,660</b> |
| Other comprehensive income                                    |          | 0             | 0            |
| <b>Total comprehensive income after tax</b>                   |          | <b>20,487</b> | <b>2,660</b> |
| <b>Basic earnings per share</b>                               | <b>7</b> | <b>12.99c</b> | <b>1.82c</b> |
| <b>Diluted earnings per share</b>                             | <b>7</b> | <b>12.84c</b> | <b>1.80c</b> |

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

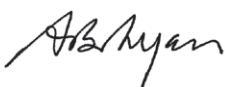
|                                                                       | NOTES | ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY |                         |                      |                |
|-----------------------------------------------------------------------|-------|---------------------------------------------|-------------------------|----------------------|----------------|
|                                                                       |       | SHARE CAPITAL                               | PERFORMANCE FEE RESERVE | ACCUMULATED DEFICITS | TOTAL EQUITY   |
|                                                                       |       | \$000                                       | \$000                   | \$000                | \$000          |
| <b>Balance at 1 July 2016</b>                                         |       | <b>127,419</b>                              | <b>0</b>                | <b>(30,087)</b>      | <b>97,332</b>  |
| <b>Comprehensive income</b>                                           |       |                                             |                         |                      |                |
| Profit for the year                                                   |       | 0                                           | 0                       | 2,660                | 2,660          |
| Other comprehensive income                                            |       | 0                                           | 0                       | 0                    | 0              |
| <b>Total comprehensive income for the year ended 30 June 2017</b>     |       | <b>0</b>                                    | <b>0</b>                | <b>2,660</b>         | <b>2,660</b>   |
| <b>Transactions with owners</b>                                       |       |                                             |                         |                      |                |
| 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            |
| <b>Total transactions with owners for the year ended 30 June 2017</b> |       | <b>2,662</b>                                | <b>0</b>                | <b>(7,889)</b>       | <b>(5,227)</b> |
| <b>Balance at 30 June 2017</b>                                        |       | <b>130,081</b>                              | <b>0</b>                | <b>(35,316)</b>      | <b>94,765</b>  |
| <b>Comprehensive income</b>                                           |       |                                             |                         |                      |                |
| Profit for the year                                                   |       | 0                                           | 0                       | 20,487               | 20,487         |
| Other comprehensive income                                            |       | 0                                           | 0                       | 0                    | 0              |
| <b>Total comprehensive income for the year ended 30 June 2018</b>     |       | <b>0</b>                                    | <b>0</b>                | <b>20,487</b>        | <b>20,487</b>  |
| <b>Transactions with owners</b>                                       |       |                                             |                         |                      |                |
| 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          |
| <b>Total transactions with owners for the year ended 30 June 2018</b> |       | <b>9,411</b>                                | <b>1,002</b>            | <b>(8,501)</b>       | <b>1,912</b>   |
| <b>Balance at 30 June 2018</b>                                        |       | <b>139,492</b>                              | <b>1,002</b>            | <b>(23,330)</b>      | <b>117,164</b> |

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

BARRAMUNDI LIMITED  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2018

|                                                            | NOTES | 2018<br>\$000  | 2017<br>\$000 |
|------------------------------------------------------------|-------|----------------|---------------|
| <b>SHAREHOLDERS' EQUITY</b>                                | 6     | 117,164        | 94,765        |
| Represented by:                                            |       |                |               |
| <b>ASSETS</b>                                              |       |                |               |
| <b>Current Assets</b>                                      |       |                |               |
| 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             |
| <b>Total Current Assets</b>                                |       | <b>119,987</b> | <b>96,280</b> |
| <b>Non-current Assets</b>                                  |       |                |               |
| Other receivable                                           | 8     | 37             | 186           |
| Deferred tax asset                                         | 5     | 309            | 0             |
| <b>Total Non-current Assets</b>                            |       | <b>346</b>     | <b>186</b>    |
| <b>TOTAL ASSETS</b>                                        |       | <b>120,333</b> | <b>96,466</b> |
| <b>LIABILITIES</b>                                         |       |                |               |
| <b>Current Liabilities</b>                                 |       |                |               |
| 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            |
| <b>Total Current Liabilities</b>                           |       | <b>3,169</b>   | <b>1,667</b>  |
| <b>Non-current Liabilities</b>                             |       |                |               |
| Deferred tax liability                                     | 5     | 0              | 34            |
| <b>Total Non-current Liabilities</b>                       |       | <b>0</b>       | <b>34</b>     |
| <b>TOTAL LIABILITIES</b>                                   |       | <b>3,169</b>   | <b>1,701</b>  |
| <b>NET ASSETS</b>                                          |       | <b>117,164</b> | <b>94,765</b> |

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.



## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

|                                                                  | NOTES     | 2018<br>\$000  | 2017<br>\$000  |
|------------------------------------------------------------------|-----------|----------------|----------------|
| <b>Operating Activities</b>                                      |           |                |                |
| 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)          |
| <b>Net cash (outflows)/inflows from operating activities</b>     | <b>10</b> | <b>(1,153)</b> | <b>8,198</b>   |
| <b>Financing Activities</b>                                      |           |                |                |
| 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)        |
| <b>Net cash inflows/(outflows) from financing activities</b>     |           | <b>928</b>     | <b>(5,227)</b> |
| <b>Net (decrease)/increase in cash and cash equivalents held</b> |           | <b>(225)</b>   | <b>2,971</b>   |
| Cash and cash equivalents at beginning of the year               |           | 7,703          | 4,780          |
| Effects of foreign currency translation on cash balance          |           | 166            | (48)           |
| <b>Cash and cash equivalents at end of the year</b>              | <b>10</b> | <b>7,644</b>   | <b>7,703</b>   |

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

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

---

39

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.

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.

|                                                                                      | 2018           | 2017          |
|--------------------------------------------------------------------------------------|----------------|---------------|
|                                                                                      | \$000          | \$000         |
| <b>Financial assets and liabilities at fair value through profit or loss</b>         |                |               |
| <b>Financial Assets:</b>                                                             |                |               |
| <i>Investments designated at fair value through profit or loss</i>                   |                |               |
| Australian listed equity investments                                                 | 111,978        | 88,343        |
| <b>Total financial assets at fair value through profit or loss</b>                   | <b>111,978</b> | <b>88,343</b> |
| <b>Financial Liabilities:</b>                                                        |                |               |
| <i>Financial liabilities at fair value through profit or loss - held for trading</i> |                |               |
| Forward foreign exchange contracts                                                   | 680            | 10            |
| <b>Total financial liabilities at fair value through profit or loss</b>              | <b>680</b>     | <b>10</b>     |

|                                                                                  | 2018           | 2017         |
|----------------------------------------------------------------------------------|----------------|--------------|
|                                                                                  | \$000          | \$000        |
| <b>Net changes in fair value of financial assets and liabilities</b>             |                |              |
| <i>Investments designated at fair value through profit or loss</i>               |                |              |
| Australian equity investments                                                    | 18,552         | 2,631        |
| Foreign exchange gains on equity investments                                     | 3,451          | 113          |
| <b>Total gains on designated financial assets</b>                                | <b>22,003</b>  | <b>2,744</b> |
| <i>Investments at fair value through profit or loss - held for trading</i>       |                |              |
| (Losses)/gains on forward foreign exchange contracts                             | (1,870)        | 242          |
| <b>Total (losses)/gains on financial assets and liabilities held for trading</b> | <b>(1,870)</b> | <b>242</b>   |
| <b>Net changes in fair value of financial assets and liabilities</b>             | <b>20,133</b>  | <b>2,986</b> |

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).

### 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        |
| <b>Total other income</b>                                    | <b>1,308</b> | <b>65</b> |

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## FOR THE YEAR ENDED 30 JUNE 2018

### 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 <sup>1</sup>                | 5            | 2            |
| Regulatory fees                                    | 9            | 2            |
| Other operating expenses                           | 35           | 34           |
| <b>Total operating expenses</b>                    | <b>4,159</b> | <b>2,400</b> |

<sup>1</sup> 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.



|                                                                        | 2018           | 2017         |
|------------------------------------------------------------------------|----------------|--------------|
|                                                                        | \$000          | \$000        |
| <b>Taxation expense is determined as follows:</b>                      |                |              |
| <b>Operating profit before tax</b>                                     | <b>20,194</b>  | <b>3,294</b> |
| 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           |
| <b>Taxable (loss)/income</b>                                           | <b>(1,048)</b> | <b>2,263</b> |
| <b>Tax at 28%</b>                                                      | <b>(293)</b>   | <b>634</b>   |
| <i>Taxation expense comprises:</i>                                     |                |              |
| Current tax                                                            | 46             | 613          |
| Deferred tax                                                           | (339)          | (4)          |
| Prior period adjustment                                                | 0              | 25           |
| <b>Total tax (benefit)/expense</b>                                     | <b>(293)</b>   | <b>634</b>   |
| <b>Current tax balance</b>                                             |                |              |
| Opening balance                                                        | (513)          | (491)        |
| Prior period adjustment                                                | 0              | (25)         |
| Current tax movements                                                  | (46)           | (634)        |
| Tax paid                                                               | 560            | 615          |
| Credits used                                                           | 0              | 22           |
| <b>Current tax receivable/(payable)</b>                                | <b>1</b>       | <b>(513)</b> |
| <b>Deferred tax balance</b>                                            |                |              |
| Opening balance                                                        | (34)           | (38)         |
| Current year losses                                                    | 389            | 0            |
| Accrued dividends                                                      | (50)           | 4            |
| Other                                                                  | 4              | 0            |
| <b>Deferred tax asset/(liability)</b>                                  | <b>309</b>     | <b>(34)</b>  |



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.

## 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<br>\$'000 | CENTS PER<br>SHARE |             | 2017<br>\$'000 | CENTS PER<br>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.

|                                                                                  | 2018          | 2017         |
|----------------------------------------------------------------------------------|---------------|--------------|
| <b>Basic earnings per share</b>                                                  |               |              |
| 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      |
| <b>Basic earnings per share</b>                                                  | <b>12.99c</b> | <b>1.82c</b> |
| <b>Diluted earnings per share</b>                                                |               |              |
| 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      |
| <b>Diluted earnings per share</b>                                                | <b>12.84c</b> | <b>1.80c</b> |

## 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         |
|--------------------------------------------------|--------------|--------------|
|                                                  | <b>\$000</b> | <b>\$000</b> |
| <b>Current assets</b>                            |              |              |
| Interest receivable                              | 6            | 6            |
| Dividends receivable                             | 299          | 163          |
| Other receivables and prepayments                | 59           | 65           |
| <b>Total current trade and other receivables</b> | <b>364</b>   | <b>234</b>   |
| <b>Non-current asset</b>                         |              |              |
| Other receivables                                | 37           | 186          |
| <b>Total non-current other receivable</b>        | <b>37</b>    | <b>186</b>   |

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## FOR THE YEAR ENDED 30 JUNE 2018

### 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           |
| <b>Total trade and other payables</b> | <b>2,489</b> | <b>1,144</b> |

### 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        |
| <b>Cash and Cash Equivalents</b> | <b>7,644</b> | <b>7,703</b> |

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

|                                                              | 2018            | 2017         |
|--------------------------------------------------------------|-----------------|--------------|
|                                                              | \$000           | \$000        |
| <b>Net operating profit after tax</b>                        | <b>20,487</b>   | <b>2,660</b> |
| <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        |
|                                                              | <b>(13,800)</b> | <b>2,806</b> |
| <b>Impact of changes in working capital items</b>            |                 |              |
| 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           |
|                                                              | <b>358</b>      | <b>719</b>   |
| <b>Items relating to investments</b>                         |                 |              |
| 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)        |
|                                                              | <b>(9,182)</b>  | <b>2,013</b> |
| <b>Other</b>                                                 |                 |              |
| Increase in share buybacks payable                           | (18)            | 0            |
| Performance fee to be settled by issue of shares             | 1,002           | 0            |
|                                                              | <b>984</b>      | <b>0</b>     |
| <b>Net cash (outflows)/inflows from operating activities</b> | <b>(1,153)</b>  | <b>8,198</b> |

**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, Fishers 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").



## NOTE 11 RELATED PARTY INFORMATION CONTINUED

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 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.

|                                                               | 2018         | 2017         |
|---------------------------------------------------------------|--------------|--------------|
|                                                               | \$000        | \$000        |
| <b>Fees earned and payable:</b>                               |              |              |
| <b>Fees earned by the Manager for the year ending 30 June</b> |              |              |
| Management fees                                               | 1,349        | 1,404        |
| Performance fees                                              | 1,999        | 0            |
| Administration services                                       | 159          | 159          |
| <b>Total fees earned by the Manager</b>                       | <b>3,507</b> | <b>1,563</b> |
| <b>Fees payable to the Manager at 30 June</b>                 |              |              |
| Management fees                                               | 122          | 113          |
| Performance fees payable in cash                              | 998          | 0            |
| Administration services                                       | 13           | 13           |
| <b>Total fees payable to the Manager</b>                      | <b>1,133</b> | <b>126</b>   |

**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).

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.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 12 FINANCIAL RISK MANAGEMENT CONTINUED

#### 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 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<br>\$000 | 2017<br>\$000 |
|---------------------------------------------------|----------------------------------------------|---------------|---------------|
| <b>Price risk<sup>1</sup></b>                     |                                              |               |               |
| Investments designated at fair value (listed)     | Carrying value                               | 111,978       | 88,343        |
|                                                   | Impact of a 10% change in market prices: +/- | 11,198        | 8,834         |
| <b>Interest rate risk<sup>2</sup></b>             |                                              |               |               |
| Cash and cash equivalents                         | Carrying value                               | 7,644         | 7,703         |
|                                                   | Impact of a 1% change in interest rates: +/- | 76            | 77            |
| <b>Currency risk<sup>3</sup></b>                  |                                              |               |               |
| 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           |

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

<sup>2</sup> 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.

<sup>3</sup> 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.

**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.



## *Independent auditor's report*

To the shareholders of Barramundi Limited

Barramundi Limited's financial statements comprise:

- the statement of financial position as at 30 June 2018;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies.

### *Our opinion*

In our opinion, the financial statements of Barramundi Limited (the Company), present fairly, in all material respects, the financial position of the Company as at 30 June 2018, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ISAs (NZ) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

We are independent of the Company in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Company in the area of agreed upon procedures in relation to the performance fee calculation. The provision of this service has not impaired our independence.

## Our audit approach

### Overview



An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Overall materiality: \$585,700, which represents approximately 0.5% of the net assets. We used this benchmark because, in our view, this is an appropriate benchmark for a fund.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above \$56,200 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Because of the significance of the investments to the financial statements, we have determined that there is one key audit matter: valuation and existence of investments designated at fair value through profit or loss.

### Materiality

The scope of our audit was influenced by our application of materiality.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Company materiality for the financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in the aggregate on the financial statements as a whole.

### Audit scope

We designed our audit by assessing the risks of material misstatement in the financial statements and our application of materiality. As in all of our audits, we also addressed the risk of management override of internal controls including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, type of investments held by the Company, the use of third party service providers, the accounting processes and controls, and the industry in which the Company operates.

The Directors are responsible for the governance and the control activities of the Company. The Directors have delegated certain responsibilities to Fisher Funds Management Limited (the Investment Manager) and Trustees Executors Limited (the Administrator). The Company has appointed Trustees Executors Limited (the Custodian) to act as Custodian of the Company's investments.

In establishing our overall audit approach we assessed the risk of material misstatement, taking into account the nature, likelihood and potential magnitude of any misstatement. As part of our risk assessment, we considered the Company's interaction with the Investment Manager and Administrator and the control environment in place at the Administrator and the Custodian.

### *Key audit matter*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. Given the nature of the Company, we have one key audit matter: valuation and existence of investments designated at fair value through profit or loss. The matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><i>Valuation and existence of investments designated at fair value through profit or loss</i></p> <p>Investments designated at fair value through profit or loss (the Investments) are valued at \$112.0 million and represent 93% of total assets.</p> <p>Further disclosures on the Investments are included at note 2 to the financial statements. This was an area of focus for our audit and the area where significant audit effort was directed.</p> <p>As at 30 June 2018, all Investments are in companies that are listed on the ASX and are actively traded with readily available, quoted market prices. The market prices are quoted in Australian dollars, which are then translated to New Zealand dollars using the exchange rate at 30 June 2018.</p> <p>All Investments are held by the Custodian on behalf of the Company and administered by the Administrator.</p> | <p>Our audit procedures included updating our understanding of the business processes employed by the Company for accounting for, and valuing, their investment portfolio.</p> <p>We obtained confirmation from the Custodian that the company was the registered owner of all the recorded investments.</p> <p>Our procedures also included assessing the Administrator's and Custodian's Internal Controls Report for Custody, Investment Accounting and Registry services for the periods ended 30 September 2017 and 31 March 2018. The Administrator and Custodian have confirmed that there has been no material change to their control environment in the period from 1 April 2018 to 30 June 2018.</p> <p>Our audit procedures over the valuation of the Investments included agreeing the price for all Investments held at 30 June 2018, and the exchange rate at which they have been converted from Australian dollars to New Zealand dollars, to independent third party pricing sources. We had no matters arising from the procedures performed.</p> |

### *Information other than the financial statements and auditor's report*

The Directors are responsible for the annual report. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information included in the annual report and we do not and will not express any form of assurance conclusion on the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors.

---

### *Responsibilities of the Directors for the financial statements*

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### *Auditor's responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-2/>

This description forms part of our auditor's report.

### *Who we report to*

This report is made solely to the Company's shareholders, as a body. 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.

---

The engagement partner on the audit resulting in this independent auditor's report is Richard Day.

For and on behalf of:



Chartered Accountants  
20 August 2018

Auckland

# SHAREHOLDER INFORMATION

## SPREAD OF SHAREHOLDERS AS AT 08 AUGUST 2018

| Holding Range      | # of Shareholders | # of Shares        | % of Total   |
|--------------------|-------------------|--------------------|--------------|
| 1 to 999           | 168               | 77,289             | 0.1          |
| 1,000 to 4,999     | 514               | 1,346,842          | 0.8          |
| 5,000 to 9,999     | 827               | 5,451,824          | 3.3          |
| 10,000 to 49,999   | 2,284             | 50,117,728         | 29.9         |
| 50,000 to 99,999   | 451               | 30,502,079         | 18.2         |
| 100,000 to 499,999 | 311               | 55,385,718         | 33.1         |
| 500,000 +          | 27                | 24,263,581         | 14.6         |
| <b>TOTAL</b>       | <b>4,582</b>      | <b>167,145,061</b> | <b>100.0</b> |

## 20 LARGEST SHAREHOLDERS AS AT 08 AUGUST 2018

| Holder Name                                                                                                      | # of Shares       | % of Total   |
|------------------------------------------------------------------------------------------------------------------|-------------------|--------------|
| ASB NOMINEES LIMITED <339992 A/C>                                                                                | 2,207,335         | 1.32         |
| ASB NOMINEES LIMITED <ACCOUNT 340941 - ML>                                                                       | 1,828,192         | 1.09         |
| IVOR ANTHONY MILLINGTON                                                                                          | 1,550,000         | 0.93         |
| COLLEEN ANNE KERR + WALTER MICK GEORGE YOVICH + JANET MARY KERR + HEATHER ANNE PRYOR <J V & C A KERR FAMILY A/C> | 1,170,643         | 0.70         |
| DEREK JOHN SMITH + MAUREEN MARGARET SMITH                                                                        | 1,154,669         | 0.69         |
| HOE SENG LIM                                                                                                     | 1,076,783         | 0.64         |
| MIRJANA VILKE                                                                                                    | 1,059,600         | 0.63         |
| FNZ CUSTODIANS LIMITED                                                                                           | 1,035,425         | 0.62         |
| LEWIS TAIT SUTHERLAND                                                                                            | 1,002,037         | 0.60         |
| FORSYTH BARR CUSTODIANS LIMITED <1-CUSTODY>                                                                      | 931,212           | 0.56         |
| CUSTODIAL SERVICES LIMITED <A/C 3>                                                                               | 897,875           | 0.54         |
| BRYAN THOMAS SEDDON + DOROTHY EDITH ALLISON SEDDON                                                               | 850,000           | 0.51         |
| ANTHONY JOHN SIMMONDS + MAUREEN SIMMONDS + HERON HILL TRUSTEE COMPANY LIMITED <AJ & M SIMMONDS FAMILY A/C>       | 839,579           | 0.50         |
| ROGER GEORGE JOBSON                                                                                              | 767,237           | 0.46         |
| FRANZ CHRISTIAN ELIAS                                                                                            | 749,534           | 0.45         |
| THOMAS VINCENT BRIEN + JILLIAN MAUREEN BRIEN                                                                     | 736,153           | 0.44         |
| LESLIE BURGESS                                                                                                   | 734,771           | 0.44         |
| GERARDUS VAN DEN BEMD                                                                                            | 730,850           | 0.44         |
| CUSTODIAL SERVICES LIMITED <A/C 2>                                                                               | 621,087           | 0.37         |
| CUSTODIAL SERVICES LIMITED <A/C 4>                                                                               | 601,967           | 0.36         |
| <b>TOTAL</b>                                                                                                     | <b>20,544,949</b> | <b>12.29</b> |

# STATUTORY INFORMATION

## DIRECTORS' RELEVANT INTERESTS IN EQUITY SECURITIES AS AT 30 JUNE 2018

### INTERESTS REGISTER

Barramundi 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 2018 are as follows:

|                             | Ordinary Shares |                            |
|-----------------------------|-----------------|----------------------------|
|                             | Held Directly   | Held by Associated Persons |
| A B Ryan <sup>(1)</sup>     | 85,969          |                            |
| C M Fisher <sup>(2)</sup>   |                 | 1,828,192                  |
| C A Campbell <sup>(3)</sup> | 64,822          |                            |
| R A Coupe <sup>(4)</sup>    | 46,165          |                            |

(1) A B Ryan purchased 8,440 shares on market in the year ended 30 June 2018 as per the Barramundi share purchase plan (purchase price \$0.59). A B Ryan received 7,292 shares in the year ended 30 June 2018, issued under the dividend reinvestment plan (average issue price \$0.57). A B Ryan exercised 13,320 warrants and was issued 13,320 ordinary shares in the year ended 30 June 2018.

(2) Associated persons of C M Fisher exercised 365,639 warrants and was issued 365,639 ordinary shares in the year ended 30 June 2018.

(3) C A Campbell purchased 6,330 shares on market in the year ended 30 June 2018 as per the Barramundi share purchase plan (purchase price \$0.59). C A Campbell received 5,499 shares in the year ended 30 June 2018, issued under the dividend reinvestment plan (average issue price \$0.57). C A Campbell exercised 10,050 warrants and was issued 10,050 ordinary shares in the year ended 30 June 2018.

(4) R A Coupe purchased 6,330 shares on market in the year ended 30 June 2018 as per the Barramundi share purchase plan (purchase price \$0.59). R A Coupe received 3,923 shares in the year ended 30 June 2018, issued under the dividend reinvestment plan (average issue price \$0.57). R A Coupe exercised 6,811 warrants and was issued 6,811 ordinary shares in the year ended 30 June 2018.

### DIRECTORS' INDEMNITY AND INSURANCE

Barramundi has arranged directors' and officers' liability insurance covering directors acting on behalf of Barramundi. Cover is for damages, judgements, fines, penalties, legal costs awarded and defence costs arising from wrongful acts committed while acting for Barramundi. The types of acts that are not covered include dishonest, fraudulent, malicious acts or omissions, wilful breach of statute or regulations.

Barramundi has granted an indemnity in favour of all current and future directors of the company in accordance with its constitution.

### DIRECTORS HOLDING OFFICE

Barramundi's directors as at 30 June 2018 were:

- A B Ryan (Chair)
- C M Fisher
- C A Campbell
- R A Coupe

During the year, there were no appointments to the board.



In accordance with the Barramundi constitution, at the 2017 Annual Shareholders' Meeting, Andy Coupe retired by rotation and being eligible was re-elected. Carol Campbell retires by rotation at the 2018 Annual Shareholders' Meeting and being eligible, offers herself for re-election.

## DIRECTORS' RELEVANT INTERESTS

The following are relevant interests of Barramundi's directors as at 30 June 2018:

|                     |                                                             |              |
|---------------------|-------------------------------------------------------------|--------------|
| <b>A B Ryan</b>     | Kingfish Limited                                            | Chair        |
|                     | Marlin Global Limited                                       | Chair        |
|                     | Christchurch Casinos Limited                                | Director     |
|                     | Metlifecare Limited                                         | Director     |
|                     | Evolve Education Group Limited                              | Chair        |
|                     | Audit Oversight Committee                                   | Member       |
|                     | Kiwibank Limited                                            | Director     |
| <b>C M Fisher</b>   | Kingfish Limited                                            | Director     |
|                     | Marlin Global Limited                                       | Director     |
|                     | New Zealand Trade & Enterprise                              | Director     |
|                     | Fisher Funds Management Limited                             | Director     |
| <b>C A Campbell</b> | Kingfish Limited                                            | Director     |
|                     | Marlin Global Limited                                       | Director     |
|                     | T&G Insurance Limited                                       | Director     |
|                     | Hick Bros Civil Construction Limited & associated companies | Director     |
|                     | Woodford Properties Limited                                 | Director     |
|                     | alphaXRT Limited                                            | Director     |
|                     | New Zealand Post Limited                                    | Director     |
|                     | NZME Limited                                                | Director     |
|                     | Key Assets NZ Limited                                       | Director     |
|                     | Kiwibank Limited                                            | Director     |
|                     | Nica Consulting Limited                                     | Director     |
|                     | NPT Limited                                                 | Director     |
|                     | Key Assets Foundation                                       | Trustee      |
|                     | Cord Bank Limited                                           | Director     |
|                     | Bankside Chambers Ltd                                       | Director     |
|                     | Chubb Insurance New Zealand Limited                         | Director     |
| <b>R A Coupe</b>    | Kingfish Limited                                            | Director     |
|                     | Marlin Global Limited                                       | Director     |
|                     | New Zealand Takeovers Panel                                 | Chair        |
|                     | Coupe Consulting Limited                                    | Director     |
|                     | Farmright Limited                                           | Chair        |
|                     | Gentrack Group Limited                                      | Director     |
|                     | Briscoe Group Limited                                       | Director     |
|                     | Television New Zealand Limited                              | Deputy Chair |

STATUTORY INFORMATION CONTINUED

AUDITOR'S REMUNERATION

During the 30 June 2018 year, the following amounts were paid/payable to the auditor, PricewaterhouseCoopers New Zealand.

|                                                    | \$000 |
|----------------------------------------------------|-------|
| Statutory audit and review of financial statements | 35    |
| Non assurance services                             | 5     |

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

DONATIONS

Barramundi did not make any donations during the year ended 30 June 2018.

# GLOSSARY

## NET ASSET VALUE (NAV)

The NAV per share represents the market value of the total assets of Barramundi (investments and cash) less any liabilities (expenses and tax), divided by the number of shares on issue. The NAV is calculated at the close of business each Wednesday and at month end. The NAV is reviewed by PwC at interim period end and audited at the end of each financial year. The NAV is announced to the NZX each Thursday and at month end.

This metric is useful as it reflects the underlying value of the investment portfolio.

## 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 and adds back dividends paid to shareholders and adjusts for the impacts of shares issued under the dividend reinvestment plan at the discounted reinvestment price, shares bought off the market (share buy-backs) 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.

This metric is useful as it reflects the underlying performance of the investment portfolio adjusted for dividends, share buy-backs and warrants, which are a capital allocation decisions and not a reflection of the portfolio's performance.

## ADJUSTED NAV RETURN

The Adjusted NAV Return is the percentage change in Adjusted NAV and is calculated monthly, so the Adjusted NAV Return for multi-month periods is the compounded monthly returns. The Adjusted NAV Return is the net return to an investor after fees and tax.

The Adjusted NAV calculation and the Adjusted NAV Return are reviewed by an independent actuary at each interim and annual reporting period.

## GROSS PERFORMANCE RETURN

Gross Performance Return is an estimated investment return on a before tax and before expenses basis. It is calculated monthly and is appropriate for assessing the Manager's performance against an index or benchmark.

The monthly gross performance is calculated by adding together the interest, dividend income and investment gains (or losses) generated by Barramundi's portfolio of investments over the month. The Gross Performance Return represents the gross performance divided by Barramundi's opening asset value for the month plus the net cash flow for the month, assuming it was paid mid-month. The result is expressed as a percentage. The Gross Performance Return for multi-month periods are the compounded monthly returns.

The Gross Performance Return is used to compare the Manager's performance against a benchmark index return (which are also on a gross basis with no fees, costs or tax).

This metric reflects the Manager's portfolio performance in terms of stock selection and hedging of currency movements.

The Gross Performance Return is reviewed by an independent actuary at each interim and annual reporting period.

## 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 excludes imputation credits.
- 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).

This metric is 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. The TSR is reviewed by an Independent Actuary at each Interim and Annual reporting period.

## GLOSSARY CONTINUED



### OPERATING EXPENSE (OPEX) RATIO

The OPEX ratio represents total expenses, excluding brokerage and tax, divided by Barramundi's average net asset value for the period. The result is expressed as a percentage.

This metric is useful when comparing Barramundi's expenses to other investment vehicles.

The OPEX ratio may also be reported on an excluding performance fees basis.

The OPEX ratio is reviewed by an independent actuary at each annual reporting period.

### DIVIDEND RETURN

The dividend return is calculated by dividing the dollar value of dividends paid per share by the opening share price. This metric is useful as it indicates how much Barramundi pays out in dividends each year relative to its share price.

The dividend return is reviewed by an independent actuary at each interim and annual reporting period.

# DIRECTORY

## REGISTERED OFFICE

### **Barramundi Limited**

Level 1  
67 – 73 Hurstmere Road  
Takapuna  
Auckland 0622

## DIRECTORS

### **Independent Directors**

Alistair Ryan (Chair)  
Carol Campbell  
Andy Coupe

### **Director**

Carmel Fisher

## CORPORATE MANAGER

Wayne Burns

## NATURE OF BUSINESS

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

## MANAGER

### **Fisher Funds Management Limited**

Level 1  
67 – 73 Hurstmere Road  
Takapuna  
Auckland 0622

## SHARE REGISTRAR

### **Computershare Investor Services Limited**

Level 2  
159 Hurstmere Road  
Takapuna  
Auckland 0622  
Private Bag 92119  
Auckland 1142  
Phone: +64 9 488 8777  
Email: [enquiry@computershare.co.nz](mailto:enquiry@computershare.co.nz)

## AUDITOR

### **PricewaterhouseCoopers New Zealand**

Level 8  
188 Quay Street  
Auckland 1142

## SOLICITOR

### **Bell Gully**

Level 21  
48 Shortland Street  
Auckland 1010

## BANKER

### **ANZ Bank New Zealand Limited**

23-29 Albert Street  
Auckland 1010

## FOR MORE INFORMATION

For enquiries about transactions, changes of address and dividend payments, contact the share registrar above. Alternatively, to change your address, update your payment instructions and to view your investment portfolio including transactions online, please visit: [www.investorcentre.com/NZ](http://www.investorcentre.com/NZ)

## FOR ENQUIRIES ABOUT BARRAMUNDI CONTACT

### **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](mailto:enquire@barramundi.co.nz)

*The information contained in this annual report is provided for information purposes only and does not constitute an offer, invitation, basis for a contract, financial advice, other advice or recommendation to conclude any transaction for the purchase or sale of any security, loan or other instrument. In particular, the information contained in this annual report is not financial advice for the purposes of the Financial Advisers Act 2008 and should not be relied upon when making an investment decision. Professional financial advice from an authorised financial adviser should be taken before making an investment.*

