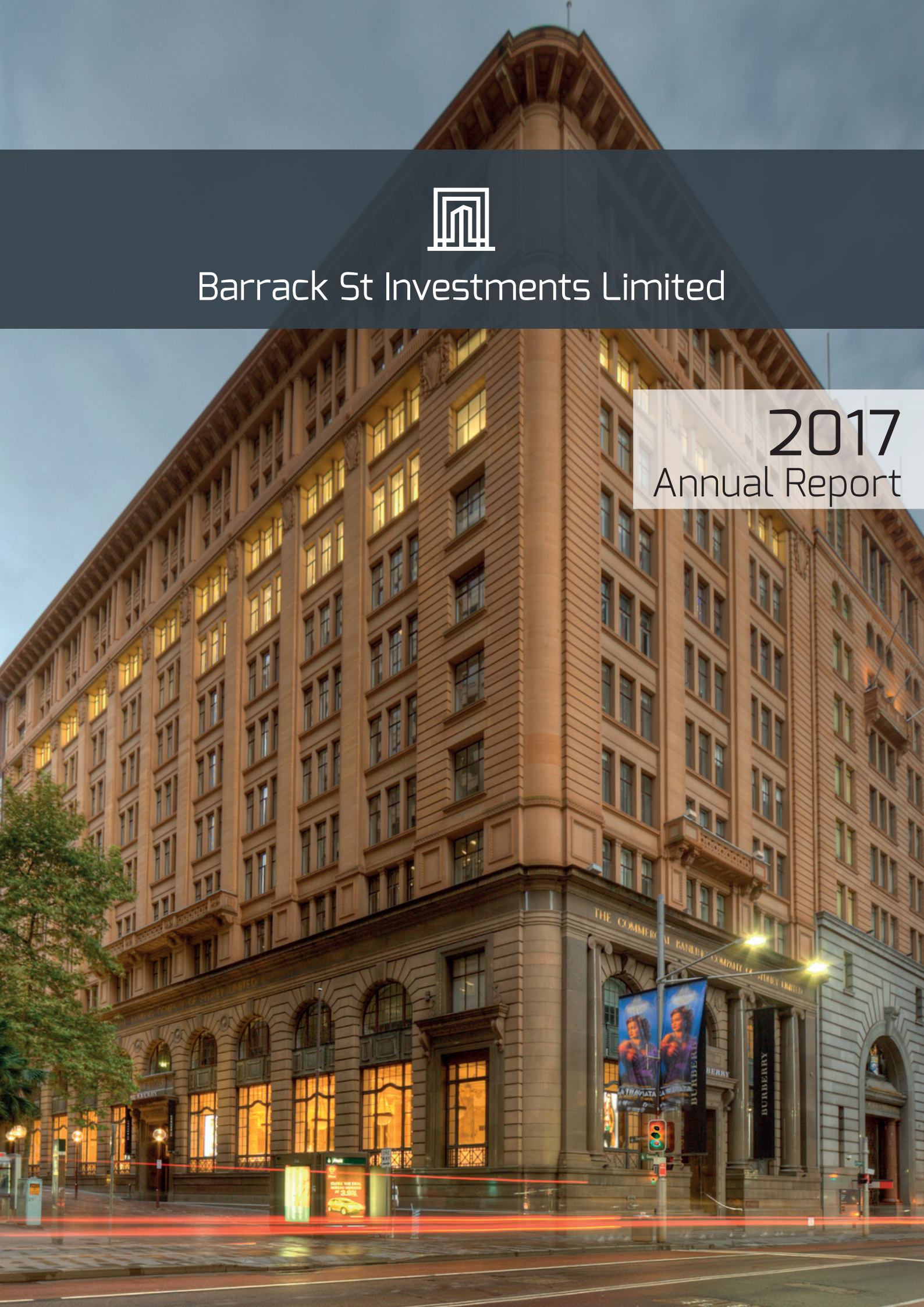




Barrack St Investments Limited

2017
Annual Report



FINANCIAL YEAR END

30 June 2017

SHARES TRADED EX DIVIDEND

5 September 2017

DIVIDEND BOOKS CLOSE

6 September 2017

DIVIDEND PAYMENT

22 September 2017

ANNUAL GENERAL MEETING

The Annual General Meeting of
Barrack St Investments Limited:

WILL BE HELD AT:

The office of
Rothsay Chartered Accountants
Level 1

12 O'Connell Street
SYDNEY NSW 2000

TIME:

11.00am (NSW Time)

DATE:

Friday 27 October 2017

**INVESTING IN BARRACK ST
INVESTMENTS LIMITED**

Investors can purchase shares in
Barrack St Investments Limited
through the Australian Securities
Exchange.

ASX code: **BSI**

Barrack St Investments Limited
ABN 30 167 689 821
Registered in Australia
23 January 2014 and listed on
ASX in August 2014



BARRACK ST INVESTMENTS LIMITED DIRECTORS (from left to right)

Dr Manny Pohl, Murray d'Almeida and David Crombie AM

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HIGHLIGHTS FOR 2017



Highlights for the year ending June 2017

- The portfolio before fees and tax increased by 2.6% versus a 8.5% increase in the All Ordinaries Index over the twelve month period.
- The Net Tangible Assets (NTA) per share declined by 5.9% after tax (on realised gains only).
- Dividends of 2.5 cents comprising a 1.5 cent final dividend (2016) and a 1.0 cent interim dividend (2017) were paid during the year.

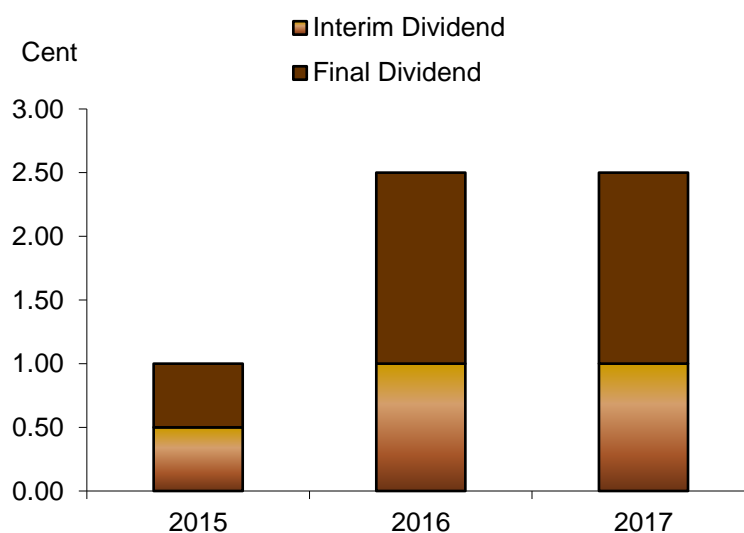


Barrack St Investments Performance vs. the All Ordinaries Index

Year to	Portfolio Return Pre Fees	NTA (on Realised Gains Only)	All Ordinaries Index
June-15	3.4%	-3.6%	-3.1%
June-16	24.8%	15.8%	-2.6%
June-17	2.6%	-5.9%	8.5%



Dividends per share (as declared)





Major Investments June 2017

TOP 10 INVESTMENTS		
	June 17	June 16
Magellan Financial Group Ltd	7.0%	8.0%
Domino Pizza Enterprises	6.6%	0.0%
TPG Telecom Limited	6.6%	0.0%
Carsales.Com Ltd	6.3%	7.1%
Reliance Worldwide	5.8%	4.3%
Trade Me Group	5.2%	8.7%
BT Investment Management	5.1%	8.2%
REA Group	4.7%	7.5%
Cochlear Limited	4.6%	0.0%
Blue Sky Limited	4.6%	0.0%
TOTAL	56.5%	43.8%

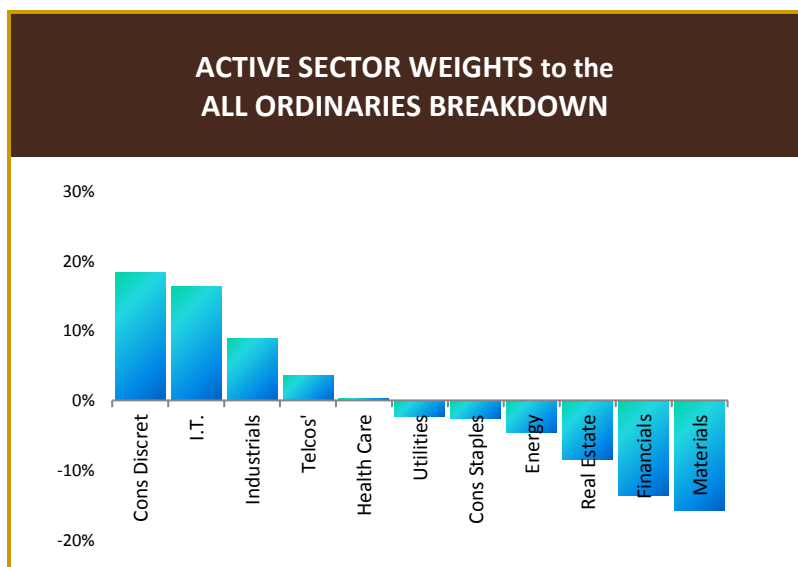


Sector Breakdown June 2017

SECTOR BREAKDOWN	
Consumer Discretionary	22.9%
Financials	18.8%
Information Technology	16.8%
Industrials	15.6%
Cash	8.2%
Health Care	7.2%
Telecommunication Services	6.6%
Consumer Staples	3.9%
TOTAL	100.0%



Benchmark Comparison



OVERVIEW

COMPANY PROFILE

Barrack St Investments Limited (the “Company”) listed on the Australian Securities Exchange (ASX) in August 2014 and is a Listed Investment Company (LIC) providing investors with access to an expertly crafted quality portfolio of Australian small and mid-cap growth companies.

The portfolio is managed by ECP Asset Management Pty Ltd, which has a strong funds management investment team renowned for its stability, track record and sound investment process.

The composition and performance of the investment portfolio is monitored by the Board of Directors, which comprises business people with many years of experience in the business, investment and funds management industries.

There is a management fee of 1% p.a. on the net tangible assets of the Company, payable annually. The Manager receives a fee which is performance based and payable annually in arrears if the Company's investments outperform an absolute return of 8%. If the Company's net performance is less than the returns on 8%, no performance fee is payable ensuring the Manager is focused on absolute returns to Shareholders (“Shareholders”).

MISSION

Creating Shareholder wealth through active management of a portfolio of ASX listed small and mid-cap quality growth companies.

OBJECTIVES

The investment objectives of Barrack St Investments Limited are:

- To achieve medium to long-term capital growth and income through investing in a diversified portfolio of small and mid-cap Australian companies;
- To preserve and enhance the NTA backing per share after allowing for inflation; and
- To provide Company Shareholders with a fully franked dividend which, over time, will grow at a rate in excess of the rate of inflation.

INVESTOR BENEFITS

The benefits for investors in Barrack St Investments Limited are:

- Reduced share investment risk through a diversified investment portfolio;
- Professional and disciplined management of an investment portfolio;
- Fully franked dividend income;
- Access to tax advantages of Listed Investment Company Capital Gains when available;
- Access to a Dividend Reinvestment Plan;
- No entry or exit charges made by the Company; and
- Easy access to information via the Company's head office or website **www.barrackst.com**.

INVESTMENT MANAGER

The management of the Company's investment portfolio is undertaken by ECP Asset Management Pty Ltd, with administration support from EC Pohl & Co Pty Ltd.

The Manager's investment philosophy is built on the belief that the economics of business drives long-term investment returns. Investing in high quality businesses that have the ability to generate predictable, above average economic returns, will produce superior investment performance over the long-term.

The Company's portfolio of investments comprises companies whose operations cover a wide spectrum of business activities and the portfolio is constructed from the perspective of a business owner, by investing in well managed companies and not simply by tracking the index weighting of various component stocks.

Dr Emmanuel (Manny) Pohl is the Chairman of EC Pohl & Co Pty Ltd, which is the holding company of ECP Asset Management Pty Ltd. ECP Asset Management Pty Ltd is an authorised representative of EC Pohl & Co Pty Ltd, which holds an AFSL.

Information on the Investment Manager is available from **www.ecpam.com**.

CHAIRMAN'S REPORT

Dear Shareholder,

It gives me great pleasure to present the fourth Annual Chairman's Report of Barrack St Investments Limited.

THE YEAR IN REVIEW

At 30 June 2017 the Net Assets of the Company increased by \$1,730,107 (9.8%) primarily due to the capital raising during the year. In spite of the political turmoil during the year, the Australian share market produced a reasonable return over the period with the All Ordinaries Index rising by 8.5%. The past financial year was very much a year of two halves as growth stocks underperformed during the first half of the year when (political) uncertainty caused future growth to be heavily discounted. This was reversed over the course of the latter part of the financial year as discerning investors paid up for quality growth companies once again. However, it can be said, that large cap stocks have dominated active share returns in the market during the year with small caps underperforming. This shift to large cap companies has meant that the portfolio under-performed the market with a 2.6% return.

The After Tax Profit of the Company (before the performance fee) decreased by 58%.

Revenue from dividends decreased by 10% for the year, while expenses decreased by 44%. Net increase in Total Assets which includes fair value of investments, cash and dividends receivable was 4.4%.

When the Company was listed on the ASX on 14 August 2014, securities were issued comprising one Option and one ordinary share. Whilst some of these Options have been exercised, the remainder expired on 17 August 2016. During the year ended 30 June 2017, 2,220,000 Options were exercised at \$1 each.

The Company was listed on the ASX on 14 August 2014 and was formed to satisfy a growing appetite for access to boutique investment managers with an expertise in small and mid-cap companies.

THE MARKET OUTLOOK

The first six months of the financial year was a very unusual period where pretty much everything we stood for, was working against us. A recent report published by Macquarie Bank indicated that in 2016 active management faced headwinds resulting in returns being down in the first quartile. Moreover, the moves were relatively large in standard deviation terms, indicating to us that the market was at an inflection point at the end of 2016. This proved to be the case as stock selection and quality factors enabled us to perform against the broader market once again with the portfolio increasing by 4.3% since January 2017 versus the All Ordinaries which increased by 0.8%.

Over time we believe we can drive returns through stock selection and this has been the case in 2017 with normality returning to the market.

Furthermore, we are comfortable with the long-term fundamental drivers of return in our portfolio, and have maintained our positioning despite considerable market pressure. In our view, companies with strong market positions, strong balance sheets and good management, will continue to perform well and reward patient investors, although we expect market returns to be modest again in the coming year.

DIVIDEND

Notwithstanding the underperformance of our investments, the Board has decided to approve a final dividend of 1.5 cents per share. The overall dividend for the year of 2.5 cents per share, fully franked, representing a dividend yield of 3%.

There is a LIC attributable amount available and the dividend to be paid will have an attributable amount attached – refer also to Note 15(d).

THE INVESTMENT MANAGEMENT TEAM

ECP Asset Management, led by Manny Pohl (Chief Investment Officer) manages the portfolio of investments of the Company. Manny has a long and successful track record in investment management. Your Board believes that the performance since inception of 10.4% compared to an increase of the All Ordinaries Index by 0.8% for the same period, is testimony of the investment philosophy implemented by ECP Asset Management.

THE BOARD

Dr Manny Pohl retired from the Board at the end of the year and Jared Pohl, who was his Alternate, has been appointed as a Director in his stead. I would like to thank Manny for his contribution to the establishment of this business and welcome Jared to the Board. Your Board remains optimistic about the future and in our view, companies with good strong management and healthy balance sheets will continue to perform well and reward our Shareholders over the longer term. I look forward to your continued support.

Finally, I wish to thank my fellow Board members, Company Secretary, our Consultants and in particular the staff of ECP Asset Management Pty Ltd for their input and support in the past year and we, (including myself as Chairman) look forward to the year ahead.

Yours sincerely



Murray H d'Almeida
Chairman



DIRECTORS' REPORT

Your Directors present their report on Barrack St Investments Limited for the financial year ended 30 June 2017.

1. DIRECTORS

The following persons were Directors of Barrack St Investments Limited from the beginning of the financial year until the date of this report, unless otherwise stated: Murray H d'Almeida, Dr Emmanuel (Manny) C Pohl, David C Crombie AM and Jared D Pohl.

2. INFORMATION ON DIRECTORS



Murray H d'Almeida

FAICD

Chairman, Independent Director

Member of Audit and Risk Committee

Experience and expertise

Director since the inception of the Company in 2014. Over 36 years of diverse national and international business experience. Founded the Retail Food Group and developed a presence in seven overseas countries. Subsequently has maintained operating and board positions within a range of financial services, mining, commercial, academic, government and sporting businesses and organisations.

Other Current directorships

Chairman of BPS Technology Limited
Director Global Masters Fund Limited
Director Triple Energy Limited
Deputy Chancellor Southern Cross University
Trustee of Currumbin Wildlife Foundation
Member of Gold Coast Light Rail Business Advisory Board

Former Listed Company directorships in last 3 years

Chairman Pacific Environment Limited
Chairman Management Resource Solutions PLC

Interest in Shares

10,000 ordinary shares



Dr Emmanuel (Manny) C Pohl

B.Sc (Eng), MBA, DBA, FAICD, MSAFAA, F Fin

Executive Director and CEO

Experience and expertise

Director since the inception of the Company in 2014. Retired from the Board on 30 June 2017.

Other current directorships

Managing Director of Global Masters Fund Limited
Managing Director of Flagship Investments Limited
Chair of Athelney Trust Plc
Chairman of EC Pohl & Co Pty Ltd
Chairman of ECP Asset Management Pty Ltd
Chairman and President of Bond University Rugby Club
Director of Bond University Limited
Director of Huysamer International Holdings (Pty) Ltd
Trustee of Currumbin Wildlife Hospital Foundation

Former Listed Company directorships in last 3 years

None.

Interest in Shares

6,856,216 ordinary shares

Has a relevant interest in shares in the Company over which he holds a Power of Attorney.



David C Crombie AM

B.Econ (UQ)

*Non-Executive Director
Chair of Audit and Risk Committee*

Experience and expertise

Director since 2014

Extensive business experience as founding partner in Palladium Group (formerly GRM International), with 1600 professional staff engaged on development projects in 26 countries across a range of sectors including health, education, agricultural services and capacity building for AusAid, DIFID and USAid plus multilateral and Government /private sector clients. Retired as Managing Director in 2000 and remains on the Board.

Currently managing agricultural and livestock projects across northern Australia.

Formerly President of the National Farmers Federation, Chairman Meat and Livestock Australia and President of Australian Rugby Union.

Other current directorships

Director Australian Agricultural Company (AAC)

Director Alliance Aviation Services (AQZ)

Director of Palladium Group

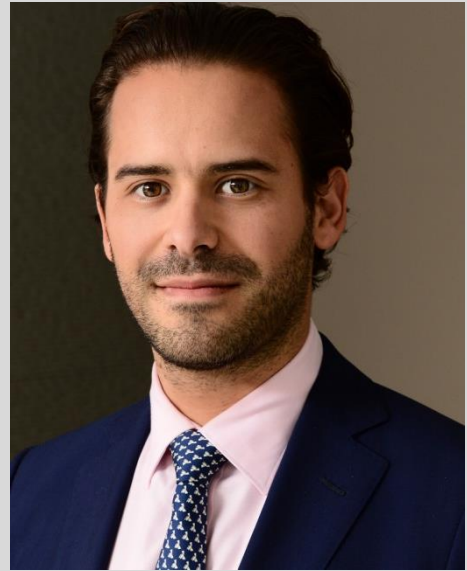
Member of Advisory Board – QAAFI (University of Queensland – Agriculture)

Former Listed Company directorships in last 3 years

None

Interest in Shares

108,112 ordinary shares



Jared D Pohl

B.Com, B.IT, MBA

Alternate Director

Experience and expertise

Alternate Director since 23 June 2014.

Jared has over 10 years investment experience. Prior to establishing ECP Asset Management alongside Manny, Jared was a member of the Hyperion Asset Management investment team where he undertook general company research, with a focus on the technology sector. In addition, he was tasked with managing the firm's equity trading function.

Most recently Jared was seconded to Wasatch Advisors in Salt Lake City where he worked alongside their Private Market team, looking for pre-IPO investment opportunities.

Prior to financial services Jared consulted on a number of IT projects and has been involved extensively in the tech start-up space.

Other current directorships:

Director of ECP Asset Management Pty Ltd

Director of EC Pohl & Co Pty Ltd

Advisory Council of Bond University Transformer

Director of Sound Life Charity (Limited by guarantee)

Bond University Business School Advisory Council

Former Listed Company directorships in last 3 years

None

Interest in Shares

15,000 ordinary shares

DIRECTORS' REPORT (Continued)

3. PRINCIPAL ACTIVITIES

The principal activity of the Company is investing in securities listed on the Australian Securities Exchange.

4. REVIEW OF OPERATIONS

Our portfolio underperformed the market, increasing by 2.6% over the twelve months.

Overall performance of the Australian equity market was driven by a heightened level of uncertainty in the World's major economies and local investors seeking yield. The Australian share market, as represented by the All Ordinaries Index, increased by 8.5%.

Once again high quality businesses were recognized as such by the market and marked up, while the speculative resource companies remain under pressure.

As our investment horizon is three to five years, we believe there is significant capital appreciation potential for the portfolio.

5. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Company during the financial year were as follows:

- The value of the available for sale assets before fees and taxes increased by 6.4%.
- 28,575 shares were issued in terms of a Dividend Re-investment Plan (DRP) which was offered during the year.
- 2,220,000 Options were exercised @ \$1 each.

6. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Other than the dividend declared as per item 9, no other matter or circumstance not otherwise dealt with in the Director's Report or Financial Report, which has arisen since the end of the year that has significantly affected, or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

7. LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

There are no planned changes to principal activities. Any general decline in equity markets may have an adverse effect on results in future years.

8. ENVIRONMENTAL ISSUES

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

9. DIVIDENDS PAID

TYPE	CENTS PER SHARE	TOTAL AMOUNT \$'000S	DATE OF PAYMENT
The dividends paid to Shareholders during the financial year were as follows			
Final	1.5	274	September 2016
Interim	1.0	181	April 2017
	2.5	455	
Dividends paid by the Company during the preceding year were:			
Final	0.5	80	September 2015
Interim	1.0	160	April 2016
	1.5	240	

The final dividend paid in September 2016 and the interim dividend paid in April 2017, were fully franked.

In addition to the above dividends, since the end of the financial year the Directors have recommended the payment of a franked final dividend of \$274,771 (1.5 cents per share) to be paid on 22 September 2017. There is a LIC attributable amount attached to these dividends, refer to Note 15 (d).

10. EARNINGS PER SHARE

Based on profit after income tax.

	2017 Cents	2016 Cents
Basic earnings per share	3.90	7.76
Diluted earnings per share	3.90	7.76

As a result of moving to AASB 9 Total Comprehensive Income is a more appropriate base for detailing earnings per share.

	2017 Cents	2016 Cents
Basic earnings per share	(0.38)	13.08
Diluted earnings per share	(0.38)	13.08

See Note 16 of the Financial Report.

11. COMPANY SECRETARY

Brian Jones B.Com, FCA

Brian Jones is a Chartered Accountant and a partner of Rothsays Chartered Accountants in Sydney. He has been Company Secretary of Barrack St Investments Limited since August 2014. He has over 36 years' experience in the accounting and finance industries and is currently Company Secretary of two other listed Companies.

12. MEETINGS OF DIRECTORS

The number of Directors' meetings attended by each of the Directors of the Company during the financial year are:

BOARD			AUDIT AND RISK COMMITTEE	
Director	Eligible to attend	Attend	Eligible to attend	Attend
M H d'Almeida	4	4	4	4
Dr E C Pohl	4	4	4	4
D Crombie AM	4	4	4	4
J D Pohl	4	4	4	4

13. REMUNERATION REPORT (AUDITED)

The remuneration report is set out under the following main headings:

- (A) Principles used to determine the nature and amount of remuneration
- (B) Details of remuneration
- (C) Service agreements
- (D) Share-based compensation
- (E) Related Party Transactions
- (F) Equity Instrument Disclosure relating to Key Management Personnel

(A) Principles used to determine the nature and amount of remuneration

Fees and payments to Directors reflect the demands which are made on, and the responsibilities of, the Directors.

No remuneration consultants were engaged during the year.

The per annum remuneration of the Directors remained unchanged from previous year:

■ Chairman	\$45,000
■ Other Directors	\$40,000

Remuneration of Directors is determined by the Board within the maximum amount of \$200,000 previously approved by the Shareholders.

There is no performance based remuneration for Directors.

(B) Details of remuneration

Details of the remuneration of each Director of Barrack St Investments Limited and the executives of the Company are set out in the following table.

DETAILS OF REMUNERATION								
Director	Year	Short-term Benefits			Post-Employment Super	Equity		Total \$
		Fees \$	Performance Fees \$	Non-monetary Benefits \$		Shares \$	Options \$	
M H d'Almeida <i>Non-executive Chairman</i>	2017	46,125*	-	-	-	-	-	46,125*
	2016	46,125	-	-	-	-	-	46,125
Dr E C Pohl <i>Executive Director, CEO</i>	2017	41,000*	-	-	-	-	-	41,000*
	2016	41,000	-	-	-	-	-	41,000
D Crombie AM <i>Non-executive Director</i>	2017	41,000*	-	-	-	-	-	41,000*
	2016	41,000	-	-	-	-	-	41,000
Total Directors Remuneration	2017	128,125	-	-	-	-	-	128,125
	2016	128,125	-	-	-	-	-	128,125

* GST inclusive

(C) Service agreements

As the Company does not employ any staff, there are no employment service agreements entered into by the Company. The Company Secretary is employed by Rothsay Chartered Accountants and the CEO is employed by the Investment Manager – ECP Asset Management Pty Ltd.

(D) Share-based compensation

No share-based compensation exists.

(E) Related Party Transactions

The following transactions occurred with other related parties:	2017 \$	2016 \$
Expenses paid or payable by the Company to:		
– ECP Asset Management Pty Ltd for Performance Fee A Performance Fee and Management Fee was payable in accordance with the Management Services Agreement as detailed in Note 22. Dr E C Pohl has an interest in the transaction as during the year Dr E C Pohl was a Director of ECP Asset Management Pty Ltd.	-	425,864
– ECP Asset Management Pty Ltd for Management Fee.	193,489	183,185
– Rothsay Chartered Accountants Fees paid in respect of Corporate Secretarial and CFO services.	37,925	36,900
All related party transactions are made on an arm's length basis using the standard terms and conditions.		

DIRECTORS' REPORT (Continued)

(F) Equity Instrument Disclosure relating to Key Management Personnel

The number of shares in the Company held during the financial year by each Director of Barrack St Investments Limited, including their related parties is set out below. There were no shares granted during the year as compensation.

2017	Balance At The Start Of The Year	Received During The Year By Exercise Of Options	Other Changes During The Year	Balance At the End Of The Year
M H d'Almeida	5,000	5,000	-	10,000
Dr E C Pohl	4,823,716	2,032,500	-	6,856,216
D Crombie AM	105,636	-	2,476	108,112
B E Jones	2,000	-	-	2,000

END OF REMUNERATION REPORT (AUDITED)

14. GENERAL TRANSACTIONS

In addition to Director's remuneration, the Company has a management services agreement with ECP Asset Management Pty Ltd – refer Notes 21 and 22.

15. LOANS

There are no loans issued to any of the Directors (30 June 2016 – Nil).

16. OPTIONS

There were no Options at 30 June 2017.

17. INSURANCE OF OFFICERS AND/OR AUDITORS

During the financial year the Company insured the Directors and Officers against certain liabilities as permitted by the *Corporations Act 2001*. The insurance policy prohibits disclosure of the nature of the cover, the amount of the premium, the limit of liability and other terms.

The Company has entered into an agreement for the purpose of indemnifying Directors and Officers, to the extent permitted by law, against any liability (including the costs and expenses of defending actions for an actual or alleged liability) incurred in their capacity as a Director and Officer of the Company.

The Company has not during or since the financial year indemnified or paid any insurance premiums to indemnify the auditors.

18. PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under Section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceeding to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under Section 237 of the *Corporations Act 2001*.

19. NON-AUDIT SERVICES

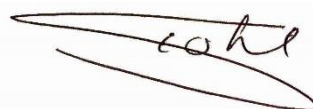
The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

There have been no amounts paid or payable to the auditors for non-audit services provided during the year.

The Directors have considered the position and are satisfied that the provision of any non-audit services (if necessary in future) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Committee is satisfied that the provision of any non-audit services by the auditor, would not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services would be reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

A copy of the Auditors' Independence Declaration as required under section 307C of the *Corporation Act 2001* is set out on page 13.



Jared D Pohl
Director

24 August 2017

AUDITOR'S INDEPENDENCE DECLARATION

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF BARRACK ST INVESTMENTS LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017 there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.

Leslie Pines Chartered Accountant



Leslie Pines

Date 24th day of August 2017

Suite 1, 102 Spofforth Street Cremorne NSW 2090

CORPORATE GOVERNANCE STATEMENT: FOR THE YEAR ENDED 30 June 2017

This statement outlines the main corporate governance practices that were in place for the year ended 30 June 2017. The statement explains the extent to which the Company complies with the ASX Corporate Governance Principles and Recommendations, including explanations of why certain recommendations have not been followed. For ease of comparison with the Principles and Recommendations, this section summarises the Company's compliance with each of the specific recommendations as follows.

PRINCIPLE 1: Lay solid foundations for management and oversight

Recommendation 1.1: Respective roles and responsibilities of its Board and Management

Compliant

The Board is responsible for the overall corporate governance of the entity and its overriding objective is to protect and increase Shareholder value. The Board guides and monitors the business to ensure that the Company is properly managed in the best interest of Shareholders. The Board is accountable to its Shareholders.

It is responsible for a broad range of matters including:

- monitoring the Investment Manager and the composition and performance of the investment portfolio;
- undertaking Director nomination matters including succession planning for the Board to ensure an appropriate mix of skills, experience, expertise and diversity is maintained;
- approving and maintaining appropriate risk management and internal control systems to identify, assess, monitor and manage the Company's business risks on an ongoing basis;
- overseeing the Company's process for disclosure and communications; and
- developing and approving appropriate Company policies, procedures and codes of behaviour as required to maintain a culture of integrity and a strong framework of corporate governance.

The Board has adopted a formal Board Charter that details the Board's role, authority, responsibilities, membership and operations, and is available on the Company's website www.barrackst.com

The Charter sets out the matters specifically reserved for the Board and the powers delegated to its Committees.

Recommendation 1.2: Information prior to Director election/re-election

Compliant

Before the Board appoints a new Director or puts forward a candidate for election, the Board will ensure that appropriate background checks are undertaken. Shareholders are provided with all material information in our possession that is relevant to their decision on whether or not to elect or re-elect a Director through a number of channels, including via the Notice of Meeting, the Director Résumés and other information contained in the Annual Report.

Recommendation 1.3: Written agreement with each Director and senior executive setting out the terms of their appointment

Compliant

Upon appointment, each Director receives a letter of appointment which sets out the formal terms of their appointment, along with a deed of indemnity, insurance and access.

Recommendation 1.4: The Company Secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

Compliant

The Company Secretary is employed by a third party as disclosed in the Directors' Report and is directly accountable to the Board on matters relating to the proper functioning of the Board.

Details regarding the Company Secretary, including experience and qualifications, are set out in the Directors' Report.

Recommendation 1.5: Gender Diversity

Not Compliant

In respect of diversity, the Board considers that diversity includes differences that relate to gender, age, ethnicity and cultural background. It also includes differences in background and life experience, communication styles, interpersonal skills, education and problem solving skills.

The Board seeks to develop a culture of diversity whereby a mix of skills and diverse backgrounds are employed by the Company at all levels, through structuring the recruitment processes at all levels, so that a diverse range of candidates are considered and there are no excuses or unconscious biases that might discriminate against certain candidates. However, as the Company is an externally managed entity, this recommendation is not applicable.

Recommendations 1.6 and 1.7: Board and Senior Executive Evaluation

Compliant

The Board is committed to formally evaluating its performance and the performance of the Audit and Risk Committee and individual Directors, as well as the governance processes supporting the Board. The Board does this through an annual assessment process. Any issues identified are addressed at subsequent Board meetings.

PRINCIPLE 2: Structure the Board to add value

Recommendation 2.1: Establish a Nomination Committee

Not Compliant

The Company has not established a formal Nomination Committee, as the Board considers that, due to the scope and nature of the Company's activities, the whole Board should undertake the responsibility.

Recommendation 2.2: Have and disclose a Board skills matrix

Compliant

Our objective is to have an appropriate mix of expertise and experience on our Board and its Committees so that the Board can effectively discharge its corporate governance and oversight responsibilities. This mix is described in the Board skills matrix below.

Expertise	Experience
■ Financial knowledge and experience	Industry Finance Superannuation
■ Legal, governance and compliance	Market Australian Listed Securities
■ Commercial acumen	Geographic Australia
■ Risk management	

Recommendation 2.3: Independent Directors

Compliant

The Board has accepted that an Independent Director is as defined in Box 2.3 of the ASX Corporate Governance Principles and Recommendations (3rd Edition).

Of the current Board members, Mr Murray d'Almeida and David Crombie AM are considered to be independent Directors.

The length of service of each Director is set out in the Directors Report.

Recommendation 2.4: A majority of the Board of a listed entity should be independent Directors

Compliant

The structure of the Board does comply with this recommendation in that a majority of the Directors are independent (refer recommendation 2.3)

Recommendation 2.5: The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.

Complaint

The Company's Chairman is Mr Murray d'Almeida, an independent Director.

Recommendation 2.6: Director induction and professional development

Compliant

New Directors are inducted into the Company's processes and policies in a suite of ways, including the provision of a 'Board manual', interviews with senior management of the Investment Manager and out of session meetings with other Directors. All Directors are encouraged to undertake ongoing professional development both in their area of technical expertise and in the skills required to effectively execute the role of Director.

PRINCIPLE 3:

Act ethically and responsibly

Recommendation 3.1: Code of Conduct

Compliant

The Company has developed a Code of Conduct (the Code) which has been fully endorsed by the Board and applies to all Directors and officers. The Code is reviewed annually and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity. A summary of the Code is available on the Company's website: www.barrackst.com

The Code sets out the Company's commitment to conducting its business in accordance with all applicable laws and regulations while demonstrating and promoting the highest ethical standards.

PRINCIPLE 4:

Safeguard integrity in corporate reporting

Recommendation 4.1: Audit Committee

Compliant

The Company has an Audit and Risk Committee which comprises two independent Directors.

The composition of the Committee, a record of its meetings, and the relevant experience of each member of the Committee is set out in the Directors Report.

The Audit and Risk Committee charter is available on the Company's website: www.barrackst.com

Recommendation 4.2: CEO and CFO declaration on the financial records

Compliant

The Board has received a declaration from the CEO and CFO that the Company's financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

A summary of the Code is available on the Company's website: www.barrackst.com

Recommendation 4.3: The external auditor should attend the AGM and be available to answer questions from security holders relevant to the audit

Compliant

Leslie Pines, the Company's auditor during the year, was available at the most recent AGM and will be available at the next AGM, to answer questions from Shareholders. It is the policy of the Board to always request auditor presence at AGMs.

PRINCIPLE 5: Make timely and balanced disclosure

Recommendation 5.1: Continuous Disclosure Policy

Compliant

The Company has a Continuous Disclosure Policy which sets out the obligations of the Company's Directors and officers in relation to continuous disclosure as well as the Company's obligations under the Corporations Act and the ASX Listing Rules. The policy also contains procedures for internal notification and external disclosure, as well as procedures for promoting understanding of compliance with the disclosure requirements and for the monitoring of Company compliance.

The Disclosure Policy is available on the Company's website: www.barrackst.com

PRINCIPLE 6: Respect the rights of security holders

Recommendation 6.1: A listed entity should provide information about itself and its governance to investors via its website

Compliant

Investors and other stakeholders can find information about the Company on its website: www.barrackst.com

Information on the Company's corporate governance practices can also be found at www.barrackst.com

Recommendation 6.2: A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors

Compliant

The Company's Communications Policy sets out how the Company will communicate with Shareholders.

Information is communicated to Shareholders through the distribution of a quarterly report, annual and half yearly financial reports, announcements through the ASX and the media, on the Company's website and through the Chairman's address at the Annual General Meeting.

If requested, the Company will provide general information by email, facsimile or post.

Through the Company's information email address and phone number, and at AGMs, the Company encourages two-way communication with Shareholders.

The Communication Policy is available on the Company's website: www.barrackst.com

Recommendation 6.3: Disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders

Compliant

The Company facilitates and encourages participation at meetings of security holders by having sections of each meeting dedicated to questions from the floor. Shareholders are given at least 30 days' notice of security holder meetings and those that are unable to attend in person may email or fax questions they would like answered.

The Company provides a direct voting facility to allow security holders to vote ahead of AGMs without having to attend or appoint a proxy.

Recommendation 6.4: Give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically

Compliant

Quarterly reports and other information required to be sent to Shareholders are sent by email to all persons who have requested their name to be added to the Company's email list. If requested, the Company will provide general information by email, facsimile or post.

PRINCIPLE 7: Recognise and manage risk

Recommendation 7.1: Risk Committee

Compliant

The Audit and Risk Committee monitors the Company's business risks.

The composition of the Committee and a record of its meetings is set out in the Directors Report.

The Audit and Risk Committee charter is available on the Company's website: www.barrackst.com

Recommendation 7.2: Annual risk management framework review

Compliant

Each year, the Audit and Risk Committee, reviews the Company's risk management framework. Ad hoc reviews may also be conducted when the Board perceives that the risk environment has shifted significantly. A review was conducted during the year.

Recommendation 7.3: Internal audit function

Non-Compliant

The Company does not have an internal audit function as the Board has deemed it is not necessary giving consideration to the size and nature of the Company. Instead, the full Board through the Audit and Risk Committee liaises closely with the Company's external auditor to identify potential improvements to the risk management and internal control processes.

Recommendation 7.4: Exposure to economic, environmental and social sustainability risks

Compliant

The Board monitors the business risk and guides the affairs of the Company in the discharge of its stewardship responsibilities.

The Board meeting agendas and reports advise the Board of current and forthcoming issues relevant to the Company's operations and performance. The Board reviews the investment portfolio at their regular meetings.

Management has designed and implemented a risk management and internal control system through a Risk Management Framework. The Framework is monitored by the Audit and Risk Committee with regular reporting to Committee meetings. The Framework is reviewed yearly by the Committee.

The identified risks are grouped within the Framework under the following headings:

- Strategic
- Operational
- External Macro
- Environmental

PRINCIPLE 8: Remunerate fairly and responsibly

Recommendation 8.1: Remuneration Committee

Not Compliant

Given the size of the Company and the nature of its activities, these functions are undertaken by the Board.

Recommendation 8.2: Disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives

Compliant

The maximum amount of Directors' fees is fixed by Shareholders at the Annual General Meeting and can only be varied by Shareholders in a similar manner. In determining the allocation of fees, the Board takes into account the time demands on each Director, together with the responsibilities undertaken by them and market practices of similar sized businesses in the Listed Investment Company sector.

It is the policy of the Board not to issue Directors incentive shares or options.

The details of the remuneration received by Directors in the 2016/2017 year are included in the Remuneration Report contained within the Directors' Report.

Recommendation 8.3: Equity-based remuneration

Not Compliant

As the Company does not have an equity-based remuneration scheme, recommendation 8.3 is not applicable.

FINANCIAL REPORT

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This financial report covers Barrack St Investments Limited as an individual entity. There are no controlled entities.

Barrack St Investments Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Barrack St Investments Limited
Suite 5
Level 3 Barrack House
16-20 Barrack Street
SYDNEY NSW 2000

The financial report was authorised for issue by the Directors on 24 August 2017.

A description of the nature of the entity's operations and its principal activities is included in the Operating and Financial Review.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete and available globally at minimum cost to the Company. All media releases, financial reports and other information are available from the Company at the above address or from our website:

www.barrackst.com

BARRACK ST INVESTMENTS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 \$	2016 \$
Revenue	5	400,085	452,492
Expenses	6	(501,606)	(888,414)
Realised gain on available sale of financial assets		960,271	2,101,797
Profit/(loss) before income tax		858,750	1,665,875
Income tax expense	7	(166,233)	(418,831)
Profit/(loss) after income tax		692,517	1,247,044
Other Comprehensive Income, net of income tax			
Items that will not be reclassified subsequently to profit & loss			
Changes in fair value of Financial Assets at fair value through Other Comprehensive Income		(1,085,364)	1,333,156
Income Tax (Expense)/income relating to components of Other Comprehensive Income		325,609	(480,089)
Items that will be reclassified to profit & loss when specific conditions are met			
Other Comprehensive Income/(loss) for the year, net of tax		(759,755)	853,067
Total Comprehensive Income/(loss) for the year		(67,238)	2,100,111
Earnings per share:			
		Cents	Cents
Basic earnings per share	16	3.90	7.76
Diluted earnings per share	16	3.90	7.76
Total Comprehensive Income			
Basic and diluted earnings per share	16	(0.38)	13.08

The accompanying Notes form part of these Financial Statements.

FINANCIAL REPORT

BARRACK ST INVESTMENTS LIMITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Notes	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	8	940,361	1,598,940
Trade and Other Receivables	9	674,652	286,943
TOTAL CURRENT ASSETS		1,615,013	1,885,883
NON CURRENT ASSETS			
Available-for-sale Financial Assets at fair value	10	17,745,194	16,684,454
Deferred tax assets	11	120,725	98,311
TOTAL NON-CURRENT ASSETS		17,865,919	16,782,765
TOTAL ASSETS		19,480,932	18,668,648
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	12	18,126	467,145
Current tax liabilities		134,463	193,784
TOTAL CURRENT LIABILITIES		152,589	660,929
NON CURRENT LIABILITIES			
Deferred Tax Liability	11	-	409,482
TOTAL NON-CURRENT LIABILITIES		-	409,482
TOTAL LIABILITIES		152,589	1,070,411
NET ASSETS		19,328,343	17,598,237
EQUITY			
Issued Capital	13	17,952,246	15,699,716
Reserves	14	92,430	852,185
Retained earnings		1,283,667	1,046,336
TOTAL EQUITY		19,328,343	17,598,237

The accompanying Notes form part of these Financial Statements.

BARRACK ST INVESTMENTS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

2016	Note	Ordinary Shares \$	Retained Earnings \$	Asset Revaluation Reserve \$	Total \$
Balance at 1 July 2015		15,506,779	39,961	(883)	15,545,858
Profit for the year		-	1,247,044	-	1,247,044
Other Comprehensive Income for the year		-	-	853,067	853,067
Total Comprehensive Income for the year		-	1,287,044	853,067	2,100,111
Transactions with owners in their capacity as owners					
Shares issued during the year		34,085	-	-	34,085
Capital raising costs – Tax Effect		158,852	-	-	158,852
Dividends paid or provided for	15	-	(240,669)	-	(240,669)
Balance at 30 June 2016		15,699,716	1,046,336	852,185	17,598,237

2017	Note	Ordinary Shares \$	Retained Earnings \$	Asset Revaluation Reserve \$	Total \$
Balance at 1 July 2016		15,699,716	1,046,336	852,185	17,598,237
Profit for the year			692,517		692,517
Other Comprehensive Income for the year				(759,755)	(759,755)
Total Comprehensive Income for the year			692,517	(759,755)	(67,238)
Transactions with owners in their capacity as owners					
Shares issued during the year		2,252,530			2,252,530
Dividends paid or provided for	15		(455,186)		(455,186)
Balance at 30 June 2017		17,952,246	1,283,667	92,430	19,328,343

The accompanying Notes form part of these Financial Statements.

FINANCIAL REPORT

BARRACK ST INVESTMENTS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends received		416,301	445,848
Interest received		902	6,645
Income Tax paid		(193,783)	-
Other Payments (inclusive of GST)		(953,545)	(509,923)
Net cash provided by/(used in) operating activities	24	(730,125)	(57,430)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments		12,462,482	18,948,080
Payments for investments		(14,188,273)	(18,953,778)
Net cash provided by/(used in) investing activities		(1,725,791)	(5,698)
CASH FLOWS FROM FINANCING ACTIVITIES			
Options exercised		2,220,000	-
Dividends paid		(422,663)	(208,584)
Net cash used by financing activities		1,797,337	(208,584)
Net increase/(decrease) in cash and cash equivalents held		(658,579)	(271,712)
Cash and cash equivalents at the beginning of the year		1,598,940	1,870,652
Cash and cash equivalents at end of year	8	940,361	1,598,940

The accompanying Notes form part of these Financial Statements.

BARRACK ST INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

The functional and presentation currency of Barrack St Investments Limited is Australian dollars.

1. BASIS OF PREPARATION

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Corporations Act 2001*.

These financial statements and associated notes comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue and Other Income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

All revenue is stated net of the amount of goods and services tax (GST).

Interest Revenue

Interest is recognised using the effective interest method.

Dividend Revenue

Dividends are recognised when the entity's right to receive payment is established.

(b) Income Tax

The income tax expense recognised in the statement of profit or loss and other comprehensive income comprises of current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

(c) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(d) Cash and Cash Equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(e) Financial Instruments

Financial Assets At Fair Value Through Profit Or Loss

Financial assets at fair value through Profit or Loss are Financial Instruments convertible in to Equity Instruments. A financial asset is classified in this category if it is so designated by management and within the requirement of AASB 9 Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the profit or loss in the period in which they arise.

FINANCIAL REPORT

BARRACK ST INVESTMENTS LIMITED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

(e) Financial Instruments *(continued)*

Financial Assets At Fair Value Through Other Comprehensive Income

The Company is a long-term investor in equity instruments. Under AASB 9, these investments are classified as fair value through Other Comprehensive Income. After initial recognition at fair value (being cost), the Company has elected to present in Other Comprehensive Income changes in fair value of equity instruments investments.

Unrealised gains and losses on investments are recognised in the Asset Revaluation Reserve until the investment is sold or otherwise disposed of, at which time the cumulative gain or loss is transferred to the Asset Realisation Reserve.

Available-For-Sale Financial Assets

These investments are measured at fair value.

Unrealised gains and losses arising from changes in the fair value of these assets are taken directly to Other Comprehensive Income and accumulated in Equity.

When these financial Assets are sold, the accumulated fair value adjustments are reclassified from Equity to the profit or loss as gains and losses on sale.

Available-For-Sale Financial assets are assessed at each reporting date to determine whether there is an objective evidence that it is impaired. In the case of Available-For-Sale Financial Instruments, a significant or prolonged decline in the value of the instruments below cost is considered to be evidence of whether or not impairment has arisen.

Any cumulative impairment loss in respect of an Available-For-Sale Financial Asset previously recognised in equity is reclassified to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For Available-For-Sale Financial Assets that are debt securities, the reversal is recognised in profit or loss. For equity securities, the reversal is recognised in Other Comprehensive Income.

Loans and Receivables

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trades receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of loans and receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

The amount of the provision is the different between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the profit or loss in other expenses.

Fair Value Estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and securities) is based on quoted market prices at the Statement of Financial Position date. The quoted market price used for financial assets held by the Company is the current bid price. The appropriate quoted market price for financial liabilities is the current bid price.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

(f) Trade And Other Payables

Liabilities for trade payables and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

(g) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions for Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(h) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects

BARRACK ST INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

(i) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The following table summarises those future requirements and their impact on the Company where the standard is relevant:

AASB 9 Financial Instruments and amending standards AASB 2010-7 / AASB 2012-6	
Effective Date 1 July 2018	Changes to the classification and measurement requirements for financial assets and financial liabilities
	The Company complies with AASB 9.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Key Estimates

There are no key assumptions or sources of estimation uncertainty that have a risk of causing material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period as investments are carried at their market value.

(b) Key Judgements

The preparation of financial reports in conformity with Australian Account Standards require the use of certain critical accounting estimates. This requires the Board to exercise their judgement in the process of applying the Company's accounting policies.

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. In accordance with AASB 112 Income Taxes, deferred tax liabilities and deferred tax assets have been recognised for Capital Gains Tax (CGT) on the unrealised gains/losses in the investment portfolio at current tax rates.

As the Directors do not intend to dispose of the portfolio, the tax liability/benefit may not be crystallised at the amount disclosed in Note: 11. In addition, the tax liability/benefit that arises on the disposal of these securities may be impacted by changes in tax legislation relating to treatment of capital gains and the rate of taxation applicable to such gains/losses at the time of disposal.

The Company has an investment process which is anticipated will deliver medium to long-term capital growth - minimum investment period is three to five years.

The deferred tax asset has been carried forward as it believed that this process will deliver growth over this period to utilise the deferred tax asset.

The Company does not hold any securities for short term trading purposes. Therefore the investment portfolio is classified as Financial Assets at fair value through Other Comprehensive Income.

4. OPERATING SEGMENTS

Segment Information

The Company operates in the investment industry. Its core business focuses on investing in Australian equities to achieve medium to long-term capital growth and income.

Operating segments have been determined on the basis of reports reviewed by the CEO. The CEO is considered to be the chief operating decision maker of the Company. The CEO considers the business from both a product and geographic perspective and assesses performance and allocates resources on this basis. The CEO considers the business to consist of just one reportable segment.

FINANCIAL REPORT

BARRACK ST INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 \$	2016 \$
5. REVENUE AND OTHER INCOME			
Interest Received		902	6,644
Dividends Received		399,183	445,848
		400,085	452,492
6. OTHER EXPENSES			
ASX listing and other fees		32,952	33,121
Audit fees		14,271	12,131
Directors fees		128,125	128,125
Insurance		8,915	14,664
Share registry		19,255	16,712
Other		298,088	683,661
		501,606	888,414
7. INCOME TAX EXPENSE			
(a) The major components of tax expense (income) comprise:			
Current tax expenses			
Income tax expense:		166,233	418,831
Income tax expense for continuing operations		166,233	418,831
(b) Reconciliation of income tax to accounting profit			
Profit before income tax		858,750	1,665,875
Prima facie tax payable on profit from ordinary activities before income tax rate at 30% (2016 - 30%)		257,625	499,762
Add			
Tax effect of:			
- Franking Credits		42,308	49,047
- Capital raising costs		-	31,770
- Other items		7,325	1,742
Less			
- Rebateable fully franked dividends		(141,025)	(163,490)
Income tax expense/(income)		166,233	418,831
(c) Amounts recognised directly in Other Comprehensive Income			
		(325,609)	480,088

BARRACK ST INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
8. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	940,361	1,598,940
	940,361	1,598,940
Reconciliation of cash		
Cash and Cash Equivalents reported in the Statement of Cash Flows are reconciled to the equivalent items in the Statement of Financial Position as follows:		
Cash at bank and on hand	940,361	1,598,940
Balance as per Statement of Cash Flows	940,361	1,598,940
9. TRADE AND OTHER RECEIVABLES		
CURRENT		
Trade receivables	634,592	210,384
GST receivable	6,182	37,657
Establishment costs	5,116	5,116
Dividends receivable	14,668	31,786
Prepayments	14,094	-
Total current trade and other receivables	674,652	286,943
10. FINANCIAL ASSETS		
Available for sale Financial Assets	17,745,194	16,684,454
Total Financial Assets	17,745,194	16,684,454
(a) For listed equity securities, fair value is determined by reference to closing bid prices on the Australian Securities Exchange.		
Opening balance at 1 July	16,684,454	13,548,767
Additions (at cost) net of disposals (at fair value)	1,301,583	1,802,531
Revaluation	(240,843)	1,333,156
Closing balance at 30 June	17,745,194	16,684,454
11. TAX ASSETS AND LIABILITIES		
Recognised deferred tax assets		
Deferred tax assets	120,725	98,311
(a) Reconciliations		
Gross Movements.		
The overall movement in deferred tax asset accounts is as follows:		
Opening balance	98,311	122,083
Credited/charged to the Income Statement	22,414	(23,772)
Closing balance	120,725	98,311
Comprises		
- Capital raising costs	66,540	98,311
- Fair value gain adjustments	54,185	-
Closing balance	120,725	98,311
Deferred tax liability		
Deferred tax liability arises from tax on unrealised gains.	-	409,482

FINANCIAL REPORT

BARRACK ST INVESTMENTS LIMITED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$

12. TRADE AND OTHER PAYABLES

CURRENT

Accounts payable and accrued expenses	18,126	467,145
	18,126	467,145

Contractual cash flows from trade and other payable approximate their carrying amount.
Trade and other payables are all contractually due within six months of reporting date.

13. ISSUED CAPITAL

(a) Share Capital

Ordinary shares Fully Paid 18,318,043 (2016: 16,069,468)	18,322,898	16,070,368
Capital raising costs	(370,652)	(370,652)
Total	17,952,246	15,699,716

(b) Movements in ordinary share capital

Date	Details	Number of shares	Price	\$
30 June 2015	Balance	16,037,789		15,506,779
9 October 2015	Issue of Shares under IPO	10,254	\$1.0153	10,411
10 April 2016	Issue of Shares under DRP	19,425	\$1.1158	21,674
15 June 2016	Options Exercised	2,000		2,000
30 June 2016	Capital Raising Cost – Tax Effect			158,852
30 June 2016	Balance	16,069,468		15,699,716
	Options Exercised	2,220,000		2,220,000
23 September 2016	Issue of Shares under DRP	28,575		32,530
30 June 2017	Balance	18,318,043		18,322,898

	\$
Capital Raising costs	529,503
Capital Raising costs – Tax Effect	(158,852)
Net Capital Raising Costs (after tax)	370,652

(c) Options

When the Company was listed, Shareholders were issued with one Option for every one share issued. The Options expired on or before 17 August 2016, at which date 2,222,000 had been exercised. There are no options at 30 June 2017.

BARRACK ST INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$

14. RESERVES

Asset Revaluation Reserve

The asset revaluation reserve records fair value movements of long-term investments after provision for deferred tax.

15. DIVIDENDS

(a) Dividends and distributions paid

The following dividends were declared and paid:

Final fully franked ordinary dividend of 1.5 cents per share paid on 23 September 2016	274,342	80,189
Interim fully franked ordinary dividend of 1.0 cents (2016: 1.0 cents) per share paid on 13 April 2017 (2016 – 1 April 2016)	180,844	160,480
Total	455,186	240,669

Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the year ended 30 June 2017 and 2016 were as follows

Paid in cash	422,663	208,584
Satisfied by issue of shares	32,523	32,085
Total	455,186	240,669

(a) Proposed Dividends

Proposed final 2017 fully franked ordinary dividend of 1.5 cents (2016: 1.5cents) per share to be paid on 22 September 2017.

274,774	274,342
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The proposed final dividend for 2017 was declared after the end of the reporting period and therefore has not been provided for in the financial statements. There are no income tax consequences arising from this dividend at 30 June 2017.

(c) Franked dividends

The franking credits available for subsequent financial years at a tax rate of 30%

The above available balance is based on the dividend franking account at year-end adjusted for:

- (a) Franking credits that will arise from the payment of the current tax liabilities;
- (b) Franking debits that will arise from the payment of dividends recognised as a liability at the year-end;
- (c) Franking credits that will arise from the receipt of dividends recognised as receivables at the end of the year.

The impact on the franking credit of the dividends proposed after the end of the reporting period is to reduce it by \$117,759 (2016: \$117,575).

The ability to use the franking credits is dependent upon the Company's future ability to declare dividends.

FINANCIAL REPORT

BARRACK ST INVESTMENTS LIMITED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$

15. DIVIDENDS (continued)

(d) Listed Investment Company capital gain account (before tax)

Balance of the Listed Investment Company (LIC) capital gain account as at 30 June 2017	820,154	645,944
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Distributed capital gains may entitle certain Shareholders to a special deduction in their Tax Return as set out in the dividend statement.

LIC capital gains available for distribution are dependent on:

- (i) the disposal of investment portfolio holdings which qualify for LIC capital gains;
or
- (ii) the receipt of LIC distribution from LIC securities held in the portfolio.

16. EARNINGS PER SHARE

(a) Earnings used in the calculation of basic and diluted earnings per share.

(i) Profit/(loss) from continuing operations attributable to the owners of the Company	692,517	1,247,044
(ii) Total Comprehensive Income/(loss)	(67,238)	2,100,111

(b) Basic and Diluted earnings per share

	Cents	Cents
(i) Profit/(loss) from continuing operations attributable to the owners of the Company	3.90	7.76
(ii) Total Comprehensive Income	(0.38)	13.08

(c) Weighted average number of ordinary shares used in the calculation of earnings per share

17,755,899	16,053,628
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Total Comprehensive Income is a more appropriate base for determining earnings per share as it includes profit after income tax and changes in fair value of financial assets

17. AUDITORS REMUNERATION

Remuneration of the auditor of the Company for:

Audit or reviewing the financial statements	14,271	12,131
Total remuneration of auditors	14,271	12,131

BARRACK ST INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

18. FINANCIAL RISK MANAGEMENT

The Company is exposed to a variety of financial risks through its use of financial instruments.

The Company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets. The Company does not speculate in financial assets.

The Company's overall risk management program focuses on the volatility of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. Risk governance is managed through the Board which provides direct oversight on the Company's risk management framework and overall risk management performance.

The Board provides written principles for risk management covering investment portfolio composition. Risk is managed by the professional, disciplined management of the investment portfolio by EC Pohl & Co Pty Ltd (the Manager).

The Company held the following financial instruments:

	2017	2016
	\$	\$
Financial Assets		
Cash and cash equivalents	940,361	1,598,940
Receivables	674,652	286,943
Financial Assets at fair value through Other Comprehensive Income.	17,745,194	16,684,454
Total Financial Assets	19,360,207	18,570,337
Financial Liabilities		
Trade and Other Payables	18,126	467,145
Total Financial Liabilities	18,126	467,145

(a) Market Risk

Foreign exchange risk

The Company operates entirely within Australia and is not exposed to material foreign exchange risk.

Equity market risk

The Company is exposed to risk of market price movement through its investments in Australian listed equity securities. Equity investments held by the Company are classified on the Statement of Financial Position as Financial Assets at fair value through Other Comprehensive Income and any movement in the listed equity securities is reflected in Other Comprehensive Income.

The risk to Shareholders is that adverse equity securities market movements have the potential to cause losses in Company earnings or the value of its holdings of financial instruments. The Manager's investment strategy centres on the view that investing in proven high quality businesses with growth opportunities arising from their sustainable competitive advantage will outperform over the longer-term. Consistent with this approach, the Manager has an established risk management framework that includes procedures, policies and functions to ensure constant monitoring of the quality of the investee companies. The objective of the risk management framework is to manage and control risk exposures within acceptable parameters while optimising returns.

Equity market risk is measured as a percentage change in the value of equity instruments held in the portfolio, as compared to the total market index for the same period.

At 30 June 2017, the effect of profit and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as follows:

	2017	2016
Portfolio five-year return	15%	17%
All Ordinaries Index five-year return	3%	3%

(b) Sensitivity Analysis

Increases/decreases in an equity securities price, affect the Company's asset revaluation reserve and Other Comprehensive Income for the year. The analysis is based on the assumption that the Financial Assets at fair value through Other Comprehensive Income had increased/decreased by 5% (2016 - 5%) with all other variables held constant.

Impact on Equity and Other Comprehensive Income for the year:-

2017 +/- \$885,759

2016 +/- \$834,222

Impact on profit or loss is nil.

(c) Cash Flow Interest Rate Risk

The Company is exposed to cash flow interest rate risk from holding cash and cash equivalents at variable rates. The objective of the Company is to minimise the potential adverse effects of interest rate risk.

In order to minimise the potential adverse effects of this risk, the Manager reviews the interest rate exposure as part of cash flow management and takes into consideration liquidity and yields as part of cash flow management. The cash and cash equivalents held are subject to an insignificant level of risk of changes in value.

As at the reporting date, the Company had the following cash and cash equivalents:

30 June 2017: Balance \$940,361

Weighted average interest rate 0.45%

30 June 2016: \$1,598,940

Weighted average interest rate 0.42%

(d) Relative Performance Risk

The Manager aims to outperform the risk free cash rate over the long-term. However, as the portfolio consists of equity investments these will tend to be more volatile than cash, so there will likely be periods of relative under and over performance compared to the benchmark risk free rate.

Over the long-term the Manager is confident that the portfolio can achieve outperformance through an investment selection process that invests in companies that have a sound business model, display a sustainable competitive advantage and have proven quality management.

FINANCIAL REPORT

BARRACK ST INVESTMENTS LIMITED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

(e) Credit Risk

Credit risk is the risk of a counterparty defaulting on their financial obligations resulting in a loss to the Company. The objective of the Company is to minimise credit risk exposure. Credit risk arises from cash and cash equivalents and Financial Assets at fair value through Other Comprehensive Income. Credit risk is managed by the Manager.

Credit risk arising from cash and cash equivalents is managed by only transacting with counterparties independently rated with a minimum rating of A. The providers of financial services to the Company are rated as AA by Standard and Poor's. Credit risk on cash and cash equivalents is deemed to be low.

Credit risk arising from Financial Assets at fair value through Other Comprehensive Income relates to the risk of counterparties on the ASX defaulting on their financial obligations on transactions for Australian listed equity securities. The credit risk for these transactions is deemed to be low.

The maximum credit risk exposure of the Company at year end is the carrying value of the assets in the Statement of Financial Position.

There is no concentration of credit risk with respect to financial assets in the Statement of Financial Position.

(f) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The objective of the Company is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and distressed conditions.

Prudent liquidity risk management implies maintaining sufficient cash and marketable Australian listed equity securities.

The Manager controls liquidity risk by continuously monitoring the balance between equity securities and cash or cash equivalents and the maturity profiles of assets and liabilities to ensure this risk is minimal.

19. CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The capital structure of the Company consists of equity attributable to members of the Company. The Board monitors the return on capital, which is defined as net operating income divided by total Shareholders' Equity. The Board also monitors the level of dividends to Shareholders.

The capital of the Company is invested by the Investment Manager in accordance with the investment policy established by the Board. The Company has no borrowings. It is not subject to any externally imposed capital requirements.

There were no changes in the Company's approach to capital management during the year.

20. FAIR VALUE MEASUREMENTS

The Company measures the following assets and liabilities at fair value on a recurring basis:

- Financial Assets at fair value through Other Comprehensive Income.
- Financial Assets At fair value through Profit or Loss.
- Available-for-sale Financial Assets.

Fair value hierarchy

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 Inputs other than quoted prices included with level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by the Company:

	Level 1	Level 2	Level 3	TOTAL
30 June 2017	\$	\$	\$	\$

Recurring fair value measurements. Financial Assets

-Listed Equity Securities	17,745,194	17,745,194
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	Level 1	Level 2	Level 3	TOTAL
30 June 2016	\$	\$	\$	\$

Recurring fair value measurements. Financial Assets

-Listed Equity Securities	16,684,454	16,684,454
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Transfers between levels of hierarchy

There were no transfers between levels of the fair value hierarchy.

Highest and best use

The current use of each asset measured at fair value is considered to be its highest and best use.

BARRACK ST INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$

21. RELATED PARTY TRANSACTIONS

Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with other related parties:

- Dr E C Pohl has an interest in the transaction as during the year Dr E C Pohl was a Director, employee and Shareholder of EC Pohl & Co Pty Ltd, the holding company of ECP Asset Management Pty Ltd, the Manager
 - A Performance Fee was payable in accordance with the Management Services Agreement as detailed in Note 22. - 425,864
 - A Management Fee of 1% per annum is paid as detailed in Note 22. 193,489 183,185
- B Jones (Company Secretary) partner of Rothsay Chartered Accountants, is paid for services as CFO and Company Secretary. 37,925 36,900

All related party transactions are made on an arm's length basis using the standard terms and conditions.

22. MANAGEMENT SERVICES AGREEMENT

In accordance with a Management Services Agreement approved by Shareholders in 2014, the terms of which were contained in the prospectus, the Company agreed to engage the Manager to provide primary and secondary management services, including:

- 1) managing the investment of the Company's portfolio, including keeping it under review;
- 2) ensuring investments by the Company are only made in authorised investments;
- 3) complying with the investment policy of the Company;
- 4) identifying, evaluating and implementing the acquisition and disposal of authorised investments;
- 5) provide the Company with monthly investment performance reporting;
- 6) manage the Company's public and regulatory announcements and notices;
- 7) promoting investment in the Company by the general investment community;
- 8) providing investor relationship services; and
- 9) provision of accounting, human resources, corporate and information technology services support.

The agreement may be terminated if:

- a) either party ceases to carry on business, or
- b) either party enters into liquidation voluntarily or otherwise, or
- c) either party passes any resolution for voluntary winding-up, or
- d) a receiver of the property of either party, or any part thereof, is appointed, or
- e) the Shareholders of the Company at an abnormal meeting called in for that purpose, resolve by binding resolution to terminate the operations, or
- f) if the Company provides written notes to the Manager in the event of any material and substantial breach of the agreement by the Manager or if the Manager fails to remedy a breach of this agreement within 14 days following written notice of the breach.
- g) if the Manager provides written notice to the Company in the event of any material and substantial breach of the agreement by the Company or if the Company fails to remedy a breach of this agreement within 14 days following written notice of the breach.
- h) In recognition of the roles and personal expertise of senior executives retained by the Manager for the purpose of providing the primary services described in clause 3 of the Agreement, the parties agree that the agreement may be terminated, at the option of the Company, if there are major changes to senior executives (or their roles) providing the primary services. The Company shall be entitled to give the Manager a written termination notice upon or after the occurrence of a major change of the kind mentioned and such notice, if given, shall be effective at the end of the calendar month next following the giving of such notice unless the Company and the Manager mutually agree upon another date at which this agreement will terminate.

Under the agreement the Manager will receive a management fee of 1% per annum on the net tangible assets of the Company. In addition, a performance fee, payable annually in arrears, equal to 20% of the amount by which the Company's net performance before tax (that is, after all costs and outlays but before the calculation of the performance fee) exceeds the Benchmark of 8% subject to a high water mark. If the Company's net performance in the year is less than the Benchmark, then no performance fee will be payable.

FINANCIAL REPORT

BARRACK ST INVESTMENTS LIMITED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$

23. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Other Key Management Personnel

The Company's Secretary and Chief Financial Officer (Brian Jones) is a partner of Rothsay Chartered Accountants. Brian has not received any form of direct remuneration from the Company. Brian Jones (as Company Secretary and partner of Rothsay Chartered Accountants) is remunerated by EC Pohl & Co Pty Ltd for the provision of these services.

The Company has no other staff and therefore has no Key Management Personnel other than the Directors.

No member of Key Management Personnel held options over shares in the Company during the year.

There have been no other transactions with Key Management Personnel or their related entities other than those disclosed in Note 22.

The totals of remuneration paid to the key management personnel of Barrack St Investments Limited during the year are as follows:

Short-term Employment benefits	128,125	128,125
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Detailed remuneration disclosures are provided in sections (A) – (F) of the remuneration report on pages 11 and 12.

24. CASH FLOW INFORMATION

Reconciliation of result for the year to cash flows from operating activities

Reconciliation of net income to net cash provided by operating activities:

Profit for the year	692,517	1,247,044
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- realised gain on sale of financial assets	(960,271)	(2,101,797)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries	(267,754)	(854,753)
- (increase)/decrease in trade and other receivables	36,499	(272,587)
- increase/(decrease) in trade and other payables	(498,870)	1,069,910
Cash flow from operations	(730,125)	(57,430)

25. CONTINGENCIES

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2017 (30 June 2016: None).

26. EVENTS OCCURRING AFTER THE REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

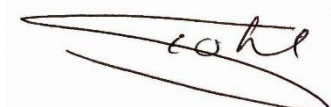
- (a) the Financial Statements and Notes set out on pages 18 to 34 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - (ii) give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date; and

in the Directors' opinion,

- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) the remuneration disclosures set out on pages 11 and 12 of the Directors' Report (as part of the audited remuneration report) for the year ended 30 June 2017 comply with section 300A of the *Corporations Act 2001*.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors and is signed for and on behalf of the Directors by:



Jared D Pohl
Director

24 August 2017

INDEPENDENT AUDITOR'S REPORT

BARRACK ST INVESTMENTS LIMITED

ABN 30 167 689 821

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
BARRACK ST INVESTMENTS LIMITED

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Barrack St Investments Limited. (the Company), which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration

In my opinion,

- (a) the accompanying financial report of Barrack St Investments Limited., is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. I have also fulfilled our other ethical responsibilities in accordance with the Code.

I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Matter

Available for Sale Financial Assets. Refer note 1(e) and 10

This matter has been recognised due to its materiality, representing 91% of total assets.

Equity instruments are classified at fair value through other Comprehensive income. Initial recognition is at cost with the company electing to present in Other Comprehensive Income changes in the fair value of the investments.

Audit procedures adopted, included: Confirmation from third parties of securities held by the company at balance date. Agreeing the valuation of investments and reported dividend income with relevant stock exchanges and company announcements. Reconciling the movement in fair value for the year and reviewing the company's disclosure in the financial report to ensure compliance with applicable Australian Accounting Standard AASB 9. Audit objectives surrounding this matter were achieved

Management and Performance fee

As described in note 22 Management Services Agreement, the company has an agreement with ECP Asset Management Pty Limited (a related party) for services provided as manager, based on a percentage of net tangible assets and a performance fee based on a formula surrounding net performance before tax. Both these items of expenditure in the previous year were significant in terms of total expenditure and have the ongoing potential to remain significant in future years. Because of the level of materiality and the effects on the profit before tax for the year, emphasis was placed on both items to ensure that the amounts calculated were in accordance with the agreements. Audit procedures adopted consisted of obtaining a full understanding of the agreements and checking the accuracy of the calculations by agreeing data to monthly management reports and the financial report for the year then ended. Audit objectives surrounding this matter were achieved.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2017, but does not include the financial report and my auditor's report thereon. My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, 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 Report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards

From the matters communicated with the directors, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

I have audited the Remuneration Report included in page 11 of the directors' report for the year ended 30 June 2017. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. My responsibility is to express an opinion on the Remuneration Report, based on my audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In my opinion, the Remuneration Report of Barrack St Investments Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.



Leslie Pines

Dated this 24th day of August, 2017

Chartered Accountant

Suite 1, 102 Spofforth Street Cremorne NSW 2090

SHAREHOLDER INFORMATION

The Shareholder information set out below was applicable as at 31 July 2017.

1. DISTRIBUTION OF SECURITIES:

Fully Paid Ordinary Shares

Distributions	Number of Shares
1 to 1,000	7,798
1,001 to 5,000	193,264
5,001 to 10,000	459,718
10,001 to 100,000	5,912,377
100,001 and over	11,744,886
Total	18,318,043

Holdings of less than a marketable parcel	2
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2. SUBSTANTIAL SHAREHOLDINGS

The names of the Shareholders who have notified the Company of a substantial holding in accordance with section 671B of the *Corporations Act 2001* are:

Substantial Shareholder	Number of Shares	% of Total
Dr E C Pohl *	6,856,216	37.43

* Has the power to control voting and/or the disposal of securities in accordance with a Power Of Attorney in relation to 6,856,216 shares.

3. VOTING RIGHTS

On a show of hands every Shareholder present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

4. TWENTY LARGEST SHAREHOLDERS

Shareholders	Ordinary Shares	%
CITICORP NOMINEES PTY LIMITED	6,856,216	37.43%
LIC INVESTMENTS PTY LTD <LIC INVESTMENTS UNIT A/C>	515,340	2.81%
BRISAN PROJECTS PTY LTD	500,000	2.73%
MR CHRISTOPHER ANDREW BEARD <EST GEORGE E BEARD NO2 A/C>	475,968	2.60%
MR JOHN STEVEN PAGE & MRS GILLIAN KAY PAGE <PAGE EMPLOYEE S/F A/C>	474,795	2.59%
MR DONALD GORDON MACKENZIE & MRS GWENNETH EDNA MACKENZIE	339,971	1.86%
DAVNAT SUPER FUND	259,941	1.42%
MS JULIE HELEN CRANSHAW & MRS MARIE HELEN TURNER	222,000	1.21%
ROMADAK PTY LTD <THE JOMAR A/C>	156,578	0.85%
MR CORNELIUS LAUBIUS VISSER LAUBSCHER	151,654	0.83%
GARRY JOHN FIRTH & GRETTE LORRAINE FIRTH <THE FIRTH SUPER FUND A/C>	150,000	0.82%
KAMILAROI INVESTMENTS PTY LTD <JP & MK GILLAN FAMILY A/C>	150,000	0.82%
DE LEEUW HOLDINGS PTY LTD <DE LEEUW SUPER FUND A/C>	150,000	0.82%
MAURBRU SUPER PTY LTD <MAURBRU SUPER FUND A/C>	150,000	0.82%
B SMARTPANTS PTY LTD <B & K SMARTPANTS A/C>	150,000	0.82%
MR TREVOR PETER BATKIN	130,000	0.71%
MR GUILLAUME JOHANNES SWIEGERS	129,285	0.71%
MR ANDREW DOUGLAS SWAFFER & MRS KIRRILY SUE SWAFFER <SWAFFER SUPER FUND A/C>	120,000	0.66%
LOTUS RESEARCH PTY LTD	117,984	0.64%
MR GRANT NEWTON & MRS KATHRYN CLARK	117,484	0.64%
Total	11,317,216	61.78%

INVESTMENTS

(1) HOLDINGS OF SECURITIES AS AT 30 JUNE 2017

Individual investments at 30 June 2017 are listed below. The list should not, however, be used to evaluate portfolio performance or to determine the net asset backing per share at other dates. Individual holdings in the portfolio may change during the course of the year.

Company		Shares	Market Value \$	%
ORDINARY SHARES				
A2M	The A2 Milk Company Limited	200,000	752,000.00	3.89
ACX	Aconex Limited	232,468	867,105.64	4.49
ARB	ARB Corporation Limited	44,445	698,230.95	3.61
AUB	AUB Group Limited	31,949	415,017.51	2.15
BBN	Baby Bunting Group Limited	199,484	387,996.38	2.01
BLA	Blue Sky Alternative Investments Limited	92,590	878,679.10	4.55
BTT	BT Investment Management Limited	87,199	992,324.62	5.13
CAR	Carsales.Com Limited	106,395	1,225,670.40	6.34
CAT	Catapult Group International Ltd	267,105	622,354.65	3.22
CL1	Class Limited	175,566	526,698.00	2.72
COH	Cochlear Limited	5,773	897,412.85	4.64
DMP	Domino's Pizza Enterprises Limited	24,628	1,282,626.24	6.64
IPH	IPH Limited	181,969	873,451.20	4.52
MFG	Magellan Financial Group Limited	46,565	1,342,934.60	6.95
PSQ	Pacific Smiles Group Limited	270,136	491,647.52	2.54
PWH	PWR Holdings Limited	65,697	154,387.95	0.80
REA	REA Group Ltd	13,527	898,192.80	4.65
RWC	Reliance Worldwide Corporation Limited	336,955	1,125,429.70	5.82
SEK	Seek Limited	39,110	661,350.10	3.42
SIV	Silver Chef Limited	48,609	363,109.23	1.88
TME	Trade Me Group Limited	199,381	1,008,867.86	5.22
TPM	TPG Telecom Limited	224,510	1,279,707.00	6.62
			17,745,194.30	94.97
CASH				
	Cash		940,361.49	5.03
TOTAL			18,685,555.79	100.0

(2) TRANSACTIONS AND BROKERAGE

There were 107 (2016: 135) transactions in securities during the year on which brokerage of \$71,995 (2016: \$109,651) was paid.

NOTES

[illegible]

NOTES

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CORPORATE DIRECTORY

BARRACK ST INVESTMENTS LIMITED
ACN 167 689 821
REGISTERED IN QUEENSLAND ON
23 JANUARY 2014.

BOARD OF DIRECTORS

Murray H. d'Almeida
Non-Executive Chairman

David C. Crombie AM
Non-Executive Director

Dr Emmanuel (Manny) C. Pohl
Executive Director, CEO

Jared D. Pohl
Alternate Director

COMPANY SECRETARY

Brian E Jones
Rothsay Chartered Accountants
Level 1, 12 O'Connell Street
SYDNEY NSW 2000

PRINCIPAL PLACE OF BUSINESS

Suite 305, Level 3
Barrack House
16-20 Barrack Street
SYDNEY NSW 2000

MANAGER

ECP Asset Management Pty Ltd
ACN 158 827 582
Suite 305, Level 3
343 George Street
SYDNEY NSW 2000

Authorised Representative of
EC Pohl & Co Pty Ltd
ACN 154 399 916 AFSL 421704

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Fax: +61 (0) 2 8651 6899
Email: info@ecpam.com

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Level 32 MLC Centre
19 Martin Place
SYDNEY NSW 2000

AUDITORS

Leslie Pines
Suite 1,
102 Spofforth Street
CREMORNE NSW 2090

SHARE REGISTRY

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SYDNEY NSW 2001
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Email: info@barrackst.com

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www.barrackst.com



Barrack St Investments Limited



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(ACN 167 689 821)

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