



# Barrack St Investments Limited

ACN 167 689 821

## **APPENDIX 4E STATEMENT**

### **Preliminary Final Report**

**For the year ended 30 June 2016**

**(Previous corresponding period is year ended 30 June 2015)**

## **CONTENTS**

 **Results for announcement to the Market**

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 **Appendix 4E Accounts**

## RESULTS FOR ANNOUNCEMENT TO THE MARKET

The preliminary results are based on audited financial statements.

The reporting period is the year ended 30 June 2016 with the corresponding period being the year ended 30 June 2015.

The following statutory information is provided:

	Investment Portfolio before tax and fees increased by 24.8% compared with the All Ordinaries Index decline of 2.6%		
	Revenue from Ordinary Activities (1)	Up 10.9 %	to \$452,492
	Profit from ordinary activities after Income Tax	Up 3021 %	to \$1,247,044
	Total Comprehensive Income (after tax) attributable to members	Up 1661%	to \$2,100,111
	Final Dividend per share		1.50 cents

### Explanations

1. Other revenue includes dividends and interest.
2. Total Comprehensive Income comprises Profit (after income tax) and realised and unrealised gains/losses (net of income tax) on the investment portfolio.

## DIVIDEND

### Final Dividend per share

Final Fully Franked Dividend – payable on 23 September 2016:	1.50 cents
Record date to determine entitlements to the final dividend:	7 September 2016

### Dividend Reinvestment Plan

The Dividend Reinvestment Plan will apply to the final dividend with the price to be determined, being the 31 August 2016 Net Tangible Asset Value (tax on realised gains only). The last date for the receipt of an election notice for participation in the dividend reinvestment plan will be 8 September 2016. There is no foreign conduit income attributable to the dividend.

### Previous corresponding period

Final Fully Franked Dividend – paid on 9 October 2015:	0.5 cents
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### Capital Gains Components

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.



## NET TANGIBLE ASSET BACKING (NTA)

The net tangible asset backing per share (tax on realised gains only) at 30 June 2016 was 111.6 cents per share compared with 96.38 cents per share at 30 June 2015.

The net tangible asset backing per share (tax on realised and unrealised gains) at 30 June 2016 was 109.6 cents per share compared with 96.2 cents per share at 30 June 2015

## OPTIONS

On or before 17 August 2016 (the expiry date of the Options), a total of 2,220,000 Options were exercised at \$1 each.

The total number of shares in issue is 18,289,468.

## OPERATING AND FINANCIAL REVIEW

Our portfolio outperformed the market, increasing by 24.8% over the twelve months, while the NTA increased by 15.8% after paying a dividend of 1.5 cents per share to Shareholders during the year.

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, decreased by 2.6%.

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.

The quarterly updates on the Company's website gives detailed reviews of operations at the end of year quarter.

We believe that in year to come, there is significant potential for capital appreciation for the portfolio.



### 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%



## INVESTMENTS

### (1) HOLDINGS OF SECURITIES AS AT 30 JUNE 2016

Individual investments at 30 June 2016 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 \$	%
<b>ORDINARY SHARES</b>				
ACX	Aconex Limited	221,210	1,550,682.10	8.48
AUB	AUB Group Limited	31,949	322,684.90	1.76
BBN	Baby Bunting Group Limited	96,129	230,709.60	1.26
BLA	Blue Sky Alternative Investments Limited	23,867	193,322.70	1.06
BTT	BT Investment Management Limited	193,143	1,521,966.84	8.32
CAR	Carsales.Com Limited	106,129	1,307,509.28	7.15
CAT	Catapult Group International Ltd	232,618	716,463.44	3.92
CVO	Cover-More Group Limited	546,274	660,991.54	3.62
DMP	Domino's Pizza Enterprises Limited	2,727	185,790.51	1.02
IPH	IPH Limited	325,696	2,090,968.32	11.44
MFG	Magellan Financial Group Limited	66,760	1,485,410.00	8.12
PSQ	Pacific Smiles Group Limited	270,136	564,584.24	3.09
PWH	PWR Holdings Limited	65,697	182,637.66	1.00
REA	REA Group Ltd	23,363	1,389,864.87	7.60
RWC	Reliance Worldwide Corporation Limited	259,813	802,822.17	4.39
SIV	Silver Chef Limited	44,870	481,006.40	2.63
SRX	Sirtex Medical Limited	53,992	1,380,575.44	7.55
TME	Trade Me Group Limited	365,716	1,616,464.72	8.84
			<b>16,684,454.73</b>	<b>91.25</b>
<b>CASH</b>				
	Cash		1,598,940.00	8.75
<b>TOTAL</b>			<b>18,283,394.73</b>	<b>100.0</b>

### (2) TRANSACTIONS AND BROKERAGE

There were 135 (2015: 40) transactions in securities during the year on which brokerage of \$109,651 (2015: \$41,710) was paid.

**APPENDIX 4E ACCOUNTS****FINANCIAL REPORT**

BARRACK ST INVESTMENTS LIMITED

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 \$	2015 \$
Revenue	5	452,492	408,172
Expenses	6	(888,414)	(524,269)
Realised gain on available sale of financial assets		2,101,797	-
<b>Profit/(loss) before income tax</b>		<b>1,665,875</b>	<b>(116,091)</b>
Income tax expense	7	(418,831)	156,051
<b>Profit/(loss) after income tax</b>		<b>1,247,044</b>	<b>39,960</b>
<b>Other Comprehensive Income, net of income tax</b>			
<b>Items that will not be reclassified subsequently to profit &amp; loss</b>			
Changes in fair value of Financial Assets at fair value through Other Comprehensive Income		1,333,156	113,228
Income Tax (Expense)/Benefit relating to components of Other Comprehensive Income		(480,089)	(33,968)
<b>Items that will be reclassified to profit &amp; loss when specific conditions are met</b>			
<b>Other Comprehensive Income for the year, net of tax</b>		<b>853,067</b>	<b>79,260</b>
<b>Total Comprehensive Income for the year</b>		<b>2,100,111</b>	<b>119,220</b>
<b>Earnings per share:</b>			
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	16	7.760	0.249
Diluted earnings per share	16	7.760	0.249
<b>Total Comprehensive Income</b>			
<b>Basic and diluted earnings per share</b>	<b>16</b>	<b>13.080</b>	<b>0.743</b>

*The accompanying notes form part of these financial statements.*

**FINANCIAL REPORT**

BARRACK ST INVESTMENTS LIMITED

**STATEMENT OF FINANCIAL POSITION**

AS AT 30 JUNE 2016

	Notes	2016 \$	2015 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	8	1,598,940	1,870,652
Trade and Other Receivables	9	286,943	14,356
<b>TOTAL CURRENT ASSETS</b>		<b>1,885,883</b>	<b>1,885,008</b>
<b>NON CURRENT ASSETS</b>			
Available-for-sale Financial Assets at fair value	10	16,684,454	13,548,767
Deferred tax assets	11	98,311	122,083
<b>TOTAL NON-CURRENT ASSETS</b>		<b>16,782,765</b>	<b>13,670,850</b>
<b>TOTAL ASSETS</b>		<b>18,668,648</b>	<b>15,555,858</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	12	467,145	10,000
Current tax liabilities		193,784	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>660,929</b>	<b>10,000</b>
<b>NON CURRENT LIABILITIES</b>			
Deferred Tax Liability	11	409,482	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>409,482</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>1,070,411</b>	<b>10,000</b>
<b>NET ASSETS</b>		<b>17,598,237</b>	<b>15,545,858</b>
<b>EQUITY</b>			
Issued Capital	13	15,699,716	15,506,779
Reserves		852,185	(882)
Retained earnings		1,046,336	39,961
<b>TOTAL EQUITY</b>		<b>17,598,237</b>	<b>15,545,858</b>

*The accompanying notes form part of these financial statements.*

**FINANCIAL REPORT**

BARRACK ST INVESTMENTS LIMITED

**STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED 30 JUNE 2016

<b>2015</b>	Note	Ordinary Shares \$	Retained Earnings \$	Asset Revaluation Reserve \$	Total \$
<b>Balance at 1 July 2014</b>		<b>6,000</b>	<b>2</b>	<b>-</b>	<b>6,002</b>
Profit for the year		-	39,959		39,959
Other Comprehensive Income for the year		-	-	79,260	79,260
<b>Total</b>		<b>-</b>	<b>39,959</b>	<b>79,260</b>	<b>119,219</b>
<b>Transactions with owners in their capacity as owners</b>					
Shares issued during the year		16,030,282	-	-	
Capital raising costs		(529,503)	-	-	
Dividends paid or provided for	15	-	-	(80,142)	
<b>Balance at 30 June 2015</b>		<b>15,506,779</b>	<b>39,961</b>	<b>(882)</b>	<b>15,545,858</b>

<b>2016</b>	Note	Ordinary Shares \$	Retained Earnings \$	Asset Revaluation Reserve \$	Total \$
<b>Balance at 1 July 2015</b>		<b>15,506,779</b>	<b>39,961</b>	<b>(883)</b>	<b>15,545,858</b>
Profit for the year		-	1,247,044	-	1,247,044
Other Comprehensive Income for the year		-	-	853,067	853,067
<b>Total Comprehensive Income for the year</b>		<b>-</b>	<b>1,247,044</b>	<b>853,067</b>	<b>2,100,111</b>
<b>Transactions with owners in their capacity as owners</b>					
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)
<b>Balance at 30 June 2016</b>		<b>15,699,716</b>	<b>1,046,336</b>	<b>852,185</b>	<b>17,598,237</b>

*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 2016

	Notes	2016 \$	2015 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Dividends received		445,848	380,021
Interest received		6,645	28,151
Other Payments (inclusive of GST)		(509,923)	(358,213)
Net cash provided by/(used in) operating activities	24	(57,430)	49,959
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of investments		18,948,080	5,183,559
Payments for investments		(18,953,778)	(18,783,877)
Net cash provided by/(used in) operating activities		(5,698)	(13,600,318)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Shares issued for cash payments		-	16,022,500
Capital raising costs		-	(529,503)
Dividends paid		(208,584)	(72,360)
Net cash used by financing activities		(208,584)	15,420,637
<b>Net increase/(decrease) in cash and cash equivalents held</b>		<b>(271,712)</b>	<b>1,870,277</b>
Cash and cash equivalents at the beginning of the year		1,870,652	375
Cash and cash equivalents at end of year	8	1,598,940	1,870,652

*The accompanying notes form part of these financial statements.*





## FINANCIAL REPORT

BARRACK ST INVESTMENTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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 2016

#### (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.

The Company derecognises an investment when it is sold or it transfers the investment and the transfer qualifies for derecognition in accordance with AASB 9. Upon derecognition, unrealised gains/losses net of tax relating to the investment are transferred from the revaluation reserve to the 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



## FINANCIAL REPORT

BARRACK ST INVESTMENTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

#### (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 Company has decided not to early adopt these Standards. 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 31 July 2016	Changes to the classification and measurement requirements for financial assets and financial liabilities
	The impact of AASB 9 did not have a material impact on the Company

### 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 2016

	Notes	2016 \$	2015 \$
<b>5. REVENUE AND OTHER INCOME</b>			
Interest Received		6,644	28,151
Dividends Received		445,848	380,021
		<b>452,492</b>	<b>408,172</b>
<b>6. OTHER EXPENSES</b>			
ASX listing and other fees		33,121	11,133
Audit fees		12,131	12,050
Directors fees		128,125	128,125
Insurance		14,664	15,000
Share registry		16,712	15,657
Other		683,661	342,299
		<b>888,414</b>	<b>524,264</b>
<b>7. INCOME TAX EXPENSE</b>			
<b>(a) The major components of tax expense (income) comprise:</b>			
Current tax expenses			
Income tax expense:		418,831	(156,051)
<b>Income tax expense for continuing operations</b>		<b>418,831</b>	<b>(156,051)</b>
<b>(b) Reconciliation of income tax to accounting profit</b>			
Profit before income tax		1,665,875	116,092
Prima facie tax payable on profit from ordinary activities before income tax rate at 30% (2015 - 30%)		499,762	(34,827)
Add:			
Tax effect of:			
- Franking Credits		49,047	-
- Prior year adjustment		31,770	-
- Other items		1,742	-
Less			
- Rebateable fully franked dividends		(163,490)	(121,224)
Income tax expense/(income)		<b>418,831</b>	<b>(156,051)</b>
<b>(c) Amounts recognised directly in Other Comprehensive Income</b>		<b>480,088</b>	<b>33,968</b>

**FINANCIAL REPORT**

BARRACK ST INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
<b>8. CASH AND CASH EQUIVALENTS</b>		
Cash at bank and on hand	1,598,940	1,870,652
	1,598,940	1,870,652
<b>Reconciliation of cash</b>		
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	1,598,940	1,870,652
<b>Balance as per Statement of Cash Flows</b>	1,598,940	1,870,652
<b>9. TRADE AND OTHER RECEIVABLES</b>		
CURRENT		
Trade receivables	210,384	-
GST receivable	37,657	9,240
Establishment costs	5,116	5,116
Dividends receivable	31,786	-
<b>Total current trade and other receivables</b>	286,943	14,356
<b>10. FINANCIAL ASSETS</b>		
Available for sale Financial Assets	16,684,454	13,548,767
<b>Total Financial Assets</b>	16,684,454	13,548,767
(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	13,548,767	-
Additions (at cost) net of disposals (at fair value)	1,802,531	13,469,507
Revaluation	1,333,156	79,260
<b>Closing balance at 30 June</b>	16,684,454	13,548,767
<b>11. TAX ASSETS AND LIABILITIES</b>		
Recognised deferred tax assets		
Deferred tax assets	98,311	122,083
(a) <b>Reconciliations</b>		
<b>Gross Movements.</b>		
The overall movement in deferred tax asset accounts is as follows:		
Opening balance	122,083	-
Credited/charged to the Income Statement	(23,772)	156,051
Credited/charged to Other Comprehensive Income	-	(33,968)
<b>Closing balance</b>	98,311	122,083
Comprises		
- Tax losses	-	122,083
- Capital raising costs	98,311	-
<b>Deferred tax liability</b>		
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 2016

	2016	2015
	\$	\$

**12. TRADE AND OTHER PAYABLES****CURRENT**

Accounts payable and accrued expenses

<b>467,145</b>	10,000
<b>467,145</b>	10,000

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 16,069,468 (2015: 16,037,789)

Capital raising costs

**Total**

<b>16,070,368</b>	16,036,282
<b>(370,652)</b>	(529,503)
<b>15,699,716</b>	15,506,779

**(b) Movements in ordinary share capital**

Date	Details	Number of shares	Price	\$
<b>30 June 2014</b>	<b>Balance</b>	<b>6,000</b>		<b>6,000</b>
14 August 2014	Issue of Shares under IPO	16,022,500	\$1.00	16,022,500
14 August 2014	Capital Raising Costs			(529,503)
14 April 2015	Issue of Shares under DRP	9,289	\$0.8378	7,782
<b>30 June 2015</b>	<b>Balance</b>	<b>16,037,789</b>		<b>15,506,779</b>
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
<b>30 June 2016</b>	<b>Balance</b>	<b>16,069,468</b>		<b>15,699,716</b>

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

**(c) Options**

When the Company was listed, Shareholders were issued with one Option for every one share issued. The Options expired on 17 August 2016, at which date 2,222,000 had been exercised.

**FINANCIAL REPORT**

BARRACK ST INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$

**14. RESERVES****(a) 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 0.5 cents per share paid on 9 October 2015	80,189	-
Interim fully franked ordinary dividend of 1.0 cents (2015: 0.5 cents) per share paid on 1 April 2016 (2015 – 10 April 2015)	160,480	80,143
<b>Total</b>	<b>240,669</b>	<b>80,143</b>

Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the year ended 30 June 2016 and 2015 were as follows

Paid in cash	208,584	72,361
Satisfied by issue of shares	32,085	7,782
<b>Total</b>	<b>240,669</b>	<b>80,143</b>

**(b) Proposed Dividends**

Proposed final 2016 fully franked ordinary dividend of 1.5 cents (2015: 0.5cents) per share to be paid on 23 September 2016.

274,342	80,189
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The proposed final dividend for 2016 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 2016.

**(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 \$117,575 (2015: \$89,122).

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 2016

	2016	2015
	\$	\$

**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 2016	<b>1,843,940</b>	-
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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:

- (iii) the disposal of investment portfolio holdings which qualify for LIC capital gains;  
or
- (iv) 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	<b>1,247,044</b>	39,960
(ii) Total Comprehensive Income	<b>2,100,111</b>	119,220

**(b) Basic and Diluted earnings per share**

	Cents	Cents
(i) Profit/(loss) from continuing operations attributable to the owners of the Company	<b>7.760</b>	0.249
(ii) Total Comprehensive Income	<b>13.081</b>	0.743

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

<b>16,053,628</b>	16,037,789
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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	<b>12,131</b>	12,050
<b>Total remuneration of auditors</b>	<b>12,131</b>	12,050





## FINANCIAL REPORT

BARRACK ST INVESTMENTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

#### 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:

	2016	2015
	\$	\$
<b>Financial Assets</b>		
Cash and cash equivalents	1,598,940	1,870,652
Receivables	286,943	14,356
Financial Assets at fair value through Other Comprehensive Income.	16,684,454	13,548,767
<b>Total Financial Assets</b>	<b>18,570,337</b>	<b>15,433,775</b>
<b>Financial Liabilities</b>		
Trade and Other Payables	467,145	10,000
<b>Total Financial Liabilities</b>	<b>467,145</b>	<b>10,000</b>

#### (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 2016, 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:

	2016
Portfolio five year return	17%
All Ordinaries Index five year return	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% (2015 - 5%) with all other variables held constant.

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

2016 +/- \$834,222

2015 +/- \$677,438

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 2016: Balance \$1,598,940

Weighted average interest rate 0.42%

30 June 2015: Balance \$1,870,652

Weighted average interest rate 1.5%

#### (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

ARRACK ST INVESTMENTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

#### (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
<b>30 June 2016</b>	\$	\$	\$	\$

#### Recurring fair value measurements. Financial Assets

- Listed Equity Securities	16,684,454	16,684,454
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	Level 1	Level 2	Level 3	TOTAL
<b>30 June 2015</b>	\$	\$	\$	\$

#### Recurring fair value measurements. Financial Assets

- Listed Equity Securities	13,548,767	13,548,767
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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.



# FINANCIAL REPORT

BARRACK ST INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$

## 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.	183,185	126,444
• B Jones (Company Secretary) partner of Rothsay Chartered Accounts, is paid for services as CFO and Company Secretary.	36,900	35,362

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 2016

	2016	2015
	\$	\$

## 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	1,247,044	39,958
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- realised gain on sale of financial assets	(2,101,797)	
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries	(854,753)	
- (increase)/decrease in trade and other receivables	(272,587)	-
- increase /(decrease) in trade and other payables	1,069,910	10,000
Cash flow from operations	(57,430)	49,958

## 25. CONTINGENCIES

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2016 (30 June 2015: None).

## 26. EVENTS OCCURRING AFTER THE REPORTING DATE

Other than the exercise of Options, which expire on 17 August 2016, 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.



# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF BARRACK ST INVESTMENTS LIMITED

### Report on the Financial Report

I have audited the accompanying financial report of Barrack St Investments Limited, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors declaration.

### Directors' Responsibility for the Financial Report

The Directors of the company are responsible for the preparation and fair presentation of the financial report 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 and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the Directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

### Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Independence

In conducting my audit, I have complied with the independence requirement of the *Corporations Act 2001*.

### Opinion

In my opinion:

- (a) The financial report of Barrack St Investments Limited is in accordance with the *Corporations Act 2001*, including:

giving a true and fair view of the financial position as at 30 June 2016, and of its financial performance for the year ended on that date.

Complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001.

- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

### Report on the Remuneration Report

I have audited the remunerations report included on pages 11 of the Directors' Report for the year ended 30<sup>th</sup> June 2016. 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 2016 complies with section 300A of the *Corporations Act 2001*.

Leslie Pines

Sydney 29 August 2016