



Barrack St Investments Limited

ABN 30 167 689 821

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 December 2016**

Directors' Report

Your Directors submit the Interim Financial Report of the Company for the half-year ended 31 December 2016.

DIRECTORS

The following persons were Directors of Barrack St Investments Limited since 30 June 2016 and up to the date of this report, unless stated otherwise.

- Mr Murray d'Almeida (Chairman)
- Mr David Crombie AM
- Dr Emmanuel C Pohl
- Mr Jared Pohl (Alternate)

PRINCIPAL ACTIVITY

The principal activity of the Company is investing in a diversified portfolio of small to mid-cap companies listed on the Australian Securities Exchange. There have been no significant changes in the nature of this activity during the period.

REVIEW OF OPERATIONS

During the period under review, dividends in the amount of \$214,261 and interest in the amount of \$1,344 was received. Realised gains on the sale of investments amounted to \$928,582 and after accounting for expenses the Net Profit after Tax amounted to \$584,169. The past six months has been a period of two distinct halves: during the first quarter (June to September 2016), the portfolio performed well, exceeding the 4% increase of the ASX All Ordinaries Index, while during the second quarter (October to December 2016) the value of the portfolio declined by 6% resulting in an overall decline of 1.6% for the six-month period. This under-performance as compared to the market, we due to a decline in the value placed on future growth and renewed interest in mining and mine service companies.

During the half-year 2,220,000 Options were exercised at \$1 each, which resulted in additional cash being injected into the Company and the value of the portfolio increased from \$18,282,132 at 30 June 2016 to \$19,284,905 at 31 December 2016 an increase of 5.49%.

Since the Company listed in August 2014, it has paid four fully franked dividends to Shareholders (some of whom opted to take advantage of the Dividend Reinvestment Plan (DRP) on each occasion) and the Directors intend paying an interim dividend again in March 2017.

PROSPECTS

While 2016 was the year the unlikely became true, investors entered 2017 no better equipped to tell the difference between reality and illusion. Nevertheless, one or two hints are starting to emerge: the global economy has picked up, inflation is rising, central banks are still being helpful and US investors remain committed to the view that President Trump will deliver on tax cuts and infrastructure spending, yet will not upset the apple-cart by starting trade wars or grabbing the nuclear codes. It is right, we believe, to be cautiously optimistic but would be the first to admit that there is much which could go wrong. It is important to buckle down to the task of identifying good companies, with many of the old-fashioned virtues, capable of steady growth in profitability, out of which would come a rising dividend.

NET ASSET BACKING

The net asset backing per share (tax on realised gains only) at 31 December 2016 was 104.0 cents per share compared with 111.6 at 30 June 2016. The net asset backing per share (tax on realised and unrealised gains) at 31 December 2016 was 104.0 cents per share compared with 109.6 cents per share at 30 June 2016.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There has been no significant changes to the operations of the Company during the last six months.

DIVIDEND DECLARED

A fully franked interim dividend of 1.0 cents per share in respect to the half-year ended 31 December 2016 is to be paid on Thursday 13 April 2017.

A final dividend of 1.5 cents per share was paid on 23 September 2016 in respect to the year ended 30 June 2016.

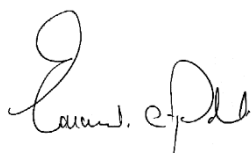
CAPITAL GAINS COMPONENT OF DIVIDEND

As previously advised, the capacity of the Company to continue to facilitate access to the capital gain benefit of the dividend, will depend on the Company's capacity to generate capital profits.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration under section 307C of the *Corporations Act 2001* is set out on page 3 and forms part of the Directors' Report for the half-year ended 31 December 2016.

This report is made in accordance with a Resolution of the Directors and is signed on behalf of the Board of Directors by Dr E C Pohl:

A handwritten signature in black ink, appearing to read 'E. C. Pohl', written in a cursive style.

Dr E C Pohl
Director

SYDNEY
24 February 2017

**AUDITORS INDEPENDENCE DECLARATION
UNDER SECTION 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 half year ended 31 December 2016 there have been:

- A no contravention of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- B no contraventions of any applicable code of professional conduct in relation to the review.



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Leslie Pines - Chartered Accountant
Auditor

Suite 1
102 Spofforth Street
Cremorne NSW 2090

Dated this 24th day of February 2017

Condensed Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2016

| | Note | 31 Dec 2016 \$ | 31 Dec 2015 \$ |
|--|------|----------------------|----------------------|
| Revenue | 2 | 1,144,185 | 501,553 |
| Performance Fee Accrued | | (81,487) | (314,821) |
| Other expenses | | (278,972) | (240,029) |
| Profit/(Loss) before income tax | | 783,726 | (53,297) |
| Income tax (expense)/benefit | | (199,557) | (31,770) |
| Net Profit/(Loss) after income tax for the half-year | | 584,169 | (85,067) |
| Other Comprehensive Income | | | |
| Items that will not be reclassified to profit or loss | | | |
| Changes in fair value of Financial Assets at fair value through Other Comprehensive Income | | (1,124,304) | 2,849,999 |
| Income tax (expense) / benefit relating to items that will not be reclassified to profit or loss | | | |
| Other Comprehensive Income for the half-year net of tax | | (1,124,304) | 2,849,999 |
| Total Comprehensive Income/(Loss) for the half-year¹ | | (540,135) | 2,796,469 |

¹This is the Company's Net Return for the half-year, which includes the Net Operating Profit plus the net realised and unrealised gains or losses on the Company's investment portfolio.

| Earnings per share: | Cents | Cents |
|---|--------------|--------------|
| Basic earnings per share based on net profit/(loss) | 3.19 | (0.47) |
| Diluted earnings per share based on net profit/(loss) | 3.19 | (0.47) |
| Comprehensive earnings (Loss) per share | (2.95) | 15.26 |

The above Condensed Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Condensed Financial Statements.

Condensed Statement of Financial Position

As at 31 December 2016

| | Note | 31 Dec 2016 \$ | 30 June 2016 \$ |
|---|------|----------------------|-----------------------|
| Assets | | | |
| Cash and Cash Equivalents | | 1,888,260 | 1,598,940 |
| Trade and Other Receivables | | 281,271 | 385,254 |
| Financial Assets at fair value through Other Comprehensive Income | | 17,406,302 | 16,684,454 |
| Total Assets | | 19,575,833 | 18,668,648 |
| Liabilities | | | |
| Trade & Other Payables | | 539,543 | 660,929 |
| Deferred Tax Liabilities | | - | 409,482 |
| Total Liabilities | | 539,543 | 1,070,411 |
| Net Assets | | 19,036,290 | 17,598,237 |
| Equity | | | |
| Contributed Equity | 4 | 17,952,246 | 15,699,716 |
| Other Reserves | | (272,119) | 852,185 |
| Retained Earnings | | 1,356,163 | 1,046,336 |
| Total Equity | | 19,036,290 | 17,598,237 |

The above Condensed Statement of Financial Position should be read in conjunction with the Notes to the Condensed Financial Statements.

Condensed Statement of Changes in Equity

For the half-year ended 31 December 2016

| | Note | Contributed Equity | Retained Earnings | Asset Revaluation Reserve | TOTAL |
|---|------|-----------------------|----------------------|---------------------------------|-------------------|
| | | \$ | \$ | \$ | \$ |
| Balance at 1 July 2015 | | 15,506,779 | 39,961 | (883) | 15,545,857 |
| Profit/(Loss) for the half-year | | | (53,530) | | (53,530) |
| Other Comprehensive Income | | | | 2,849,999 | 2,849,999 |
| Transactions with Owners in their capacity as owners | | | | | |
| Dividends paid | 3 | | | (80,188) | (80,188) |
| Shares issued during period | 4 | 10,412 | | | 10,412 |
| Shares bought back on market | 4 | | | | |
| Balance at 31 December 2015 | | 15,517,191 | (13,569) | 2,768,928 | 18,272,550 |
| Balance at 1 July 2016 | | 15,699,716 | 1,046,336 | 852,185 | 17,598,237 |
| Profit/(Loss) for the half-year | | | 584,569 | | 584,569 |
| Other Comprehensive Income | | | | (1,124,304) | (1,124,304) |
| Transactions with Owners in their capacity as owners | | | | | |
| Dividends paid | 3 | | (274,342) | | (274,342) |
| Shares issued during period | 4 | 2,252,530 | | | 2,252,530 |
| Balance at 31 December 2016 | | 17,952,246 | 1,356,163 | (272,119) | 19,036,290 |

The above Condensed Statement of Changes in Equity should be read in conjunction with the Notes to the Condensed Financial Statements.

Condensed Statement of Cash Flows

For the half-year ended 31 December 2016

| | 31 Dec 2016 | 31 Dec 2015 |
|---|------------------------|----------------|
| | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Dividends received | 246,048 | 279,361 |
| Interest received | 1,343 | 2,731 |
| Other payments to suppliers | (737,172) | (304,038) |
| Net cash inflows/(outflows) from operating activities | (489,781) | (21,946) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sale of investments | 6775,731 | 7,649,633 |
| Payment for investments | (7,974,818) | (7,591,006) |
| Net cash inflows/(outflows) from investing activities | (1,199,087) | 58,627 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of shares | 2,220,000 | - |
| Dividend paid | (241,812) | (69,776) |
| Net cash (outflows)/inflows from financing activities | 1,978,188 | (69,776) |
| Net (decrease)/increase in cash and cash equivalents | 289,320 | (33,095) |
| Cash at beginning of the financial period | (1,598,940) | 1,870,652 |
| Cash at the end of the financial period | 1,888,260 | 1,837,557 |

The above Condensed Statement of Cash Flows should be read in conjunction with the Notes to the Condensed Financial Statements

Notes to the Condensed Financial Statements

For the half-year ended 31 December 2016

NOTE 1 BASIS OF PREPARATION

These general purpose interim financial statements for the half-year reporting period ended 31 December 2016 have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. Barrack St Investments Limited is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Barrack St Investments Limited. As such it does not include all the notes of the type normally included in an Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial statements for the year ended 30 June 2016, together with any public announcements made by Barrack St Investments Limited during the half-year ended 31 December 2016 in accordance with the continuous disclosure requirements of the ASX listing rules.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

These interim financial statements were authorised for issue on 24 February 2017.

Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

Changes in Accounting Policy

There are no changes in accounting policy that apply for the half-year ended 31 December 2016.

New, revised or amending Accounting Standards and Interpretations adopted

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the Company from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

| | 31 Dec 2016 | 31 Dec 2015 |
|-------------------------------|------------------------|----------------|
| | \$ | \$ |
| NOTE 2 REVENUE | | |
| Dividends | 214,261 | 279,361 |
| Interest | 1,344 | 2,807 |
| Realised gains on investments | 928,582 | 219,385 |
| | 1,144,185 | 501,553 |

Notes to the Condensed Financial Statements

For the half-year ended 31 December 2016

| | 31 Dec 2016 | 31 Dec 2015 |
|--|------------------------|----------------|
| | \$ | \$ |

NOTE 3 DIVIDENDS

| | | |
|--|----------------|--------|
| Dividends paid during the half-year | | 80,189 |
| - final dividend of 0.5 cents per share paid 9 October 2015 – fully franked | | |
| - final dividend of 1.5 cents per share paid 23 September 2016 – fully franked | 240,669 | |
| | 240,669 | 80,189 |

Since the end of the half-year, the Directors have declared an interim dividend of 1.0 cents per share 100% franked and payable on 13 April 2017.

NOTE 4 MOVEMENTS IN CONTRIBUTED EQUITY

| Date | Details | Number of shares | Price | \$ |
|--|-----------------------------------|-------------------|--------------|-------------------|
| 30 June 2015 | Balance | 16,037,789 | 96,69 | 15,506,779 |
| 9 October 2015 | Dividend Reinvestment Plan issues | 10,254 | 1.01 | 10,411 |
| 10 April 2016 | Dividend Reinvestment Plan issues | 19,425 | 1.11 | 21,674 |
| 15 June 2016 | Options Exercised | 2,000 | 1.00 | 2,000 |
| 30 June 2016 | Balance | 16,069,468 | | 15,540,864 |
| 30 September 2016 | Options Exercised | 2,220,000 | 1.00 | 2,220,000 |
| 16 September 2016 | Dividend Reinvestment Plan issue | 28,575 | 1.14 | 32,530 |
| 31 December 2016 | Balance | 18,318,043 | | 18,322,898 |
| Adjust for | | | | |
| Capital Raising Costs | | | | 529,503 |
| Capital Raising Costs – Tax Effect | | | | (158,652) |
| Net Capital Raising Costs (After Tax) | | | | 370,652 |
| Balance of Contributed Equity Per Balance Sheet | | | | 17,952,246 |

(a) Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Notes to the Condensed Financial Statements

For the half-year ended 31 December 2016

NOTE 5 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Company has no known contingent liabilities or contingent assets.

NOTE 6 EVENTS OCCURRING AFTER REPORTING DATE

The Directors are not aware of any matter or circumstance which has arisen since balance date that has significantly affected or may significantly affect the operations of the Company other than the volatility in the Australian stock market.

NOTE 7 SEGMENT INFORMATION

Operating Segment

The entity operates solely 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 the reports reviewed by the Board. The Board considers the business from both a product and geographic perspective and assesses performance and allocates resources on this basis. The Board considers the business to consist of just one reportable segment.

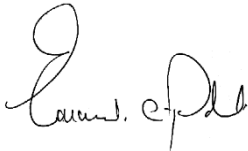
Directors' Declaration

The Directors declare that the Financial Statements and Notes as set out on pages 4 to 10 are in accordance with the *Corporations Act 2001*, including:

- (a) complying with Accounting Standard AASB134 Interim Financial Reporting, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) giving a true and fair view of the Company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date.

In the Directors' opinion, there are reasonable grounds to believe that Barrack St Investments Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'E. C. Pohl', is written in a cursive style.

Dr E C Pohl
Director

SYDNEY
24 February 2017

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

Report on the Half-year Financial Report

I have reviewed the accompanying half-year financial report of Barrack St Investments Limited, which comprises the condensed statement of financial position as at 31 December 2016, condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes to the financial statements, other selected explanatory notes and the directors' declaration of the company at the end of the half-year or from time to time during the half-year period.

Directors' Responsibility for the Half-year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report which 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 a half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express a conclusion on the half-year financial report based on my review. I conducted my review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, I have become aware of any matter that makes me believe that the financial report is not in accordance with the *Corporations Act 2001* including:

- i. giving a true and fair view of the company's year ended 31 December 2016 and its performance for the half-year ended on that date; and
- ii. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

As the auditor of Barrack St Investments Limited, ASRE 2410 requires that I comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Independence

In conducting our review, I have complied with the independence requirements of the *Corporations Act 2001*. I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Barrack St Investments Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

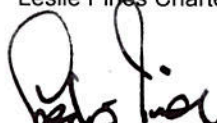
Based on myr review, which is not an audit, I have not become aware of any matter that makes me believe that the half-year financial report of Barrack St Investments Limited is not in accordance with the *Corporations Act 2001* including:

- i. giving a true and fair view of the entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- ii. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Dated 24th February 2017

Suite 1, 102 Spofforth Street Cremorne NSW 2090

Leslie Pines Chartered Accountant



Leslie Pines