Ironbark Capital Limited

ABN 89 008 108 227

Annual Report
For the year ended 30 June 2013

Ironbark Capital Limited ABN 89 008 108 227
Annual Report
30 June 2013

Contents

Directors	Michael J Cole B.Ec, M.Ec Sydney, F Fin Ross J Finley B.Comm NSW Ian J Hunter B.A, LLB Sydney, MBA MGSM
Company secretary	Peter A Roberts CA
Principal registered office in Australia	Level 3 99 Bathurst Street Sydney NSW 2000 (02) 8262 2800
Share registrar	Boardroom Pty Limited GPO Box 3993 Sydney NSW 2001 (02) 9290 9600
Investment manager	Kaplan Funds Management Pty Limited Level 22 44 Market Street Sydney NSW 2000
Accounting & administration	White Outsourcing Pty Limited Level 3 99 Bathurst Street Sydney NSW 2000 (02) 8262 2800
Auditors	MNSA Pty Ltd Level 2 333 George Street Sydney NSW 2000
Website	www.ironbarkcapital.com
Company secretarial and all other enquiries	Telephone: (02) 8262 2800 Email: ironbarkcapital@whiteoutsourcing.com.au
Stock exchange	Australian Securities Exchange ASX code: IBC

Review of Operations and Activities

The Directors consider the investment management performance of IBC to be satisfactory for the latest financial year. The value of the IBC portfolio lifted 10.4% over the period. This level significantly underperformed the ASX 300 benchmark by 11.5% as the broad market index recorded a very strong performance of 21.9%. Notwithstanding the favourable equity environment IBC fell just shy of its internal investment return target of 1% per month.

It was a year when preservation of shareholder capital priorities based on options written strategies would always struggle in an equity market which recorded the strongest growth in a financial year since the GFC. The markedly lower volatility of the IBC investment portfolio means the risk embedded in the portfolio is much less than the market. Accordingly the investment returns are generally expected to be below long only fund managers.

Last year’s investment performance maintains the solid returns achieved over the last five years which was generally a difficult period that emphasised capital preservation as the overarching objective. The table in the Investment Managers Report, reproduced below, highlights that IBC has generated outperformance above the ASX 300 Index over the most recent 3 and 5 year periods. In addition, the share portfolio volatility is approximately half that of the Index volatility over all of periods.

	Inception (10.5 yrs) % pa	**5 Yr % pa**	**3 Yr % pa**	**2 Yr % pa**	**1 Yr %**	**6 mnths %**	**3 mnths %**
Ironbark Capital Ltd	**8.67**	**6.46**	**9.31**	**6.40**	**10.44**	**1.41**	**-0.31**
ASX 300 Accum Index	9.10	2.70	8.25	6.47	21.90	4.99	2.83
Relative Performance	-0.44	3.76	1.06	-0.07	-11.46	-3.58	2.52
Volatility IBC	**7.0**	**8.0**	**5.3**	**5.3**	**3.5**		
Volatility ASX	13.6	16.0	11.9	13.2	11.2		

Over the longer term over a decade since inception, the IBC portfolio has underperformed the ASX 300 index performance by a small margin. However IBC also recorded around half the volatility of the index. This performance is consistent with the solid growth, high yield and low risk of the IBC portfolio.

Last year the Directors highlighted the frustration all IBC shareholders shared with the large discount of the ASX share price of IBC shares to the Net Tangible Asset (NTA) backing of the shares. The Directors hold the view that if there was certainty that the full NTA backing could be realised at a specific future date, the discount of the ASX share price to the NTA would narrow. Following the Constitutional amendment potentially providing certainty for shareholders to access the full NTA value of the shares in mid-2015, it was anticipated the share price discount to NTA would reduce. It is pleasing to report that measuring the NTA discount at the close of the latest financial year and comparing it to the previous corresponding period, the NTA discount has reduced from 9.7% to 5.3% and we anticipate a further narrowing as mid 2015 approaches.

It is pleasing to report that IBC was able to distribute fully franked dividends totalling 4.0 cents per share from adjusted earnings per share of 4.1 cents in FY2013. At year end the franking account balance had been fully distributed and there were no retained earnings.

IBC's capacity to pay fully franked dividends depends on both the accumulation of franking credits and IBC's trading income generation (net of our low and easily predictable operating expenses). In the current year, subject to markets and the IBC investment portfolio value being at least maintained, we expect to pay a fully franked dividend of about 2.5 cents per share. This is lower than the previous year, largely as a result of a forecast decline in income receipts from 7.5% pre-tax last year to 6.9% pre-tax this year stemming from the reduction in floating rate yields on hybrid securities as the official interest rate has fallen.

Corporate Governance Statement

This statement outlines the main corporate governance practices adopted by the Company, which comply with the ASX Corporate Governance Council Principles and Recommendations (2nd Edition, August 2007) unless otherwise stated.

Principle 1: Lay solid foundations for management and oversight
The Board's primary role is the protection and enhancement of long-term shareholder value. To fulfill this role the Board seeks to address:
(a) the prudential control of the Company's operations;
(b) the resourcing, review and monitoring of executive management;
(c) the timeliness and accuracy of reporting to shareholders; and
(d) the determination of the Company's broad objectives.

The Company's operations are conducted through Kaplan Funds Management Pty Limited (Investment Manager) and White Outsourcing Pty Limited (Administration Manager). These entities incorporate the specialist wholesale investment and administration personnel who undertake the Company's executive operations.

The Company's executive management arrangements have been structured to provide investors with a cost efficient investment vehicle and access to a significant depth of professional resources. Individual directors are subject to continuous review by the Chairman.

The Board has established a number of Board Committees including a Nomination Committee, a Remuneration Committee and an Audit Committee. These committees have written mandates and operating procedures which are reviewed on a regular basis. The Board has also established a range of policies which govern its operation.

The Nomination Committee is responsible for the review of the Board's performance as a whole. A performance evaluation of the Board and all Board members is conducted annually. This review took place in May for the 2013 calendar year. Individual directors are subject to continuous review by the Chairman.

Recommendation 1.2 requires the disclosure of the process for evaluating the performance of senior executives. The Company does not comply with this recommendation as there are no senior executive officers of the Company.

Principle 2: Structure the board to add value
The names of the directors of the Company in office at the date of this statement are set out in the Directors' Report on page 11.

The skills, experience and expertise relevant to the position of each director in office at the date of the Annual Report is included in the Directors' Report on page 12. Directors of Ironbark Capital Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with - or could reasonably be perceived to materially interfere with - the exercise of their unfettered and independent judgment.

The composition of the Board is determined using the following principles:
• A minimum of three directors;
• An independent, non-executive director as Chairman; and
• A majority of independent non-executive directors.

The term in office held by each director in office at the date of this report is as follows:

Name	**Term in office**
M J Cole	11 years
R J Finley	27 years
I J Hunter	11 years

Directors have a usual term of two years, and a maximum term of 3 years before standing for re-election.

Principle 2: Structure the board to add value (continued)
An independent director is considered to be a director:
(a) who is not a member of management;
(b) who has not within the last three years been employed in an executive capacity by the Company or been a principal of a professional adviser or consultant to the Company;
(c) is not a significant supplier to the Company;
(d) has no material contractual relationship with the Company other than as a director; and
(e) is free from any interest or business or other relationship which could materially interfere with the director's ability to act in the best interests of the Company.

In the context of director independence, "materiality" is considered from both the company and individual director's perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the directors in question to shape the direction of the company's loyalty.

In accordance with the definition of independence above, and the materiality thresholds set, the following directors, being the entire Board, are considered to be independent:

Name	Position
M J Cole	Chairman, Non-Executive Director
R J Finley	Non-Executive Director
I J Hunter	Non-Executive Director

The Board considers that although Michael Cole is a substantial shareholder, this does not affect his independence as he satisfies all other suggested criteria for assessing independence set out in Recommendation 2.1.

Recommendation 2.3 requires that "the roles of the Chair and Chief Executive Officer of the Company should not be exercised by the same individual". The Company does not comply with this recommendation as there is no Chief Executive Officer of the Company.

Each director has the right of access to all relevant Company information and to the Company's executives and subject to prior consultation with the Chairman, may seek independent professional advice at the entity's expense. A copy of advice received by the director is made available to all other members of the Board.

The Board will hold four scheduled meetings each year plus any other strategic meetings as and when necessitated by the Company's operations. The agenda for meetings is prepared through the input of the Chairman and the Company Secretary. Standing items include matters of compliance and reporting, financials, shareholder communications and investment strategy and outcomes. Submissions are circulated in advance.

The Nomination Committee considers the appropriate size and composition of the Board, criteria for membership, identification of potential candidates and the terms and conditions of appointment to and retirement from the Board.

The Committee is responsible for:
• Conducting an annual review of the Board membership with regard to the present and future requirements of the Company and making recommendations as to composition and appointments;
• Review of Board succession plans, including succession of the Chairman, to maintain an appropriate balance of skills, experience and expertise, taking into account the need for diversity in gender, age, ethnicity and cultural background;
• Conducting an annual review of the time required from non-executive directors, and whether the directors are meeting this;
• Requesting non-executive directors to inform the Chair and the Chair of the nomination committee before accepting any new appointments as directors;
• Conducting an annual review of the independence of directors; and
• Recommendations to the Board on necessary and desirable competencies of directors.

Principle 2: Structure the board to add value (continued)
The Committee's target is to ensure that (as a minimum) directors collectively have investment accounting, general business experience and shareholder representation. The terms and conditions of the appointment and retirement of non-executive directors are set out in a letter of appointment. The Committee is responsible for the performance review of the Board and its Committees. Individual directors are subject to continuous review by the Chairman. The Chairman reports on the general outcome of the meetings to the Board annually. Directors whose performance is unsatisfactory are asked to retire.

In addition, the performance of service providers (J.P. Morgan Chase Bank, N.A. (Sydney Branch), White Outsourcing Pty Limited and Kaplan Funds Management Pty Limited) is the subject of continuous oversight by the Chairman and the Board as a whole.

The Nomination Committee comprised the following members during the year:
• Michael Cole (Chairman) - Independent Non-Executive
• Ian Hunter - Independent Non-Executive
• Ross Finley - Independent Non-Executive

The Nomination Committee meets annually unless otherwise required. For details on the number of meetings of the Nomination Committee held during the year and the attendees at those meetings, refer to page 13 of the Directors' Report.

Principle 3: Promote ethical and responsible decision making
The Board expects all non-executive directors to act professionally in their conduct and with the utmost integrity and objectivity. All non-executive directors must comply with the Company's Code of Conduct and Ethics. The directors in acting professionally in their conduct means that they will act with high standards of honesty, integrity and fairness, avoiding conflicts of interest, acting lawfully and ensuring confidential information is dealt with in accordance with the Company's Privacy Policy.

The Company encourages directors to have a significant personal financial interest in Ironbark Capital Limited ("IBC"), by acquiring and holding shares on a long-term basis.

Short term trading in IBC's shares by directors is not permitted.

The Board has adopted the following policies concerning dealing in IBC's shares by directors.

• Insider trading laws prohibit Directors and their associates from dealing in the Company's shares whilst in possession of price sensitive information that is not generally available.

• As a matter of practice, market disclosure will be made whenever the gross portfolio value moves by more than 2.5% since the previous NTA announcement. Directors' trading will be allowed, provided such an announcement has been made and a reasonable amount of time allowed for the dissemination of the information into the market.

The composition of the Board is monitored (both in respect of size, diversity and membership) to ensure that the Board has a balance of skill and experience appropriate to the needs of the Company. When a vacancy arises, the Board will identify candidates with appropriate expertise and experience and appoint the most suitable person taking into account the need for diversity in gender, age, ethnicity and cultural background. Given the Company has no employees, consideration of diversity does not extend beyond the Board and further disclosures in relation to policies are not considered relevant.

Principle 4: Safeguard integrity in financial reporting
It is a requirement of the Board that White Outsourcing Pty Limited sign-off on the content of the financial statements, and that these statements represent a true and fair view of the Company's operations and financial position of the Company.

White Outsourcing Pty Limited provides a declaration to the Board twice annually, to certify that the Company's financial statements and notes present a true and fair view, in all material respects, of the Company's financial condition and operational results and that they have been prepared and maintained in accordance with relevant Accounting Standards and the *Corporations Act 2001*. In respect of the current financial year all necessary declarations have been submitted to the Board. In addition, White Outsourcing Pty Limited (accounting and Company Secretarial) confirms in writing to the Board that the declaration provided above is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Company has an Audit Committee with a documented Charter, approved by the Board. All members must be non-executive directors and the majority be independent directors. The Chairman is not the Chairman of the Board. The Committee is responsible for considering the effectiveness of the systems and standards of internal control, financial reporting and any other matter at the request of the Board. The Audit Committee will meet at least two times per year.

The Audit Committee may have in attendance at their meeting such members of management as may be deemed necessary to provide information and explanations. The external auditors attend meetings by invitation to report to the Committee.

The members of the Audit Committee during the year were:
• I J Hunter (Chairman)
• R J Finley
• M J Cole

The responsibilities of the Audit Committee are to ensure that:
1. Relevant, reliable and timely information is available to the Board to monitor the performance of the Company;
2. External reporting is consistent with committee members' information and knowledge and is adequate for shareholder needs;
3. Management processes support external reporting in a format which facilitates ease of understanding by shareholders and institutions;
4. The external audit arrangements are adequate to ensure the maintenance of an effective and efficient external audit. This involves:
(a) reviewing the terms of engagement, scope and auditor's independence;
(b) recommendations as to the appointment, removal and remuneration of an auditor; and
(c) reviewing the provision of non-audit services provided by the external auditor ensuring they do not adversely impact on audit independence;
5. Review the Company's risk profile and assess the operation of the Company's internal control system.

The external auditor is required to attend the Annual General Meeting and is available to answer shareholder questions.

For details on the number of meetings of the Audit Committee held during the year and the attendees at those meetings, refer to page 13 of the Directors' Report.

The Board as a whole monitors the performance of the annual & half-yearly audit performed by the external auditor. If the Board considers that the external auditor of the Company should be changed a special resolution will be put to shareholder vote at the following Annual General Meeting. External audit engagement partners are required by legislation to rotate their appointment every five years.

Principle 5: Make timely and balanced disclosures
The Board informs shareholders of all major developments affecting the Company's state of affairs as follows:

• All information lodged with the ASX is available on the Company's website at www.ironbarkcapital.com via a direct link to the ASX website;
• An Annual Report will be mailed to shareholders at the close of the financial year, where requested; and
• Net asset backing per share is released to the ASX by the 14th day following each month-end and is sent via email to shareholders who register their interest.

The Company Secretary is responsible for ensuring Ironbark Capital Limited complies with its continuous disclosure obligations. All relevant staff of White Outsourcing Pty Limited and Kaplan Funds Management Pty Limited are made aware of these obligations and are required to report any price sensitive information to the Company Secretary immediately when they become aware of it. The Company Secretary in consultation with the Chairman will decide whether the information should be disclosed to the ASX.

Where possible, all continuous disclosure releases to the ASX are approved by the Board, except the monthly net asset backing per share which is approved by White Outsourcing Pty Limited in consultation with Kaplan Funds Management Pty Limited. Where time does not permit approval by the Board, the Chairman of the directors must approve the release.

Any information of a material nature affecting the Company is disclosed to the market through release to the ASX as soon as the Company becomes aware of such information, in accordance with the ASX Continuous Disclosure requirement.

Principle 6: Respect the rights of shareholders
Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of directors, changes to the constitution and are able to receive the annual and interim financial statements if requested. Shareholders are strongly encouraged to attend and participate in the Annual General Meetings of Ironbark Capital Limited, to lodge questions to be responded by the Board, and are able to appoint proxies.

Principle 7: Recognise and manage risk
The Board acknowledges that it is responsible for the overall system of internal control but recognises that no cost effective internal control system will preclude all errors and irregularities. The Board has delegated responsibility for reviewing the risk profile and reporting on the operation of the internal control system to the Audit Committee.

The Audit Committee (a) requires executive management to report annually on the operation of internal controls, (b) reviews the external audit of internal controls and liaises with the external auditor and (c) conducts any other investigations and obtains any other information it requires in order to report to the Board on the effectiveness of the internal control system. In respect of the current financial year all necessary declarations have been submitted to the Board.

The Board identifies the following business risks as having the potential to significantly or materially impact the Company's performance (a) administrative risks including operational, compliance and financial reporting (b) market related risks.

Administrative Risks
The Company has outsourced its administrative functions to service providers, J.P. Morgan Chase Bank, N.A. (Sydney Branch) (custody), White Outsourcing Pty Limited (accounting and Company Secretarial) and Kaplan Funds Management Pty Limited (investment management). Risk issues associated with these activities are handled in accordance with the service providers' policies and procedures. White Outsourcing Pty Limited is responsible for recognising and managing administrative risks including (a) operational, (b) compliance and (c) financial reporting. Certificates of insurance currency are obtained annually from all key service providers.

Principle 7: Recognise and manage risk (continued)
Market Risks
The Board is primarily responsible for recognising and managing market related risks. By its nature as a Listed Investment Company, the Company will always carry investment risk because it must invest its capital in securities which are not risk free. However, the Company seeks to reduce this investment risk by a policy of diversification of investments across industries and companies operating in various sectors of the market. Kaplan Funds Management Pty Limited (investment manager), is required to act in accordance with the Board approved investment management agreement and reports to the Board quarterly on the portfolio's performance, material actions of the investment manager during that quarter and an explanation of the investment manager's material proposed actions for the upcoming quarter. In addition, the investment manager is required to report half-yearly that Kaplan Funds Management Pty Limited have invested the Company's assets in accordance with the approved investment mandate and complied with the Investment Management Agreement requirements during the reporting period. In respect of the current financial year all necessary declarations have been submitted to the Board. In assessing the Company's risk tolerance level the Board considers any instance which materially affects the Company's monthly Net Tangible Asset backing announcement released to the ASX.

The Audit Committee and the Board perform a risk review on an annual basis to ensure that adequate controls are in place to mitigate risk associated with investment manager performance, market risk, fraud, transaction reporting errors, material reporting risks and compliance risk.

Principle 8: Remunerate fairly and responsibly
The Company has a Remuneration Committee which reviews and makes recommendations to the Board on remuneration of the directors themselves. The Remuneration Committee meets once a year. Full details on Directors' remuneration are provided in the Directors' Report.

The members of the Remuneration Committee during the year were:

• MJ Cole (Chairman)
• R J Finley
• I J Hunter

As previously noted, the executive function of the Company has been outsourced to White Outsourcing Pty Limited (accounting and administration) and Kaplan Funds Management Pty Limited (funds management), therefore, there are no executive directors of the Company. The responsibility for considering and recommending appropriate remuneration of the non-executive directors' packages for the Board lies with the Remuneration Committee. Non-executive directors are remunerated by way of cash payments.

Recommendation 8.3 states that the Company should "clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives". The Company does not comply with this recommendation as there are no executive directors or senior executives.

For details on the number of meetings of the Remuneration Committee held during the year and the attendees at those meetings, refer to page 13 of the Directors' Report.

Board policies and charters covering the following are available on the Company's website at www.ironbarkcapital.com:

• Board charter
• Nomination Committee charter
• Audit Committee charter
• Remuneration Committee
• Disclosure policy
• Communication policy
• Risk management policy
• Trading policy
• Code of Conduct and Ethics

Portfolio Shareholdings at 30 June 2013

ASX Code	Security	Market Value* $'000	% of portfolio
	Banks		
ANZ	ANZ Banking Group Limited	2,739	3.2
CBA	Commonwealth Bank of Australia Limited	4,403	5.2
NAB	National Australia Bank Limited	1,653	1.9
WBC	Westpac Banking Corporation Limited	3,293	3.9
		12,088	**14.2**
	Hybrids		
AGKHA	AGL Energy Limited - Subordinated Notes	1,017	1.2
LEPHC	ALE Property Group - Unsecured Notes	2,017	2.4
ANZPA/PB	ANZ Banking Group Ltd - Convertible Preference Securities	4,141	4.9
AQHHA	APA Group - Subordinated Notes	1,041	1.2
BOQPD	Bank of Queensland - Convertible Preference Securities	1,234	1.5
BENPB/PC/PD	Bendigo Bank - Convertible Preference Securities	1,518	1.8
CTXHA	Caltex Australia Limited - Subordinated Notes	2,084	2.5
PCAPA/CBAPA/PC	Commonwealth Bank Perls III & Perls V & Perls VI	8,318	9.8
CWNHA	Crown Limited - Subordinated Notes	1,035	1.2
IAGPC	Insurance Australia Group - Convertible Preference Securities	3,047	3.6
IANG	Insurance Australia Group - Perpetual Reset Exchangeable Notes	2,573	3.0
MQGPA	Macquarie Group Limited - Capital Notes	499	0.6
NABPA	National Australia Bank Limited - Convertible Preference Securities	2,161	2.5
NABHA	National Australia Bank Limited Income Securities	2,671	3.1
ORGHA	Origin Energy Limited - Subordinated Notes	4,034	4.8
RHCPA	Ramsay Health Care Ltd - Convertible Equity Securities	2,170	2.6
SVWPA	Seven Group Holdings Limited - Convertible Preference Securities	2,800	3.3
SUNPC	Suncorp Group Limited - Convertible Preference Securities	3,404	4.0
SUNPD	Suncorp Group Limited - Subordinated Notes	887	1.0
WCTPA/WBCPA	Westpac - Convertible Preference Securities	1,797	2.1
		48,448	**57.1**
	Large Industrial (Top 50)		
TLS	Telstra Corporation Limited	8,186	9.6
		8,186	**9.6**
	Materials & Energy		
BHP	BHP Billiton Limited	8,137	9.6
BTU	Bathurst Resources Limited	45	0.1
NCM	Newcrest Mining Limited	109	0.1
RIO	Rio Tinto Limited	84	0.1
WPL	Woodside Petroleum Limited	778	0.9
		9,153	**10.8**
	Property Trusts		
CPA	Commonwealth Property Office Fund	791	0.9
CMW	Cromwell Property Group	533	0.6
DXS	Dexus Property Group	387	0.5
IOF	Investa Office Fund	255	0.3
SCP	Shopping Centres Australasia Property Group	1,794	2.1
		3,760	**4.4**

* Includes market value of options written against holdings.

Portfolio Shareholdings at 30 June 2013

ASX Code	Security	Market Value* $'000	% of portfolio
	Utilities & Infrastructure		
DUE	DUET Group	1,754	2.1
SPN	SP AusNet	169	0.2
SKI	Spark Infrastructure Group	856	1.0
		2,779	**3.3**
	Small Industrial (ex Top 50)		
TPI	Transpacific Industries Group Ltd	200	0.3
VRT	Virtus Health Ltd	123	0.2
		323	**0.5**
	Cash	123	0.1
	Total	**84,860**	**100.0**

* Includes market value of options written against holdings.

Directors' Report

Your Directors present their report on the Company for the year ended 30 June 2013.

Directors
The following persons were Directors of Ironbark Capital Limited during the financial year and up to the date of this report:

Michael J Cole
Ross J Finley
Ian J Hunter

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities
During the year, the principal activities of the Company included investments in securities listed on the Australian Stock Exchange.

Dividends
Dividends paid to members since the end of the previous financial year were as follows:

	Record Date	Dividend Rate	Total Amount $'000	Date of Payment	% Franked
2013					
Ordinary shares - final	20/06/2013	2.0 cps	$3,114	28/06/2013	100
Ordinary shares - interim	17/12/2012	2.0 cps	$3,114	28/12/2012	100
2012					
Ordinary shares - final	21/06/2012	1.0 cps	$1,416	29/06/2012	100
Ordinary shares - interim	30/01/2012	0.8 cps	$1,132	09/02/2012	100

Review of operations
Information on the operations and financial position of the Company and its business strategies and prospects is set out in the review of operations and activities on page 2 of this Annual Report.

The profit from ordinary activities after income tax amounted to $6,186,000 (2012: $1,791,000).

The net tangible asset backing for each ordinary share as at 30 June 2013 amounted to $0.549 per share (2012: $0.548 per share).

Earnings per share

	2013	2012
Basic and diluted earnings per share (cents per share)	4.09	1.26

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

On 14 September 2012, the Company invited its shareholders to subscribe to a non-renounceable rights issue of 14,155,953 ordinary shares at an issue price of $0.48 per share on the basis of 1 share for every 10 fully paid ordinary shares held, with such shares issued on 24 October 2012 and participated in the dividends paid on 28 December 2012. The issue was fully subscribed.

Matters subsequent to the end of the financial year
No other matter or circumstance has occurred subsequent to year end 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 subsequent financial years.

Likely developments and expected results of operations
The Company will continue to pursue its investment objectives for the long term benefit of the members. This will require continual review of the investment strategies that are currently in place and may require changes to these strategies to maximise returns.

Environmental regulation
The Company is not affected by any significant environmental regulation in respect of its operations.

To the extent that any environmental regulations may have an incidental impact on the Company's operations, the Directors of the Company are not aware of any breach by the Company of those regulations.

Information on directors
Michael J Cole B.Ec, M.Ec Sydney, F Fin. *Chairman*

Experience and expertise

Investment manager and investment banker

Other current directorships

Chairman of Platinum Asset Management Limited; Chairman, IMB Ltd; Director, NSW Treasury Corp; Chairman, Challenger Listed Investments Ltd.

Interests in shares

9,000,000 shares

Ross J Finley B.Comm NSW

Experience and expertise

Investment banker and stockbroker

Other current directorships

Director of Century Australia Investments Ltd.

Interests in shares

1,640,000 shares

Ian J Hunter B.A, LLB Sydney, MBA MGSM *Audit Committee Chairman*

Experience and expertise

Banking and finance

Other current directorships

Director of Rubik Financial Limited.

Interests in shares

2,435,596 shares

The particulars of directors' interests in shares of the Company are as at the date of this report.

Company secretary
The Company Secretary is Mr Peter A Roberts. He is a member of the Institute of Chartered Accountants and is the Company Secretary of Steadfast Group Limited and Macquarie Premium Funding Pty Limited and also for a number of other Listed Investment Companies. Mr Roberts was appointed to the position of Company Secretary in 2003.

Meetings of directors
The numbers of meetings of the Company's board of Directors and of each board committee held during the year ended 30 June 2013, and the numbers of meetings attended by each Director were:

	Board Meetings		Meetings of Committees: Audit		Nomination		Remuneration	
	A	B	A	B	A	B	A	B
Michael J Cole	4	4	2	2	1	1	1	1
Ross J Finley	4	4	2	2	1	1	1	1
Ian J Hunter	4	4	2	2	1	1	1	1

A = Number of meetings attended
B = Number of meetings held during the time the Director held office or was a member of the committee during the year

Audit committee
The Audit Committee consists of Mr Ian Hunter, Mr Michael Cole and Mr Ross Finley. The Chairman is Mr Ian Hunter, who is not the Chairman of the Board.

Remuneration report
This report details the nature and amount of remuneration for each Director and Key Management Person of Ironbark Capital Limited in accordance with the *Corporations Act 2001.*

Remuneration policy

The Board determines the remuneration structure of Non-Executive Directors (based on the recommendation of the Remuneration Committee), having regard to the scope of the Company's operations and other relevant factors including the frequency of Board meetings as well as directors' length of service, particular experience and qualifications. The Board makes a recommendation to shareholders as to the level of Non-Executive Directors remuneration which is then put to shareholders at the Annual General Meeting for approval.

As the Company does not provide share or option schemes to Directors and Executives, remuneration of Executives and Non-executives is not explicitly linked to the Company's performance. Notwithstanding this, Board members and Company executives are subject to ongoing performance monitoring and regular performance reviews.

Directors' benefits

No Director of the Company has, since the end of the previous financial year, received or become entitled to receive a benefit, other than a remuneration benefit as disclosed in the Director's Report, by reason of a contract made by the Company or a related entity with the director or with a firm of which he is a member, or with a Company in which he has a substantial interest.

Remuneration report (continued)
Details of remuneration
The following tables show details of the remuneration received by the Directors of the Company for the current and previous financial year.

2013

Name	Cash salary and fees $	Superannuation $	Total $
Other Company and Company executives			
Michael J Cole	20,000	-	20,000
R J Finley	20,000	-	20,000
I J Hunter	20,000	-	20,000
	60,000	-	60,000

2012

Name	Cash salary and fees $	Superannuation $	Total $
Michael J Cole	20,000	-	20,000
R J Finley	20,000	-	20,000
I J Hunter	20,000	-	20,000
	60,000	**-**	**60,000**

Directors are paid a maximum remuneration of $20,000 each per annum.

Accounting and company secretarial duties are outsourced to White Outsourcing Pty Limited. Peter Roberts is a director and shareholder of White Outsourcing Pty Limited which received fees net of reduced input tax credits of $82,830 during the year (2012: $64,721) for the services rendered pursuant to an Administrative Services Agreement entered into by the Company. Mr Roberts received no fees as an individual. White Outsourcing Pty Limited is remunerated in accordance with the Fee Revision Letter dated 8 January 2010. The agreement has no fixed term.

Shares issued on the exercise of options
No options were granted over issued shares or interests during the financial year or since the financial year end by the Company to Directors or any officers.

Insurance and indemnification of officers and auditors
During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and any related body corporate against liability incurred as such by a Director or Secretary to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnities have been given or insurance premiums paid during or since the end of the financial year, for any person who is or has been an auditor of the Company.

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 proceedings 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.*

Non-audit services
Non-audit services were performed by the auditors and consultation fees of $4,451 were incurred by the Company during the year ended 30 June 2013 (2012: nil).

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 16.

Rounding of amounts
The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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

Michael J Cole
Director

Sydney
23 August 2013

IRONBARK CAPITAL LIMITED
ABN 89 008 108 227

AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF IRONBARK CAPITAL LIMITED

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2013 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

MNSA PTY LTD

MNSA PTY LTD

Mark Schiliro
Director

Dated at Sydney, this 23rd day of August 2013

MNSA PTY LTD
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Level 2, 333 George St
Sydney NSW 2000
GPO Box 2943 Sydney 2001
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Ironbark Capital Limited ABN 89 008 108 227
Annual Report - 30 June 2013

Contents

Ironbark Capital Limited
Statement of Comprehensive Income
For the year ended 30 June 2013

	Notes	**2013 $'000**	2012 $'000
Investment income from trading portfolio			
Revenue	6	**4,702**	4,681
Net gains/(losses) on trading portfolio	6	**3,807**	(2,758)
		8,509	1,923
Expenses			
Management fees	21(b)	**(577)**	(526)
Brokerage expense		**(79)**	(21)
Accounting fees		**(83)**	(65)
Share registry fees		**(42)**	(50)
Custody fees		**(34)**	(28)
Tax fees		**(11)**	(13)
Directors' liability insurance fees		**(23)**	(23)
Legal fees		**(4)**	(2)
Directors' fees	18(a)	**(60)**	(60)
ASX fees		**(40)**	(38)
Audit fees	19	**(40)**	(34)
Options expense		**(27)**	(21)
Other expenses		**(22)**	(9)
		(1,042)	(890)
Profit before income tax		**7,467**	1,033
Income tax (expense)/benefit	7(a)	**(1,281)**	758
Net profit for the year		**6,186**	1,791
Other comprehensive income/(loss) for the year, net of tax		**-**	-
Total comprehensive income for the year		**6,186**	1,791
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share	24	**4.09**	1.26
Diluted earnings per share	24	**4.09**	1.26

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

	Notes	**2013 $'000**	2012 $'000
ASSETS			
Current assets			
Cash and cash equivalents	8	**123**	2,147
Trade and other receivables	9	**615**	714
Trading portfolio	10	**84,737**	75,070
Current tax assets		**332**	-
Other assets		**4**	4
Total current assets		**85,811**	77,935
Non-current assets			
Deferred tax assets	12	**606**	1,823
Total non-current assets		**606**	1,823
Total assets		**86,417**	79,758
LIABILITIES			
Current liabilities			
Trade and other payables	13	**118**	102
Current tax liabilities		**-**	57
Total current liabilities		**118**	159
Non-current liabilities			
Deferred tax liabilities	14	**11**	14
Total non-current liabilities		**11**	14
Total liabilities		**129**	173
Net assets		**86,288**	79,585
EQUITY			
Issued capital	15	**86,901**	80,156
Accumulated losses	16(a)	**(613)**	(571)
Total equity		**86,288**	79,585

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

	Notes	Issued capital $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2011		80,156	186	80,342
Profit for the year		-	1,791	1,791
Total comprehensive income for the year		**-**	**1,791**	**1,791**
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	17	-	(2,548)	(2,548)
Balance at 30 June 2012		**80,156**	**(571)**	**79,585**
Balance at 1 July 2012		80,156	(571)	79,585
Profit for the year		-	6,186	6,186
Total comprehensive income for the year		**-**	**6,186**	**6,186**
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	17	-	(6,228)	(6,228)
Contributions of equity from rights issue, net of transaction costs and tax	15(e)	6,745	-	6,745
		6,745	(6,228)	517
Balance at 30 June 2013		**86,901**	**(613)**	**86,288**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

	Notes	2013 $'000	2012 $'000
Cash flows from operating activities			
Interest received		**945**	77
Proceeds from sale of trading portfolio		**59,457**	38,036
Payments for purchase of trading portfolio		**(65,380)**	(43,235)
Dividends and trust distributions received		**3,711**	4,466
Other income received		**130**	31
Management fees paid		**(573)**	(527)
Other expenses paid		**(375)**	(378)
Net income taxes paid		**(435)**	(24)
Net cash (outflow) from operating activities	23	**(2,520)**	(1,554)
Cash flows from financing activities			
Dividends paid to company shareholders	17	**(6,228)**	(2,548)
Proceeds from rights issue		**6,795**	-
Transaction costs paid for rights issue		**(71)**	-
Net cash inflow/(outflow) from financing activities		**496**	(2,548)
Net (decrease) in cash and cash equivalents		**(2,024)**	(4,102)
Cash and cash equivalents at beginning of financial year		**2,147**	6,249
Cash and cash equivalents at end of financial year	8	**123**	2,147

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

1 General information

Ironbark Capital Limited (the "Company") is a listed public company domiciled in Australia. The address of Ironbark Capital Limited's registered office is Level 3, 99 Bathurst Street, Sydney NSW 2000. The financial statements of Ironbark Capital Limited are for the year ended 30 June 2013. The Company is primarily involved in making investments, and deriving revenue and investment income from listed securities and unit trusts in Australia.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the entity Ironbark Capital Limited.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Ironbark Capital Limited is a for-profit entity for the purpose of preparing the financial statements.

The Financial Statements were authorised for issue by the directors on 23 August 2013.

(i) Compliance with IFRS
The financial statements of the Ironbark Capital Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) New and amended standards adopted by the Company
None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. However, amendments made to AASB 101: *Presentation of Financial Statements* effective 1 July 2012 now require the statement of comprehensive income to show the items of comprehensive income grouped into those that are not permitted to be reclassified to profit or loss in a future period and those that may have to be reclassified if certain conditions are met.

(iii) Historical cost convention
These Financial Statements have been prepared under the accruals basis and are based on historical cost convention, as modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(iv) Critical accounting estimates
The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of rebates and amounts collected on behalf of third parties.

(i) Trading income
Profits and losses realised from the sale of investments and unrealised gains and losses on securities held at fair value are included in the Statement of Comprehensive Income in the year they are earned/incurred.

(ii) Dividends and trust distributions
Dividends and trust distributions are recognised as revenue when the right to receive payment is established.

2 Summary of significant accounting policies (continued)

(b) Revenue recognition (continued)

(iii) Interest income
Interest income is recognised using the effective interest method.

(iv) Other income
The Company recognises other income when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(c) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(d) Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

(e) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade and other receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly.

2 Summary of significant accounting policies (continued)

(f) Trading portfolio

Classification
The trading portfolio comprises securities held for short term trading purposes, including exchange traded option contracts that are entered into, as described below. The purchase and the sale of securities are accounted for at the date of trade. Trade date accounting is adopted for financial assets that are delivered within timeframes established by market place convention.

Options are initially brought to account at the amount received upfront for entering the contract (the premium) and subsequently revalued to current market value. Increments and decrements are taken through the Statement of Comprehensive Income.

Securities in the trading portfolio are classified as "assets measured at fair value through profit or loss".

Recognition and derecognition
Purchases and sales of financial assets are recognised on trade date - the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement
At initial recognition, the Company measures a financial asset or financial liability at its fair value, net of transaction costs which are expensed in profit or loss.

Subsequent to initial recognition, the financial instruments are measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income.

When an investment is disposed, the cumulative gain or loss is recognised as realised gains and losses on trading portfolio in the Statement of Comprehensive Income.

AIFRS defines fair value for the purpose of valuing holdings of securities that are listed or traded on an exchange to be based on quoted "bid" prices for securities prevailing at the close of business on the balance date.

AASB 139 and AG72 state that the current bid price is usually the appropriate price to be used in measuring the fair value of actively traded financial assets.

Financial assets should be valued at their fair value without any deduction for transaction costs that may be incurred on sale or other disposal. Certain costs in acquiring investments, such as brokerage and stamp duty are expensed in the Statement of Comprehensive Income.

(g) Derivatives

The Company may invest in financial derivatives. Derivative financial instruments are accounted for on the same basis as the underlying investment exposure. Gains and losses relating to derivatives are included in investment income as part of realised or unrealised gains and losses on investments.

(h) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2 Summary of significant accounting policies (continued)

(i) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(j) Dividends

In accordance with the *Corporations Act 2001*, the Company may pay a dividend where the Company's assets exceed its liabilities, the payment of the dividend is fair and reasonable to the Company's shareholders as a whole and the payment of the dividend does not materially prejudice the Company's ability to pay its creditors.

It is the Directors' policy to only pay fully franked dividends and to distribute the majority of franking credits received each year. Franking credits are generated by receiving fully franked dividends from shares held in the Company's investment portfolio, and from the payment of corporate tax on its other investment income, namely share option premiums, unfranked income and net realised gains.

A provision for dividends payable is recognised in the reporting period in which dividends are declared, for the entire undistributed amount, regardless of the extent to which they will be paid in cash.

(k) Earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(m) Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

2 Summary of significant accounting policies (continued)

(n) Functional and presentation currency

The functional and presentation currency of the Company is Australian dollars.

(o) Comparatives

Where necessary, comparative information has been reclassified to be consistent with current reporting period.

(p) Operating Segments

The Company operated in Australia only and the principal activity is investment.

(q) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods and have not yet been applied in the Financial Statements. The Company's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 *Financial Instruments*, AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (effective from 1 January 2015)

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. AASB 9 permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not traded. The Directors do not expect this will have a significant impact on the Company's financial statements.

(ii) AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* (applicable for annual reporting periods commencing on or after 1 January 2013)

AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The Company has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the Financial Statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The Company does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

(iii) AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* (effective 1 July 2013)

In July 2011 the AASB decided to remove the individual key management personnel (KMP) disclosure requirements from AASB 124 *Related Party Disclosures*, to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the *Corporations Act 2001*. While this will reduce the disclosures that are currently required in the notes to the financial statements, it will not affect any of the amounts recognised in the financial statements. The amendments apply from 1 July 2013 and cannot be adopted early. The *Corporations Act* requirements in relation to remuneration reports will remain unchanged for now, but these requirements are currently subject to review and may also be revised in the near future. The Company does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Board of the Company has implemented a risk management framework to mitigate these risks.

(a) Market risk

The standard defines this as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Price risk
The Company is exposed to equity securities price risk. This arises from investments held by the Company and classified in the Statement of Financial Position as trading portfolio.

The Company seeks to manage and constrain market risk by diversification of the investment portfolio across multiple stocks and industry sectors. The Investment Manager of the trading portfolio has been granted specific risk tolerance boundaries as set out in the Investment Management Agreement.

The Company's investment sector as at 30 June is as below:

Sector	**2013 (%)**	2012 (%)
Financials	**53.39**	51.57
Energy	**0.92**	2.15
Healthcare and biotechnology	**2.71**	2.64
Industrials	**3.54**	2.61
Consumer discretionary	**-**	0.08
Utilities	**3.28**	5.27
Materials	**9.88**	13.60
Telecommunications services	**9.66**	8.33
Corporate floating rate notes	**14.30**	11.34
Property trust	**2.32**	2.41
Total	**100.00**	100.00

Securities representing over 5 percent of the trading portfolio at 30 June 2013 were:

	2013 (%)
Commonwealth Bank Perls III & Perls V & Perls VI	9.8
BHP Billiton Limited	9.6
Telstra Corporation Limited	9.6
Commonwealth Bank of Australia	5.2
	34.2

No other security represents over 5 percent of the trading portfolio at 30 June 2013.

The Company is also not directly exposed to currency risk as all its investments are quoted in Australian dollars.

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Price risk (continued)
The following table illustrates the effect on the Company's profit or loss from possible changes in other market risk that were reasonably possible based on the risk the Company was exposed to at reporting date, assuming a flat tax rate of 30 percent:

	Impact on post-tax profit	
Index	**2013 $'000**	2012 $'000
Change in variable by +5%/-5% (2012: +5%/-5%)	**2,966**	2,627
Change in variable by +10%/-10% (2012: +10%/-10%)	**5,932**	5,255

(ii) Cash flow and fair value interest rate risk
The Company's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis.

The table below summarises the Company's exposure to interest rate risks. It includes the Company's assets and liabilities at fair values, categorised by the earlier of contractual repricing or maturity dates.

30 June 2013

	Floating interest rate $'000	**Non-interesting bearing $'000**	**Total $'000**
Financial Assets			
Cash and cash equivalents (i)	**123**	**-**	**123**
Trade and other receivables	**-**	**615**	**615**
Trading portfolio	**12,115**	**72,622**	**84,737**
Current tax assets	**-**	**332**	**332**
	12,238	**73,569**	**85,807**
Financial liabilities			
Trade and other payables	**-**	**(118)**	**(118)**
	-	**(118)**	**(118)**
Net exposure	**12,238**	**73,451**	**85,689**

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk (continued)
30 June 2012

	Floating interest rate $'000	Non-interesting bearing $'000	Total $'000
Financial assets			
Cash and cash equivalents (i)	2,147	-	2,147
Trade and other receivables	-	714	714
Trading portfolio	8,516	66,554	75,070
	10,663	67,268	77,931
Financial liabilities			
Trade and other payables	-	(102)	(102)
Current tax liabilities	-	(57)	(57)
	-	(159)	(159)
Net exposure	10,663	67,109	77,772

(i) The weighted average interest rate of the Company's cash and cash equivalents at 30 June 2013 is 3.90% pa (2012: 4.56% pa).

Sensitivity
At 30 June 2013, if interest rates had increased or decreased by 75 basis points from the year end rates with all other variables held constant, post-tax profit for the year would have been $644 higher/$644 lower (2012: changes of 75 bps/75 bps: $11,272 lower/$11,272 higher), mainly as a result of higher/lower interest income from cash and cash equivalents.

(b) Credit risk

The standard defines this as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and Notes to the Financial Statements.

There are no material amounts of collateral held as security at 30 June 2013.

Credit risk is managed as noted in Note 8 with respect to cash and cash equivalents, Note 9 for trade and other receivables and Note 10 for floating rate note trading portfolio. None of these assets are over-due or considered to be impaired.

(c) Liquidity risk

The standard defines this as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Investment Manager monitors its cash-flow requirements daily in relation to the investing account taking into account upcoming dividends, tax payments and investing activity.

3 Financial risk management (continued)

(c) Liquidity risk (continued)

The Company's inward cash flows depend upon the level of dividend and distribution revenue received. Should these decrease by a material amount, the Company would amend its outward cash flows accordingly. As the Company's major cash outflows are the purchase of securities and dividends paid to shareholders, the level of both of these is managed by the Board and Investment Manager.

The assets of the Company are largely in the form of readily tradeable securities which can be sold on-market if necessary.

The table below analyses the Company's non-derivative financial liabilities in relevant maturity groupings based on the remaining period to the earliest possible contractual maturity date at the year end date. The amounts in the table are contractual undiscounted cash flows.

Contractual maturities of financial liabilities		
At 30 June 2013	**Less than 1 month $'000**	**More than 1 month $'000**
Non-derivatives		
Trade and other payables	**118**	**-**
Total non-derivatives	**118**	**-**
At 30 June 2012		
Non-derivatives		
Trade and other payables	102	-
Current tax liabilities	-	57
Total non-derivatives	102	57

(d) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

3 Financial risk management (continued)

(d) Fair value measurements (continued)

The determination of what constitutes 'observable' requires significant judgement by the Directors. The Directors consider observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table presents the Company's financial assets and liabilities (by class) measured and recognised at fair value according to the fair value hierarchy at 30 June 2013 and 30 June 2012:

30 June 2013

	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets				
Trading portfolio	**84,737**	**-**	**-**	**84,737**
Total	**84,737**	**-**	**-**	**84,737**

30 June 2012

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Trading portfolio	75,070	-	-	75,070
Total	75,070	-	-	75,070

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and loans.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

5 Segment information

The Company has only one reportable segment. The Company operates predominantly in Australia and in one industry being the securities industry, deriving revenue from dividend income, interest income and from the sale of its trading portfolio.

6 Investment income

	2013 $'000	2012 $'000
Revenue		
Dividends	**3,229**	3,477
Interest	**936**	777
Distributions	**406**	395
Other income	**131**	32
	4,702	4,681
Net gains/(losses) on trading portfolio		
Net realised gains/(losses) on trading portfolio	**(1,255)**	1,866
Net unrealised gains/(losses) on trading portfolio	**5,062**	(4,624)
	3,807	(2,758)
	8,509	1,923

7 Income tax expense/(benefit)

(a) Income tax expense/(benefit) recognised in the Statement of Comprehensive Income

	2013 $'000	2012 $'000
Current tax	**61**	644
Deferred tax	**1,220**	(1,402)
	1,281	(758)
Income tax expense/(benefit) is attributable to:		
Profit from continuing operations	**1,281**	(758)

(b) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable

	2013 $'000	2012 $'000
Profit from continuing operations before income tax expense/(benefit)	**7,467**	1,033
Tax at the Australian tax rate of 30.0% (2012 - 30.0%)	**2,240**	310
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Franking credits on dividends received	**(1,340)**	(1,500)
Imputation gross up on dividends income	**402**	450
Timing differences	**(255)**	(41)
Permanent differences from adjustments to prior year income tax expense	**(53)**	(40)
Realised taxable investment (gain)/loss	**(89)**	623
Realised accounting investment (gain)/loss	**376**	(560)
Income tax expense/(benefit)	**1,281**	(758)

The applicable weighted average effective tax rates are as follows:	17.16%	-73.39%

8 Cash and cash equivalents

	2013 $'000	2012 $'000
Cash at bank and in hand	**123**	2,147

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the Statement of Cash Flows as follows:

	2013 $'000	2012 $'000
Balances as above	**123**	2,147

(b) Risk exposure

The Company's exposure to interest rate risk is discussed in Note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

Cash investments are made with JP Morgan which is rated A+/A- by Standards & Poor's.

9 Trade and other receivables

	2013 $'000	2012 $'000
Dividends and distributions receivable	**481**	555
Interest receivable	**38**	48
GST receivable	**19**	17
Unsettled sales	**77**	94
	615	714

Outstanding settlements are on the terms operating in the securities industry, which usually require settlement within three days of the date of a transaction. None of the receivables is past due or impaired at the end of the reporting period.

(a) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

Risk exposure

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above.

10 Trading portfolio

	2013 $'000	2012 $'000
Listed equities	**67,877**	64,749
Units in listed property trusts	**4,745**	1,805
Floating rate notes - listed	**12,115**	8,516
	84,737	75,070

(a) Risk exposure and fair value measurements

Information about the Company's exposure to price risk and about the methods and assumptions used in determining fair value is provided in note 3.

11 Derivative financial instruments

In the normal course of business, the Company enters into transactions in derivative financial instruments with certain risks. A derivative is a financial instrument or other contract whose value depends on, or is derived from, underlying assets, liabilities or indices. Derivative transactions include a wide assortment of instruments, such as forwards, futures, options and swaps.

Derivatives are considered to be part of the investment process. The use of derivatives is an essential part of the Company's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multi-faceted and includes:

(i) hedging to protect an asset of the Company against a fluctuation in market values or to reduce volatility;
(ii) as a substitute for physical securities; and
(iii) adjustment of asset exposures within the parameters set out in the investment strategy.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

The Company holds the following derivative instruments:

Options

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of future securities price. Options held are exchange-traded.

At year end, the notional principal amounts of derivatives held by the Company were as follows:

	Notional principal amounts 2013 $'000	**Notional principal amounts 2012 $'000**
Australian traded exchange options	(799)	(1,137)

12 Deferred tax assets

	2013 $'000	2012 $'000
The balance comprises temporary differences attributable to:		
Net unrealised losses of investments	**574**	1,816
Other temporary differences	**32**	7
	606	1,823
Movements:		
Opening balance	**1,823**	972
Charged/credited:		
- to profit or loss	**(1,217)**	851
	606	1,823

13 Trade and other payables

	Notes	2013 $'000	2012 $'000
Management fees payable	21(c)	**50**	46
Other payables		**68**	56
		118	102

14 Deferred tax liabilities

	2013 $'000	2012 $'000
The balance comprises temporary differences attributable to:		
Accrued income	**11**	14
Movements:		
Opening balance	**14**	1
Charged/credited:		
- profit or loss	**(3)**	13
	11	14

15 Issued capital

(a) Issued capital

	30 June 2013 Shares	30 June 2012 Shares	**2013 $'000**	2012 $'000
Ordinary shares - fully paid	**155,715,478**	141,559,525	**86,901**	80,156

(b) Movements in ordinary share capital

Date	**Details**	Notes	**Number of shares**	**Issue price**	**$'000**
1 July 2011	Opening balance		141,559,525		80,156
30 June 2012	Balance		141,559,525		80,156
24 October 2012	Rights issue	(e)	14,155,953	$0.48	6,795
24 October 2012	Transaction costs arising from rights issue		-		(50)
30 June 2013	Balance		155,715,478		86,901

(c) 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 and amounts paid on the 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.

(d) Dividend reinvestment plan

Under the Company's dividend reinvestment plan (DRP), additional shares are allotted at a price calculated at 97.5% of the weighted average share price. The DRP is currently suspended and as such, there were no shares issued under the dividend reinvestment plan during the year.

(e) Rights issue

On 14 September 2012 the Company invited its Shareholders to subscribe to a rights issue of 14,155,953 ordinary shares at an issue price of $0.48 per share on the basis of 1 share for every 10 fully paid ordinary shares held, with such shares to be issued on 24 October 2012 and participated in the dividends paid on 28 December 2012. The issue was fully subscribed.

(f) Capital risk management

To achieve this the Board of Directors monitor the monthly NTA results, investment performance, the Company's Indirect Cost Ratio (formerly known as 'Management Expense Ratio') and share price movements.

The Company is not subject to any externally imposed capital requirements.

16 Accumulated losses

(a) Accumulated losses

Movements in accumulated losses were as follows:

	Notes	2013 $'000	2012 $'000
Balance 1 July		**(571)**	186
Net profit/(loss) for the year		**6,186**	1,791
Dividends paid	17	**(6,228)**	(2,548)
Balance 30 June		**(613)**	(571)

17 Dividends

	2013 $'000	2012 $'000
a) Ordinary shares		
Final dividend	**3,114**	1,416
Interim dividend	**3,114**	1,132
	6,228	2,548

(b) Dividends not recognised at the end of the reporting period

	2013 $'000	2012 $'000
Since year end the Directors have not declared any interim dividend. When the prior year financial report was signed off, the Directors recommended the payment of interim dividend of 5 cents per fully paid ordinary share, fully franked based on tax paid at 30%. The aggregate amount of the dividend paid on 28 December 2012 out of retained earnings at 30 June 2013, but not recognised as a liability at year end, is	**-**	779

(c) Dividend franking account

	2013 $'000	2012 $'000
Opening balance of franking account	**907**	477
Franking credits on dividends received	**1,340**	1,498
Net tax paid during the year	**435**	24
Franking credits paid on ordinary dividends paid	**(2,669)**	(1,092)
Loss of franking credits under 45 day rule	**-**	-
Closing balance of franking account	**13**	907

17 Dividends (continued)

(c) Dividend franking account (continued)

	2013 $'000	2012 $'000
Adjustments for tax payable/refundable in respect of the current year's profits	**(332)**	228
Impact on the franking account of dividends proposed or declared before the financial report authorised for issue but not recognised as a distribution to equity holders during the year	**-**	(303)
Franking credits on dividends received after year end	**127**	171
	(205)	96
	(192)	1,003

(d) Dividend rate

Dividends paid fully franked at 30% tax rate

	Record Date	**Dividend Rate**	**Total Amount $'000**	**Date of Payment**	**% Franked**
2013					
Ordinary shares - final	20/06/2013	2.0 cps	$3,114	28/06/2013	100
Ordinary shares - interim	17/12/2012	2.0 cps	$3,114	28/12/2012	100
2012					
Ordinary shares - final	21/06/2012	1.0 cps	$1,416	29/06/2012	100
Ordinary shares - interim	30/01/2012	0.8 cps	$1,132	09/02/2012	100

18 Key management personnel disclosures

(a) Key management personnel compensation

	2013 $	2012 $
Short-term employee benefits	**60,000**	60,000

Detailed remuneration disclosures are provided in the remuneration report on pages 13 to 14.

(b) Equity instrument disclosures relating to key management personnel

(i) Share holdings
The numbers of shares in the Company held during the financial year by each Director of Ironbark Capital Limited and other key management personnel of the Company, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

18 Key management personnel disclosures (continued)

(b) Equity instrument disclosures relating to key management personnel (continued)

(i) Share holdings (continued)

2013 **Name**	**Balance at the start of the year**	**Net movement**	**Other changes during the year**	**Balance at end of the year**
Directors of Ironbark Capital Limited				
Ordinary shares				
Michael J Cole	8,000,000	1,000,000	-	9,000,000
Ross J Finley	1,400,000	240,000	-	1,640,000
Ian J Hunter	2,032,364	403,232	-	2,435,596
	11,432,364	1,643,232	-	13,075,596

2012 **Name**	**Balance at the start of the year**	**Net movement**	**Other changes during the year**	**Balance at end of the year**
Directors of Ironbark Capital Limited				
Ordinary shares				
Michael J Cole	8,000,000	-	-	8,000,000
Ross J Finley	1,400,000	-	-	1,400,000
Ian J Hunter	1,662,448	369,916	-	2,032,364
	11,062,448	369,916	-	11,432,364

19 Remuneration of auditors

During the year the following fees were paid or payable (exclusive of RITC) for services provided by the auditor of the Company, its related practices and non-related audit firms:

(a) Auditors

	30 June 2013 $'000	30 June 2012 $'000
Audit and other assurance services		
MNSA Pty Ltd - Audit and review of financial statements	**29**	26
Other assurance services		
PWC - Audit of custodian statements	**7**	8
Total remuneration for audit and other assurance services	**36**	34
Other services		
PWC - Consultation fees	**4**	-
Total remuneration for other services	**4**	-
Total auditor remuneration for assurance and other services	**40**	34

20 Contingencies

The Investment Management Agreement entered into by the Company with Kaplan Funds Management Pty Ltd may be terminated by either party giving to the other no less than one-year written notice of its intention to do so.

The Company had no other contingent liabilities at 30 June 2013 (2012: nil).

21 Related party transactions

(a) Key management personnel

Disclosures relating to key management personnel are set out in Note 18.

(b) Transactions with other related parties

The following transactions occurred with related parties (exclusive of RITC):

	30 June 2013 $	30 June 2012 $
Management fees paid or payable	**577**	526

The Company has entered into a Management Agreement with Kaplan Funds Management Pty Ltd such that it will manage investments of the Company, ensure regulatory compliance with all the relevant laws and regulations, and provide administrative and other services for a fee.

No performance fees were paid or payable to Kaplan Funds Management Pty Ltd for the year ended 30 June 2013 (2012: nil).

(c) Outstanding balances

The following balances (GST inclusive) are outstanding at the end of the reporting period in relation to transactions with related parties:

	2013 $'000	2012 $'000
Management fees payable	**50**	46

(d) Terms and conditions

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

22 Events occurring after the reporting period

No matter or circumstance has occurred subsequent to year end 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 or economic entity in subsequent financial years.

23 Reconciliation of profit after income tax to net cash outflow from operating activities

	2013 $'000	2012 $'000
Profit for the year	**6,186**	1,791
Unrealised (gains)/losses on trading portfolio	**(5,062)**	4,624
Realised losses/(gains) on trading portfolio	**1,255**	(1,866)
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	**80**	(107)
(Increase)/decrease in other current assets	**-**	1
(Decrease)/increase in trade and other payables	**17**	(17)
(Decrease)/increase in tax liabilities	**847**	(781)
(Increase)/decrease in trading portfolio	**(5,843)**	(5,199)
Net cash outflow from operating activities	**(2,520)**	(1,554)

24 Earnings per share

(a) Basic earnings per share

	2013 Cents	2012 Cents*
From continuing operations attributable to the ordinary equity holders of the company	**4.09**	1.26
Total basic earnings per share attributable to the ordinary equity holders of the Company	**4.09**	1.26

(b) Diluted earnings per share

	2013 Cents	2012 Cents*
From continuing operations attributable to the ordinary equity holders of the company	**4.09**	1.26
Total diluted earnings per share attributable to the ordinary equity holders of the Company	**4.09**	1.26

Diluted earnings per share is the same as basic earnings per share. The Company has no securities outstanding which have the potential to convert to ordinary shares and dilute the basic earnings per share.

24 Earnings per share (continued)

(c) Weighted average number of shares used as denominator

	2013 Number	2012 Number*
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	**151,419,985**	141,559,525

* The prior year basic and diluted earnings per share were recalculated due to the change in the number of shares from the rights issue in the current year.

In the Directors' opinion:

(a) the financial statements and notes set out on pages 17 to 42 are in accordance with the *Corporations Act 2001*, including:
   (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
   (ii) giving a true and fair view of the entity's financial position as at 30 June 2013 and of its performance for the year ended on that date, and

(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.

(c) Note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given a declaration by Peter Roberts on behalf of White Outsourcing Pty Ltd, as a person who performs the Chief Executive functions of the Company, required by section 295A of the *Corporations Act 2001*.

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

Michael J Cole
Director

Sydney
23 August 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IRONBARK CAPITAL LIMITED ABN 89 008 108 227

Report on the Financial Report

We have audited the accompanying financial report of Ironbark Capital Limited (the company), which comprises the statement of financial position as at 30 June 2013, statement of comprehensive income, 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 of the company at the year's end or from time to time during the financial year.

Directors' Responsibility 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 is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and the Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Company's financial position and of its performance.

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

MNSA PTY LTD
ABN 59 133 605 400
Level 2, 333 George St
Sydney NSW 2000
GPO Box 2943 Sydney 2001
Tel (02) 9299 0901
Fax (02) 9299 8104
Email admin@mnsa.com.au

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

a. the financial report of Ironbark Capital 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 2013 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the remuneration report included in pages 13 to 14 of the directors' report for the year ended 30 June 2013. 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*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the remuneration report of Ironbark Capital Limited for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.

MNSA PTY LTD

MNSA PTY LTD

Mark Schiliro
Director

Dated at Sydney this 23rd day of August 2013

MNSA PTY LTD
ABN 59 133 605 400
Level 2, 333 George St
Sydney NSW 2000
GPO Box 2943 Sydney 2001
Tel (02) 9299 0901
Fax (02) 9299 8104
Email admin@mnsa.com.au

The Shareholder information set out below was applicable as at 11 September 2013.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Holding	Shareholders	Shares
1 - 1000	289	106,528
1,001 - 5,000	470	1,368,119
5,001 - 10,000	340	2,596,717
10,001 - 100,000	1,211	38,338,003
100,001 and over	169	113,306,111
	2,479	155,715,478

There were 257 holders of less than a marketable parcel of ordinary shares.

B. Equity security holders

The percentage of total holding of the 20 largest holders of ordinary shares currently comes to 51.66%.

Twenty largest quoted equity security holders
The names of the twenty largest holders of quoted equity securities are listed below:

Name	Ordinary shares	
	Number held	Percentage of issued shares
KAPLAN PARTNERS PTY LIMITED	36,115,029	23.19
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <BKCUST A/C>	10,587,061	6.80
ABTOURK (SYD NO 415) PTY LTD <MICHAEL JOHN COLE PSF A/C>	5,500,000	3.53
QUESTOR FINANCIAL SERVICES LIMITED <TPS RF A/C>	4,957,553	3.18
EDSGEAR PTY LIMITED	4,655,922	2.99
ABTOURK (SYD NO 415) PTY LTD <MICHAEL JOHN COLE PSF A/C>	3,500,000	2.25
SUPENTIAN PTY LIMITED <HUNTER PENSION FUND A/C>	2,435,596	1.56
LIANGROVE MEDIA PTY LIMITED	1,518,672	0.98
DOWLING TAYLER PTY LTD <COLE SUPERFUND A/C>	1,278,953	0.82
BOND STREET CUSTODIANS LIMITED <MCGOL - DR0020 A/C>	1,275,563	0.82
H H ANG PTY LTD <H H ANG PTY LTD S/F A/C>	999,933	0.64
BOND STREET CUSTODIANS LIMITED <MCGOL - TF0304 A/C>	951,284	0.61
BOND STREET CUSTODIANS LIMITED <MCGOL - I27406 A/C>	932,587	0.60
LIANGROVE GROUP PTY LTD	911,210	0.59
MR DAVID STRINGER HILTON	880,000	0.57
BOND STREET CUSTODIANS LIMITED <MCGOL - TT0575 A/C>	849,434	0.55
COOLAL PTY LTD <FINLEY SUPER FUND A/C>	820,000	0.53
TOLMIN PTY LIMITED	820,000	0.53
DELTA ASSET MANAGEMENT PTY LTD	760,000	0.49
BOND STREET CUSTODIANS LIMITED <MCGOL - V04537 A/C>	661,668	0.43
	80,410,465	51.66

C. Substantial holders

Substantial holders in the Company are set out below:

	Number held	Percentage
KAPLAN PARTNERS PTY LIMITED	36,115,029	23.19%
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <BKCUST A/C>	10,587,061	6.80%
	46,702,090	29.99%

D. Voting rights

At a general meeting, on the show of hands, every ordinary member present in person shall have one vote for every share held. Proxies present at the meeting are not entitled to vote on a show of hands, but on a poll have one vote for every share held.

E. Company Secretary

The name of the Company Secretary is Mr Peter Roberts.

The registered office and principal place of business of the Company is:

Level 3
99 Bathurst Street
Sydney, NSW 2000

Telephone: (02) 8262 2800

F. Registry

Share registry functions are maintained by Boardroom Pty Limited and their details are as follows:

GPO Box 3993
Boardroom Pty Limited
Sydney, NSW 2001

Shareholder enquiries telephone: (02) 9290 9600

G. Stock Exchange Listing

Quotation has been granted for all of the ordinary shares of the Company on all Member Exchanges of the Australian Stock Exchange Limited.

The Company has followed all applicable best practice recommendations set by ASX Corporate Governance Council during the financial year.

H. Transaction Summary

The Company conducted 732 security transactions during the financial year. Brokerage paid during the year net of RITC claimable was $128,468.

The Company has used cash and assets in a form readily convertible to cash that it had at the time of admission consistent with its business objectives.

I. Investment Management Agreement

The Investment Management Agreement with Kaplan Funds Management Pty Limited provides for the payment of an investment management fee of 0.65% per annum. In the event that the investment return on the IBC portfolio exceeds the ASX300 index benchmark by a margin of 1% or more an additional performance fee of 15% of the performance (adjusted for the value of franking credits received or accrued during the financial year and after the deduction of the Management Fee and any applicable GST) of the Portfolio above the aggregate of the Benchmark plus 1% will be payable. The agreement contains a highwater mark in relation to the performance fee to protect the interest of investors.