Ironbark Capital Limited
ABN 89 008 108 227

Annual Report
For the year ended 30 June 2014

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Contents

Directors	Michael J Cole B Ec, M Ec Sydney, F Fin Ross J Finley B Comm NSW Ian J Hunter BA LLB Sydney, MBA MGSM
Company Secretary	Jill Brewster MBA MGSM, AGIA, ACIS, FIPA
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Auditors	MNSA Pty Ltd Level 1 283 George Street Sydney NSW 2000
Website	www.ironbarkcapital.com
Company Secretarial & all other enquiries	Telephone: (02) 8917 0399 Email: enquiries@ironbarkcapital.com
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 in the latest financial year. The year's performance maintains the solid investment returns achieved over the last five years. The IBC portfolio lifted 12.4% over the period, achieving our internal target of 1% per month. This level underperformed the ASX 300 benchmark by 4.9% as the broad market index recorded another strong performance of 17.3%. The IBC performance reflects the portfolio's balanced structure and income emphasis.

Preservation of shareholder capital continues to be paramount and the markedly lower volatility of the IBC portfolio means that the embedded risk is lower than the market.

As the table below indicates, over the longer term of more than a decade since inception, the IBC portfolio has almost achieved the same performance as the ASX 300 accumulation index.

Relative Performance to 30 June 2014

	Inception (11.5 yrs) % pa	5 Yr % pa	3 Yr % pa	1 Yr % pa	6 Mths %	3 Mths %
Ironbark Capital Limited	**8.98**	**10.52**	**8.35**	**12.36**	**4.42**	**2.36**
ASX 300 Accum Index	9.79	10.95	9.95	17.25	2.86	0.86
Relative performance	(0.81)	(0.43)	(1.60)	(4.89)	1.56	1.50
Volatility IBC	**6.7**	**5.2**	**4.8**	**2.9**	**2.4**	
Volatility ASX300	13.2	12.5	12.0	8.9	9.4	

The share price discount to NTA and the payment of fully franked dividends continue to be the Directors focus.

With 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 continue to reduce. However, at the close of the latest financial year and comparing it to the previous corresponding period, the NTA discount has increased from 5.3% to 6.0%. As the 2015 milestone approaches we anticipate this will narrow.

IBC's capacity to pay fully franked dividends continues to depend on the accumulation of franking credits and income generation. IBC distributed fully franked dividends of 2.25 cents per share in FY14 and in June announced a 2 cents per share fully franked dividend payable in December, as corporate profits created the opportunity to do so. Whilst these dividends are declared on an irregular basis they will be paid twice a year at the end of December and June to be most cost efficient.

IBC CORPORATE OUTLOOK

At the close of the current financial year IBC shareholders will be given access to the full NTA of their shares through a buy back offer. We anticipate shareholders will reserve their decision to participate for some or all their shareholding until much closer to the offer date. However in the absence of massive participation by the larger shareholders in that offer it is expected that IBC will continue to operate as an ASX listed investment company (LIC) in the following financial year.

The Directors consider that the proposed buy back offer to IBC shareholders is a very effective way to provide liquidity to IBC shareholders at the full NTA of their shares. Accordingly the Directors have now adopted as a policy to offer the buy back at regular three year intervals in the future. This policy will assist to positively influence the share price to fully reflect the NTA per share between share buyback events.

Review of Operations and Activities (continued)

In the period until the close of the current financial year the Directors continue to set a policy direction for IBC consistent with our view of the best opportunities for the company in the current investment climate.

It is our view there continues to be investor demand for a low volatility, absolute return and fully franked dividend focussed investment portfolio offered in a LIC structure. Accordingly the Board have resolved to undertake a non-renounceable one for ten rights issue at $0.50. If fully subscribed by shareholders the rights issue would raise approximately $7.8 million. The IBC Directors and the Fund Managers associated interests intend to subscribe for their full entitlements. The details of the IBC Rights Issue are set out below.

Finally the Directors in conjunction with the fund manager, Kaplan Funds Management (KFM) have reviewed the investment management agreement which has now been in place for over a decade. We have reaffirmed the continued importance of protecting shareholders' capital through a low volatility investment portfolio and our aspirational investment return target of 1% per month or 12 % per annum remains intact.

In relation to the investment management fee, a reduced rate of 0.40% pa will apply from the start of the next financial year.

The Directors believe that performance fees are an important tool to align the interests of the key stakeholders of the shareholders and the fund manager. Accordingly the performance incentive has been adjusted from an ASX relative benchmark to absolute return alternative. It will be calculated by reference to the one year interest swap rate plus 6%. The investment return will include the benefit of franking received in the calculation. Based on the current one year swap rate the absolute return hurdle would be approximately 9%. The performance fee benchmark will be reset and apply for the current financial year. A highwater mark will apply within each 3 year reset period.

IBC RIGHTS ISSUE

Ironbark will undertake a non-renounceable entitlement offer of 1 new share for every 10 existing shares held by eligible shareholders on the record date (Entitlement Offer). The issue price of each new share would be $0.50, representing a discount of approximately 12% to the ASX closing price of $0.57 for Ironbark shares on 21 August 2014 (being the last trading day prior to the announcement of the Entitlement Offer / the date of this report), and a discount of 16% to the net tangible asset backing as at 31 July 2014.

New shares issued under the Entitlement Offer will rank pari passu with existing ordinary shares and be entitled to the forthcoming 2 cent fully franked dividend (ex-date 15 December 2014) on the same basis as all existing shares.

Ironbark directors in aggregate have agreed to underwrite or procure the underwriting of approximately $1.31 million of new shares, representing approximately 20% of the aggregate number of new shares that will be issued under the Entitlement Offer.

The Entitlement Offer would result in the issue of up to 15,571,548 new shares, raising gross proceeds of approximately $7.8 million before expenses. Ironbark would use the net proceeds from the Entitlement Offer for further investments consistent with Ironbark's income focussed low volatility investment strategy.

Shortfall Offer

In the event that there is a shortfall in applications under the Entitlement Offer, shareholders could apply (at the time they are applying for allocations under the Entitlement Offer) for additional new shares under a shortfall offer (Shortfall Offer). Allocations of new shares under the Shortfall Offer would be capped at the same number of shares each shareholder is entitled to apply for under the Entitlement Offer. In the event of an over-subscription under the Shortfall Offer, applications would be scaled back pro rata according to the shareholdings as at the record date.

Review of Operations and Activities (continued)

No new shares will be issued under the Shortfall Offer to a shareholder which will result in the shareholder increasing its voting power in the company above 20%, or if the shareholder has an existing voting power in the company above 20%, increasing their voting power by 3% or more.

Directors' underwriting
The Directors have agreed to underwrite or procure one of its nominees to underwrite 2.62 million shares out of a total of 15.57 million new shares to be issued under the Entitlement Offer. There is no underwriting fee payable by the company for the Directors' underwriting commitment.

To the extent a Director (or its nominee) applies for new shares under the Entitlement Offer, its obligation to underwrite the shortfall will be reduced by the number of new shares subscribed. In addition, if the Shortfall Offer is over-subscribed by the other shareholders, the new shares to be issued to the Directors (or their nominees) pursuant to the underwriting agreement will be scaled back pro rata according to their shareholding as at the record date on the same basis as the other shareholders under the Shortfall Offer. Therefore, the Directors (or their nominees) will be required to assume the risk of any shortfall arising from the Entitlement Offer, but their entitlement to apply for additional New Shares under the underwriting agreement is capped on the same basis as the other shareholders under the Shortfall Offer.

Further details about the Entitlement Offer, the Shortfall Offer, and Directors' underwriting arrangements will be set out in the offer booklet for the Entitlement Offer.

M J Cole
Chairman
22 August 2014

Corporate Governance Statement

The board of Ironbark Capital Limited (the "Company") is committed to complying with the standards of corporate governance as set out in the ASX Corporate Governance Principles and Recommendations with 2010 Amendments (2nd Edition), unless otherwise stated. A description of the Company's main corporate governance practices is set out below.

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 Administration Manager). This entity incorporates the specialist wholesale investment and administration personnel who undertake the Company's executive operations. Previously the administration was outsourced to White Outsourcing Pty Limited.

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. The Chairman meets with each Director individually to discuss issues including performance and effectiveness of the Board. This is part of the continuous review of Directors by the Chairman. The Chairman reports on the general outcome of these meetings to the Nomination Committee and action items are implemented as required.

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 are set out in the Directors' Report on page 13.
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 13. Directors of Ironbark Capital Limited are considered to be 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.

Principle 2: Structure the board to add value (continued)

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	12 years
R J Finley	28 years
I J Hunter	12 years

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

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 subject to prior consultation with the Chairman may seek independent professional advice at the entity's expense. A copy of advice received by any 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.

Principle 2: Structure the board to add value (continued)

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.

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) 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 15 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 the Company by acquiring and holding shares on a long-term basis. Short term trading in the Company’s shares by directors is not permitted.

The Board has adopted the following policies concerning dealing in the Company’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.

Principle 3: Promote ethical and responsible decision making (continued)

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 the Administration Manager sign-off on the content of the financial statements, and that these statements represent a true and fair view of the Company.

Kaplan Funds Management Pty Limited (previously 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 Kaplan Funds Management 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 and 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 controls system.

Principle 4: Safeguard integrity in financial reporting (continued)

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 15 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 disclosure

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 the Company complies with its continuous disclosure obligations. All relevant staff of 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 Kaplan Funds Management Pty Limited. Where time does not permit approval by the Board, the Chairman of the Board 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 the Company, 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 and associated reporting), and Kaplan Funds Management Pty Limited (investment management, and accounting and company secretarial). Risk issues associated with these activities are handled in accordance with the service providers' policies and procedures. Kaplan Funds Management Pty Limited is responsible for recognising and managing administrative risks including (a) operational, (b) compliance and (c) financial reporting. Insurance Certificates of Currency are obtained annually from all key service providers.

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 has 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 Kaplan Funds Management Pty Limited (funds management, accounting and administration), 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' 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 16 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 charter
- Communication policy
- Risk management policy
- Trading policy
- Code of Conduct and Ethics

Portfolio Shareholdings at 30 June 2014

ASX Code	Security	Market Value* $'000	% of portfolio	% exposure**
	Banks			
ANZ	ANZ Banking Group Limited	3,591	4.1	1.9
CBA	Commonwealth Bank of Australia Limited	5,370	6.1	0.9
NAB	National Australia Bank Limited	2,832	3.2	3.1
WBC	Westpac Banking Corporation Limited	5,352	6.1	3.3
		17,145	**19.5**	**9.3**
	Hybrids			
AGKHA	AGL Energy Limited - Subordinated Notes	1,068	1.2	1.2
ANZPA/PC/PD/PE	ANZ Banking Group Limited - Convertible Preference Securities	4,243	4.8	4.8
AQHHA	APA Group - Subordinated Notes	1,077	1.2	1.2
BENPC/PD	Bendigo Bank - Convertible Preference Securities	1,357	1.6	1.6
BOQPD	Bank of Queensland - Convertible Preference Securities	1,274	1.5	1.5
PCAPA/CBAPA/PC	Commonwealth Bank Perls III & Perls V & Perls VI	8,632	9.8	9.8
CTXHA	Caltex Australia Limited - Subordinated Notes	2,152	2.5	2.5
CWNHA	Crown Limited- Subordinated Notes	1,088	1.2	1.2
IAGPC	Insurance Australia Group - Convertible Preference Securities	4,038	4.6	4.6
IANG	Insurance Australia Group - Perpetual Reset Exchangeable Note:	2,678	3.1	3.1
NABPA	National Australia Bank Limited - Convertible Preference Securiti	2,226	2.5	2.5
ORGHA	Origin Energy- Subordinated Notes	4,214	4.8	4.8
RHCPA	Ramsay Healthcare Limited - Perpetual Preference Securities	2,080	2.4	2.4
SUNPC/PE	Suncorp Group Limited - Convertible Preference Securities	4,584	5.2	5.2
SVWPA	Seven Group Holdings Limited - Perpetual Preference Securities	2,916	3.3	3.3
WBCPC/WCTPA	Westpac - Convertible Preference Securities	1,495	1.7	1.7
		45,122	**51.4**	**51.4**
	Large Industrial			
TLS	Telstra Corporation Limited	10,086	11.5	4.0
		10,086	**11.5**	**4.0**
	Materials & Energy			
BHP	BHP Billiton Limited	8,286	9.4	7.9
BTU	Bathurst Resources Limited	20	0.0	0.0
PGH	Pact Group Holdings Limited	635	0.7	0.7
WPL	Woodside Petroleum Limited	407	0.5	0.3
		9,348	**10.6**	**9.0**
	Property Trusts			
ANI	Australian Industrial REIT	578	0.7	0.7
CMW	Cromwell Property Group	533	0.6	0.6
DXS	DEXUS Property Group	402	0.5	0.5
FLK	Folkestone Limited	110	0.1	0.1
IOF	Investa Office Fund	298	0.3	0.3
SCP	Shopping Centres Australasia Property Group	488	0.6	0.6
		2,409	**2.8**	**2.8**

Portfolio Shareholdings at 30 Jun 2014 (continued)

ASX Code	Security	Market Value* $'000	% of portfolio	% exposure**
	Small Industrial			
IQE	Intueri Education Group	439	0.5	0.5
JHC	Japara Healthcare Limited	294	0.3	0.3
SDF	Steadfast Group Limited	511	0.6	0.6
TPI	Transpacific Industries Group Limited	76	0.1	0.1
VRT	Virtus Health Limited	155	0.2	0.2
		1,475	**1.7**	**1.7**
	Utilities & Infrastructure			
DUE	DUET Group	835	1.0	1.0
SKI	Spark Infrastructure Group	210	0.2	0.2
SPN	SP Australia Networks	190	0.2	0.2
		1,235	**1.4**	**1.4**
	Cash	977	1.1	20.5
	Total	**87,797**	**100.0**	**100.0**

*Includes market value of options written against holdings
**Includes option delta written against holdings

Directors' Report

Your Directors present their report on the Company for the year ended 30 June 2014.

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
2014					
Ordinary shares - Final	13/06/2014	1.0cps	$1,557	27/06/2014	100
Ordinary shares – Interim	17/12/2013	1.25cps	$1,946	27/12/2013	100
2013					
Ordinary shares - Final	20/06/2013	2.0 cps	$3,114	28/06/2013	100
Ordinary shares – Interim	17/12/2012	2.0cps	$3,114	28/12/2012	100

In respect of the financial year ended 30 June 2014, the directors recommended in June 2014 the payment of a dividend of 2 cents per share franked to 100% and payable to the holders of fully paid ordinary shares on 30 December 2014.

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 $7,675,000 (2013: $6,186,000)

The net tangible asset backing for each ordinary share as at 30 June 2014 amounted to $0.585 per share (2013: $0.549 per share).

Earnings per share

	2014	2013
Basic and diluted earnings per share (cents per share)	5.05	4.09

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the Company during the financial year other than as disclosed in the financial statements.

Matters subsequent to the end of the financial year
On 22 August 2014, the Company announced details of a 1:10 non-renounceable rights issue at $0.50 per share which will raise approximately $7.8m.

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
IBC will continue to be managed in accordance with the investment objectives set out in the governing documents and in accordance with the Constitution. 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 accidental 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 Ltd; 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 manager and stockbroker

Other current directorships
Director of Century Australia Investments Ltd

Interests in shares
1,640,000 shares

Information on directors (continued)

Ian J Hunter BA LLB Sydney, MBA MGSM *Audit Committee Chairman*

Experience and expertise
Banking and finance

Former directorships
During the past three years, Mr Hunter also served as a Director of Rubik Financial Ltd.

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 Ms Jill Brewster. Ms Brewster was appointed to the role of Company Secretary in April 2014 to replace Mr Peter Roberts who resigned effective 31 March 2014. She is the Company Secretary and Group Finance Manager of Kaplan Funds Management Pty Limited and has held senior management and advisory roles across corporate, finance and operations in the investment and financial services industry. She is a member of The Governance Institute of Australia, formerly known as Chartered Secretaries Australia.

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 2014, 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 Personnel 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 regards 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, remuneration of Non-Executives is not explicitly linked to the Company's performance.

Remuneration report (continued)

Notwithstanding this, Board members 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 Directors' 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.

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.

2014

Name	Cash salary and fees $	Superannuation $	Total $
Michael J Cole	22,000	-	22,000
RJ Finley	22,000	-	22,000
IJ Hunter	22,000	-	22,000
	66,000	**-**	**66,000**

2013

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

Directors are paid a maximum remuneration of $22,000 each per annum.

Accounting and company secretarial duties are outsourced to Kaplan Funds Management Pty Limited. Ms Brewster received no fees as an individual. Kaplan Funds Management Pty Limited is remunerated for services rendered pursuant to an Administrative Services Agreement effective 1 April 2014. Up until 31 March 2014, the accounting and company secretarial duties were outsourced to White Outsourcing Pty Limited.

(a) Equity instruments held by key management personnel

(i) 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 other officers.

(ii) Share holdings

2014

Name	Balance at the start of the year	Net movement	Other changes during the year	Balance at the end of the year
Directors of Ironbark Capital Limited				
Ordinary shares				
Michael J Cole	9,000,000	-	-	9,000,000
Ross J Finley	1,640,000	-	-	1,640,000
Ian J Hunter	2,435,596	-	-	2,435,596
	13,075,596	-	-	13,075,596

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
No non-audit services were performed by the auditors or consultation fees were incurred by the Company during the year ended 30 June 2014 (2013: $4,451).

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 19.

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 and 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
22 August 2014

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, during the year ended 30 June 2014 there have been no contraventions of:

i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. any applicable code of professional conduct in relation to the audit.

MNSA PTY LTD

MNSA PTY LTD

Mark Schiliro
Director

Dated at Sydney, this 22nd day of August 2014

MNSA PTY LTD
ABN 59 133 605 400

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Sydney NSW 2000
GPO Box 2943 Sydney 2001

Tel (02) 9299 0901
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Ironbark Capital Limited
ABN 89 008 108 227
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2014

	Notes	2014 $'000	2013 $'000
Investment income from trading portfolio			
Revenue	6	**4,583**	4,702
Net gains/(losses) on trading portfolio	6	**5,933**	3,807
Total investment income from trading portfolio		**10,516**	8,509
Expenses			
Management fees	19 (b)	**(601)**	(577)
Brokerage expense		**(46)**	(79)
Accounting fees		**(52)**	(83)
Share registry fees		**(39)**	(42)
Custody fees		**(36)**	(34)
Tax fees		**(10)**	(11)
Directors' liability insurance		**(23)**	(23)
Legal fees		**(2)**	(4)
Directors' fees	19 (a)	**(66)**	(60)
ASX fees		**(44)**	(40)
Audit fees	17	**(39)**	(40)
Options expense		**(33)**	(27)
Other expenses		**(9)**	(22)
Total expenses		**(1,000)**	(1,042)
Profit before income tax		**9,516**	7,467
Income tax expense	7	**(1,841)**	(1,281)
Net profit for the year		**7,675**	6,186
Other comprehensive income/(loss) for the year net of tax		**-**	-
Total comprehensive income for the year		**7,675**	6,186
		Cents	**Cents**
Basic and diluted earnings per share	22	**5.05**	4.09

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

	Notes	2014 $'000	2013 $'000
ASSETS			
Current assets			
Cash and cash equivalents	8	**977**	123
Trade and other receivables	9	**3,792**	615
Trading portfolio	10	**86,820**	84,737
Current tax assets		**-**	332
Other assets		**4**	4
Total current assets		**91,593**	85,811
Non- current assets			
Deferred tax assets	12	**27**	606
Total non-current assets		**27**	606
Total assets		**91,620**	86,417
LIABILITIES			
Current liabilities			
Trade and other payables	13	**336**	118
Current tax liabilities		**70**	-
Provision for dividend	16	**3,114**	-
Total current liabilities		**3,520**	118
Non-current liabilities			
Deferred tax liabilities	14	**754**	11
Total non-current liabilities		**754**	11
Total liabilities		**4,274**	129
Net assets		**87,346**	86,288
Equity			
Issued capital	15	**86,901**	86,901
Profit reserve		**4,561**	-
Accumulated losses		**(4,116)**	(613)
Total equity		**87,346**	86,288

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

Statement of Changes in Equity
For the year ended 30 June 2014

	Notes	Issued capital $'000	Profit reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2013		**86,901**	**-**	**(613)**	**86,288**
Profit for the year		**-**	**-**	**7,675**	**7,675**
Transfer between reserves		**-**	**7,675**	**(7,675)**	**-**
Total comprehensive income for the year		**-**	**7,675**	**-**	**7,675**
Transactions with owners in their capacity as owners:					
Dividends declared	16	**-**	**(3,114)**	**-**	**(3,114)**
Dividends paid	16	**-**	**-**	**(3,503)**	**(3,503)**
		-	**-**	**-**	**-**
Balance at 30 June 2014		**86,901**	**4,561**	**(4,116)**	**87,346**
Balance at 1 July 2012		80,156	-	(571)	79,585
Profit for the year		-	-	6,186	6,186
Other comprehensive income for the		-	-	-	-
Total comprehensive income for the year		-	-	6,186	6,186
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	16	-	-	(6,228)	(6,228)
Contributions of equity from rights issue, net of transaction costs		6,745	-	-	6,745
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

Statement of Cash Flows
For the year ended 30 June 2014

	Notes	2014 $'000	2013 $'000
Cash flows from operating activities			
Interest received		**775**	945
Proceeds from sale of trading portfolio		**33,855**	59,457
Purchase of trading portfolio		**(32,999)**	(65,380)
Dividends & trust distributions received		**3,838**	3,711
Other income received		**13**	130
Management fees paid		**(597)**	(573)
Other expenses paid		**(409)**	(375)
Income tax paid		**(119)**	(435)
Net cash inflow/(outflow)from operating activities	21	**4,357**	(2,520)
Cash flows from financing activities			
Dividends paid to shareholders	16	**(3,503)**	(6,228)
Proceeds from rights issue		**-**	6,795
Transaction costs paid for rights issue		**-**	(71)
Net cash (outflow)/inflow from financing activities		**(3,503)**	496
Net increase/(decrease) in cash and cash equivalents		**854**	(2,024)
Cash and cash equivalents at beginning of financial year		**123**	2,147
Cash and cash equivalents at the end of the financial year	8	**977**	123

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 22, 44 Market Street, Sydney NSW 2000. The financial statements of Ironbark Capital Limited are for the year ended 30 June 2014. 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*. The Company is a 'for profit' entity.

The Financial Statements were authorised for issue by the directors on 22 August 2014.

(i) Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). AIFRS ensures that the financial statements and notes comply with International Financial Reporting (IFRS).

(ii) New and amended standards adopted by the Company

The Company has adopted the following new standard:

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

AASB 13 Fair Value Measurement aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards. The standard does not extend the use of fair value accounting but provides guidance on how it should be applied where its use is already required or permitted by other Australian Accounting Standards.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the market to which the Company has access at that date. When applicable, the Company measures the fair value of an instrument using the quoted prices in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on a continuing basis.

The Company has adopted AASB 13 Fair Value Measurement with effect from 1 July 2013. The change had no material impact on the measurement of the Company's assets and liabilities.

(iii) Historical cost convention

These Financial Statements have been prepared under the accruals basis and are based on historical cost convention, except that financial instruments are stated at their fair value.

(iv) Critical accounting estimates

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

2 Summary of significant accounting policies (continued)

(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 Profit or Loss and Other 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.

(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.

(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 Profit or Loss and Other 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.

2 Summary of significant accounting policies (continued)

(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.

(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 Profit or Loss and Other 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 right 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. Transaction costs of financial assets carried at fair value through profit or loss 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 Profit or Loss and Other Comprehensive Income.

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

The objective of determining fair value for a financial instrument that is traded in an active market is to arrive at the price at which a transaction would occur at the end of the reporting period. The existence of published price quotations in an active market is the best evidence of fair value and is used to measure the financial asset or financial liability.

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 Profit or Loss and Other 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.

2 Summary of significant accounting policies (continued)

(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.

(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.

2 Summary of significant accounting policies (continued)

(l) Goods and Services Tax (GST) (continued)

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.

(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 the 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 2014 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*, (effective from 1 January 2017)

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities, including hedge accounting. The standard is not applicable until 1 January 2017 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 held for trading. The Directors do not expect there will be any impact on the accounting for the Company’s financial assets or liabilities.

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.

3 Financial risk management (continued)

The Company's investments split by sector as at 30 June are set out below:

Sector	2014 (%)	2013 (%)
Financials	55.5	53.4
Energy	0.5	0.9
Healthcare and biotechnology	2.9	2.7
Industrials	3.4	3.5
Consumer discretionary	0.5	-
Utilities	1.4	3.3
Materials	10.3	9.9
Telecommunications services	11.6	9.7
Corporate floating rate notes	11.1	14.3
Property Trust	2.8	2.3
Total	**100.0**	**100.0**

Securities representing over 5 percent of the trading portfolio at 30 June 2014 were:

	2014 (%)
Telstra Corporation Limited	**11.5**
Commonwealth Bank Perls III & Perls V & Perls VI	**9.8**
BHP Billiton Limited	**9.4**
Commonwealth Bank of Australia Limited	**6.1**
Westpac Banking Corporation Limited	**6.1**
Suncorp Group Limited	**5.2**
	48.1

No other security represents over 5 percent of the trading portfolio at 30 June 2014.

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

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	**2014 $'000**	**2013 $'000**
Change in variable by +5%/-5% (2013: +5%/-5%)	**3,039**	2,966
Change in variable by +10%/-10% (2013: +10%/-10%)	**6,078**	5,932

3 Financial risk management (continued)

(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.

	Floating interest rate $'000	Non-interest bearing $'000	Total $'000
Financial Assets			
Cash and cash equivalents	**977**	**-**	**977**
Trade and other receivables	**-**	**3,792**	**3,792**
Trading portfolio	**9,599**	**77,221**	**86,820**
	10,576	**81,013**	**91,589**
Financial liabilities			
Trade and other payables	**-**	**(336)**	**(336)**
Current tax liability	**-**	**(70)**	**(70)**
	-	**(406)**	**(406)**
Net exposure	**10,576**	**80,607**	**91,183**

30 June 2013

	Floating interest rate $'000	Non-interest bearing $'000	Total $'000
Financial Assets			
Cash and cash equivalents	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)

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

The weighted average interest rate of the Company's cash and cash equivalents at 30 June 2014 is 2.5% pa (2013: 3.9% pa).

Sensitivity
At 30 June 2014, 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 $5,127 higher/$5,127 lower (2013:changes of 75 bps/75 bps: $644 lower/$644 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 2014.

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 cash-flow requirements daily taking into account upcoming dividends, tax payments and investing activity.

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 tradable 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.

3 Financial risk management (continued)

(c) Liquidity risk (continued)

At 30 June 2014	Less than 1 month $'000	More than 1 month $'000
Non-derivatives		
Trade and other payables	**336**	**-**
Current tax liability	**-**	**70**
Total non-derivatives	**336**	**70**

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	-

(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 13 Fair Value Measurement 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 judgment, considering factors specific to the asset or liability.

The determination of what constitutes ‘observable’ requires significant judgment 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.

3 Financial risk management (continued)

(d) Fair value measurements (continued)

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 2014 and 30 June 2013:

Fair value hierarchy

30 June 2014

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Trading portfolio	**86,820**	**-**	**-**	**86,820**
Total	**86,820**	**-**	**-**	**86,820**

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

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 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 judgments

Estimates and judgments 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

	2014 $'000	2013 $'000
Revenue		
Dividends	**3,471**	3,229
Interest	**755**	936
Distributions	**344**	406
Other income	**13**	131
	4,583	4,702
Net gains/(losses) on trading portfolio		
Net realised gains/losses on trading portfolio	**1,105**	(1,255)
Net unrealised gains/losses on trading portfolio	**4,828**	5,062
	5,933	3,807
	10,516	8,509

7. Income tax expense

(a) Income tax expense recognised in the Statement of Profit or Loss and Other Comprehensive Income

	2014 $'000	2013 $'000
Current tax	**520**	61
Deferred tax	**1,321**	1,220
	1,841	1,281
Income tax expense/(benefit) is attributable to:		
Profit from continuing operations	**1,841**	1,281

7 Income tax expense (continued)

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

	2014 $'000	2013 $'000
Profit from continuing operations before income tax expense/(benefit)	**9,516**	7,467
Tax at the Australian rate of 30.0% (2013 - 30.0%)	**2,855**	2,240
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Franking credits on dividends received	**(1,432)**	(1,340)
Imputation gross up on dividend income	**430**	402
Timing differences	**(163)**	(255)
Permanent difference from adjustments to prior year income tax expense	**-**	(53)
Realised taxable investment loss/(gain)	**482**	(89)
Realised accounting investment (gain)/loss	**(331)**	376
Income tax expense	**1,841**	1,281
The applicable weighted average effective tax rates are as follows	**19.3%**	17.2%

8. Cash and cash equivalents

	2014 $'000	2013 $'000
Cash at bank and in hand	**977**	123

(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:

	2014 $'000	2013 $'000
Balances as above	**977**	123

(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+ (2013: A+) by Standard & Poor's.

9. Trade and other receivables

	2014 $'000	2013 $'000
Dividends and distributions receivable	**457**	481
Interest receivable	**19**	38
GST Receivable	**18**	19
Unsettled sales	**3,298**	77
	3,792	615

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

	2014 $'000	2013 $'000
Listed equities	**74,813**	67,877
Units in listed property trusts	**2,408**	4,745
Floating rate notes - listed	**9,599**	12,115
	86,820	84,737

(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.

11 Derivative financial instruments (continued)

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.

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 2014 $'000	Notional principal amounts 2013 $'000
Australian exchange traded options	**(1,097)**	(799)

12. Deferred tax assets

	2014 $'000	2013 $'000
The balance comprises temporary differences attributable to:		
Net unrealised losses of investments	**-**	574
Other temporary differences	**27**	32
	27	606
Movements:		
Opening balance:	**606**	1,823
Charged/credited:		
- to deferred tax liabilities	**(573)**	-
- to profit or loss	**(6)**	(1,217)
	27	606

13. Trade and other payables

	Notes	2014 $'000	2013 $'000
Management fees payable	19(c)	**54**	50
Other payables		**282**	68
		336	118

14. Deferred tax liabilities

		2014 $'000	2013 $'000
The balance comprises temporary differences attributable to:			
Accrued income		**6**	11
Unrealised losses on investments		**748**	-
		754	11
Movements:			
Opening balance		**11**	14
Charged/credited	- to profit or loss	**170**	(3)
	- from deferred tax assets	**573**	
		754	11

15. Issued capital

(a) Issued capital

	30 June 2014 Shares	30 June 2013 Shares	2014 $'000	2013 $'000
Ordinary shares - fully paid	**155,715,478**	155,715,478	**86,901**	86,901

(b) 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.

15 Issued capital (continued)

(c) 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.

(d) 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. Dividends

(a) Ordinary Shares recognised as paid

	2014 $'000	2013 $'000
Final dividend	**1,557**	3,114
Interim dividend	**1,946**	3,114
	3,503	6,228

In respect of the financial year ended 30 June 2014, the directors recommended in June 2014 the payment of a dividend of 2 cents per share franked to 100% and payable to the holders of fully paid ordinary shares on 30 December 2014.

(b) Dividend franking account

	2014 $'000	2013 $'000
Opening balance of franking account	**13**	907
Franking credits on dividends received	**1,432**	1,340
Net tax paid during the year	**118**	435
Franking credits on ordinary dividends paid	**(1,502)**	(2,669)
Closing balance of franking account	**61**	13
Adjustments for tax payable/(refundable) in respect of the current year's profits	**70**	(332)
Franking credits on dividends received after year end	**153**	127
	223	(205)
	284	(192)

16 Dividends (continued)

(c) Dividend rate

	Record Date	Dividend Rate	Total Amount $'000	Date of Payment	% Franked
2014					
Ordinary shares - Final	13/06/2014	1.0cps	$1,557	27/06/2014	100
Ordinary shares – Interim	17/12/2013	1.25cps	$1,946	27/12/2013	100
2013					
Ordinary shares - Final	20/06/2013	2.0 cps	$3,114	28/06/2013	100
Ordinary shares – Interim	17/12/2012	2.0cps	$3,114	28/12/2012	100

17. Remuneration of auditors

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

(a) Auditors

	2014 $'000	2013 $'000
Audit and other assurance services		
MNSA Pty Ltd - Audit and review of financial statements	**32**	29
Other assurance services		
PWC - Audit of custodian statements	**7**	7
Total remuneration for audit and other assurance services	**39**	36
Other services		
PWC - Consultation fees	**-**	4
Total remuneration for other services	**-**	4
Total auditor remuneration for assurance and other services	**39**	40

18. 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 2014 (2013: nil).

19. Related party transactions

(a) Key management personnel

	2014 $'000	2013 $'000
Short-term benefits	**66**	60

(b) Transactions with other related parties

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

	2014 $'000	2013 $'000
Management fees paid or payable	**601**	577

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 2014 (2013: 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:

	2014 $'000	2013 $'000
Management fees payable	**54**	50

(d) Terms and conditions

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

20. Events occurring after the reporting period

On 22 August 2014, the Company announced details of a 1:10 non-renounceable rights issue at $0.50 per share which will raise approximately $7.8m.

Other than the rights issue, 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.

21. Reconciliation of profit after income tax to net cashflow from operating activities

	2014 $'000	2013 $'000
Profit for the year	**7,675**	6,186
Unrealised (gains)/losses on trading portfolio	**(4,828)**	(5,062)
Realised (gains)/losses on trading portfolio	**(1,105)**	1,255
Change in operating assets and liabilities		
Decrease/(increase) in trade and other receivables	**44**	80
(Decrease)/increase in trade and other payables	**(9)**	17
Increase/(decrease) in tax liabilities	**1,723**	847
Decrease/(Increase) in trading portfolio	**857**	(5,843)
Net cash inflow/(outflow) from operating activities	**4,357**	(2,520)

22. Earnings per share

(a) Basic earnings per share

	2014 Cents	2013 Cents
From continuing operations attributable to the ordinary equity	**5.05**	4.09
Total basic earnings per share attributable to the ordinary equity holders of the company	**5.05**	4.09

(b) Diluted earnings per share

	2014 Cents	2013 Cents
From continuing operations attributable to the ordinary equity	**5.05**	4.09
Total diluted earnings per share attributable to the ordinary equity holders of the company	**5.05**	4.09

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.

22 Earnings per share (continued)

(c) Weighted average number of shares used as denominator

	2014 Number	2013 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	**151,419,985**	151,419,985

In the Directors' opinion:

(a) the financial statements and notes set out on pages 20 to 43 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 2014 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 Jill Brewster on behalf of Kaplan Funds Management Pty Limited, 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
22 August 2014

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, which comprises the statement of financial position as at 30 June 2014, statement of profit or loss and other 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 (IFRS).

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 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 1, 283 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 2014 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 16 to 18 of the directors' report for the year ended 30 June 2014. 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 2014, complies with section 300A of the *Corporations Act 2001*.

MNSA PTY LTD

MNSA PTY LTD

Mark Schiliro
Director

Dated at Sydney this 22nd day of August 2014

MNSA PTY LTD
ABN 59 133 605 400
Level 1, 283 George St
Sydney NSW 2000
GPO Box 2943 Sydney 2001
Tel (02) 9299 0901
Fax (02) 9299 8104
Email admin@mnsa.com.au

A. Distribution of equity securities

As at 31 August 2014 there were 2,408 shareholders of ordinary shares in Ironbark Capital Limited. These holders were distributed as follows:

Holdings range	No of shareholders	Shares
1-1,000	289	106,542
1,001-5,000	463	1,337,782
5,001-10,000	318	2,434,619
10,001-100,000	1,169	37,109,259
100,001 and over	169	114,727,276
Totals	**2,408**	**155,715,478**

There were 245 holders of less than a marketable parcel of ordinary shares.

B. Equity security holders

The 20 largest holdings of the Company's shares as at 31 August 2014 are listed below:

	Ordinary shares	
Name	**Number held**	**%**
KAPLAN PARTNERS PTY LIMITED	36,065,029	23.16
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <BKCUST A/C>	11,425,278	7.34
ABTOURK (SYD NO 415) PTY LTD <MICHAEL JOHN COLE PSF A/C>	5,500,000	3.53
EDSGEAR PTY LIMITED	4,747,960	3.05
QUESTOR FINANCIAL SERVICES LIMITED <TPS RF A/C>	4,551,478	2.92
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
GRANTULLY INVESTMENTS PTY LIMITED	1,283,545	0.82
BOND STREET CUSTODIANS LIMITED <MCGOL - DR0020 A/C>	1,268,563	0.82
DELTA ASSET MANAGEMENT PTY LTD	1,072,610	0.69
DOWLING TAYLER PTY LTD <COLE SUPERFUND A/C>	1,000,953	0.64
H H ANG PTY LTD <H H ANG PTY LTD S/F A/C>	999,933	0.64
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
BOND STREET CUSTODIANS LIMITED <MCGOL - V04537 A/C>	661,668	0.43
	81,244,516	52.17

C. Substantial shareholders

Substantial shareholders in the Company as at 31 August 2014 are set out below:

Name	Number held	%
KAPLAN PARTNERS PTY LIMITED	36,065,029	23.16
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <BKCUST A/C>	11,425,278	7.34

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 Ms Jill Brewster.

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

Level 22
44 Market Street
Sydney, NSW 2000

Telephone: (02) 8917 0399

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 672 security transactions during the financial year. Brokerage paid during the year net of RITC claimable was $86,395.

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 Accumulation 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.