

**Ironbark Capital Limited**  
ABN 89 008 108 227

**Annual Report**  
**For the year ended 30 June 2019**

**Ironbark Capital Limited**  
ABN 89 008 108 227

**Annual Report**  
**For the year ended 30 June 2019**

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<b>Directors</b>	Michael J Cole AM B Ec, M Ec (Syd), F Fin Ross J Finley B Comm (NSW) Ian J Hunter BA LLB (Syd), MBA (MGSM)
<b>Company Secretary</b>	Jill Brewster MBA (MGSM), AGIA, ACIS, FIPA, FFA
<b>Principal Registered Office</b>	Suite 607 180 Ocean Street Edgecliff NSW 2027 Telephone: (02) 8917 0399
<b>Share Registrar</b>	Boardroom Pty Limited GPO Box 3993 Sydney NSW 2001 Shareholder enquiries telephone: (within Australia) 1300 737 760 (outside Australia) +61 2 9290 9600
<b>Investment Manager</b>	Kaplan Funds Management Pty Limited Suite 607 180 Ocean Street Edgecliff NSW 2027 Telephone: (02) 8917 0300
<b>Accounting &amp; Administration</b>	Kaplan Funds Management Pty Ltd Suite 607, 180 Ocean Street Edgecliff NSW 2027 Telephone: (02) 8917 0399 Fax: (02) 8917 0355
<b>Auditors</b>	MNSA Pty Ltd Level 1 283 George Street Sydney NSW 2000
<b>Website</b>	<a href="http://www.ironbarkcapital.com">www.ironbarkcapital.com</a>
<b>Company Secretarial &amp; all other enquiries</b>	Telephone: (02) 8917 0399 Email: <a href="mailto:enquiries@ironbarkcapital.com">enquiries@ironbarkcapital.com</a>
<b>Stock Exchange</b>	Australian Securities Exchange ASX code: IBC

## **Review of Operations and Activities**

The Ironbark Capital Limited ("Ironbark") portfolio returned an impressive 14.8% for the year inclusive of franking credits, outperforming the benchmark (1-year swap rate plus 6%p.a.) by 7.1%. Contributing to this strong result was the performance of the hybrids and property trusts, which were well supported as investors searched for yield in the low interest rate environment. The performance was achieved with a low volatility portfolio i.e. just over a third of the volatility of the ASX 300 Accumulation.

Over the longer term of 10 years, the portfolio return including franking is 9.5%, outperforming the benchmark 1-year swap rate plus 6% p.a. by 0.6%.

The Ironbark performance reflects the Investment Manager's absolute return focus and income emphasis which includes the writing of call options. The 2019 year ended with the share market nearing an all-time high as investors pursued higher yields in a slowing economy. The S&P/ASX300 Accumulation Index increased by 11.4% over the year, however it was a story of two halves with the market dropping 7% up to December 2018 before rallying 20% in the second half to June 2019.

The Investment Manager's report by Kaplan Funds Management (KFM) which follows, sets out in detail the investment performance for the year.

### **Results for the Full Year**

The strong Investment portfolio performance contributed to the \$5.60 million full year profit, up 146% on the \$2.28 million of the prior year. Income from the trading portfolio was \$7.97 million. Dividend income increased 10% reflecting the receipt of special dividends by a number of companies. The higher distribution income reflected the increased investment in the REIT sector. Net gains on market movements and realised gains contributed \$3.95 million, almost half of the income from trading.

NTA after provision for tax on unrealised gains was \$0.557, compared to \$0.536 in the previous period. The NTA is after 4.1 cents per share fully franked dividends paid in the period.

Ironbark's MER increased marginally from 0.81% to 0.83% due to expenses associated with the Company's buy-back of shares.

Since the 2015 financial year, performance has been measured by reference to the one year swap rate plus 6%. The Investment Manager is entitled to a 15% performance fee for outperformance above the benchmark which includes the benefit of franking credits received. A highwater mark applies within each 3 year reset period. In the 2019 financial year, a performance fee of \$763,000 is payable for the first time since the absolute return benchmark was set in place. As a result, total management fees are \$1.04 million, being 1.5% of average FUM, including 0.4% base management fee.

### **Dividends**

The primary focus of Ironbark is the payment of fully franked dividends as corporate profits create the opportunity to do so. In 2019, fully franked dividends of 4.1 cents per share were paid to shareholders inclusive of a special dividend of 1.45 cents per share paid in June 2019. Due to the uncertainty of the Federal Election outcome, this special dividend was paid in lieu of a final dividend. We expect to return to a more consistent pattern of interim and final dividend payments in the current financial year, subject to the availability of franking credits and corporate profits.

### **Ironbark buy-back**

At the Ironbark Annual General Meeting held on 13 November 2018, the shareholders approved a resolution for Ironbark to conduct an on-market buy-back ('Buy-Back'). The Buy-Back was implemented for a period of one month commencing 26 November 2018. This Buy-Back provided the opportunity for Ironbark shareholders to sell their shares at a price slightly less than NTA offering shareholders the opportunity to obtain a price closer to the full value of their shares.

This is in accordance with the Directors current policy to provide liquidity to shareholders every three years via a buy-back facility, with the minimisation of the share price discount to NTA a focus. Approximately 3% of shareholders representing 10.3% of the issued capital (14 million shares) participated in this buy-back.

The Directors note that the Ironbark shares are currently trading at a significant discount to NTA after tax of around 10%. In the interim, the dividend yield should assist in underpinning the share price and assist in the reduction of the discount as the company approaches the next buy-back period.

### **Ironbark Corporate Outlook**

Until the US and China finalise their negotiations, we expect to see continuing volatility in global markets.

In this low interest rate and volatile global environment, there continues to be an investor need for a low volatility, absolute return and fully franked dividend focussed investment portfolio offered in a LIC structure.

### **Conclusion**

The Directors will continue to set a policy direction for Ironbark consistent with our view of the best opportunities for the Company in the current investment environment.

**Michael J Cole AM**  
**Chairman**

## **Corporate Governance Statement**

The Board of Ironbark Capital Limited are committed to achieving high standards of corporate governance. Ironbark Capital Limited has reviewed its corporate governance practices against the ASX Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2019 Corporate Governance Statement is dated as at 30 June 2019 and reflects the corporate governance practices in place throughout the 2019 financial year. The 2019 Corporate Governance statement was approved by the Board on 22 August 2019.

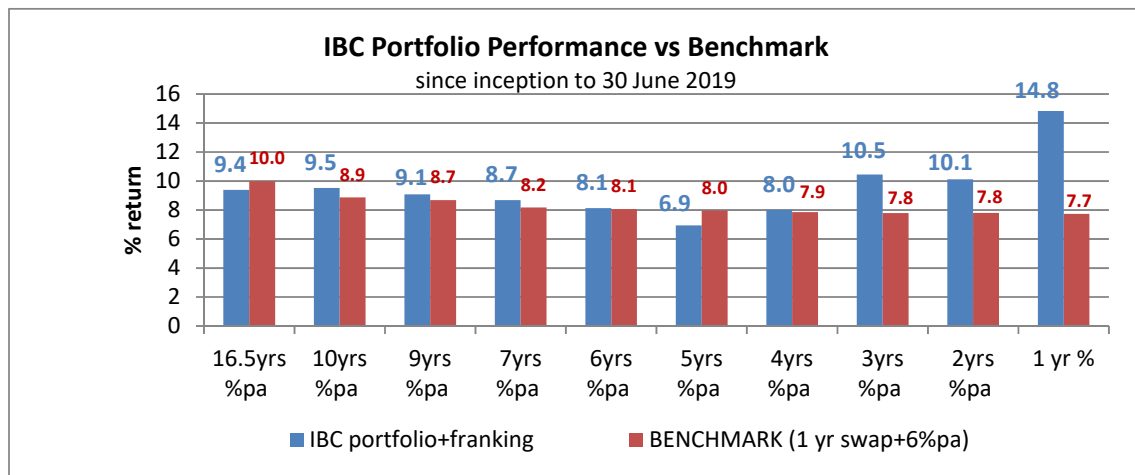
The Corporate Governance Statement can be viewed on the Company's website at [www.ironbarkcapital.com/about/corporate-governance](http://www.ironbarkcapital.com/about/corporate-governance)

**Investment Manager Report –financial year to 30 June 2019**

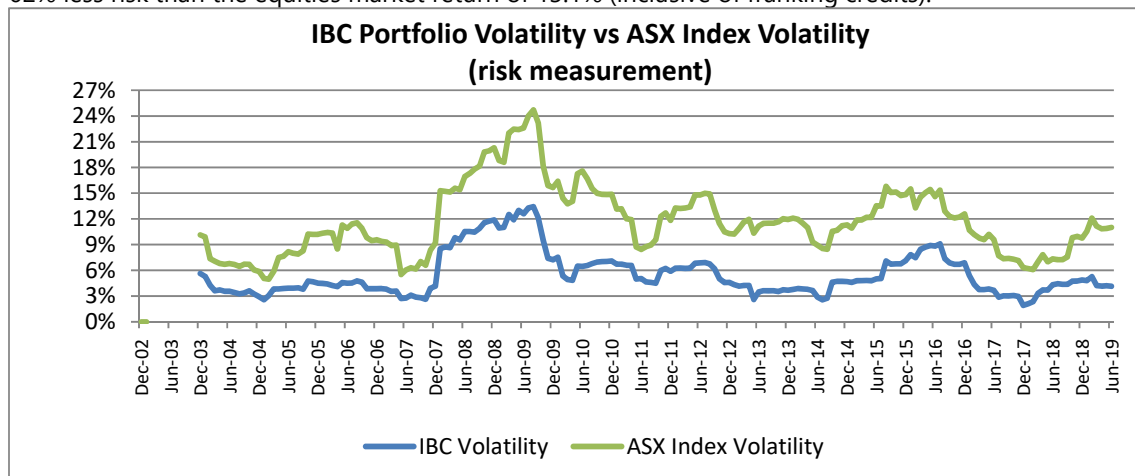
The manager’s focus is to deliver consistent returns and a high fully franked dividend yield from the portfolio. IBC’s performance benchmark is the 1-year swap rate plus 6% per annum.

Performance measurement includes franking credits and option premium income. Franking credits are a significant source of return from IBC’s hybrid investments and for shareholders. Option premium income is generated from buy & write activity and varies with market conditions. Over the financial year, realised option premium income was approximately \$395,000. The calculation of the portfolio’s current running yield of 6.6% excludes option income because realised option premiums are highly variable from year to year.

IBC recorded a portfolio return of 14.8% over the financial year outperforming its benchmark return of 7.7% by 7.1%. Since inception, over 16.5 years including two years of the GFC, the portfolio achieved a return of 9.4%pa with risk measured in terms of volatility approximately 52% of equity market risk.



IBC’s focus on income generation and capital preservation from a balanced portfolio structure has delivered superior risk adjusted returns compared to the equities market. Over the 10 year period the portfolio’s return was 9.5%pa with 55% less risk than the ASX200 Accumulation Index return of 11.7%pa (inclusive of franking credits). In the most recent year, a return of 14.8% was delivered with 62% less risk than the equities market return of 13.1% (inclusive of franking credits).



**Portfolio**

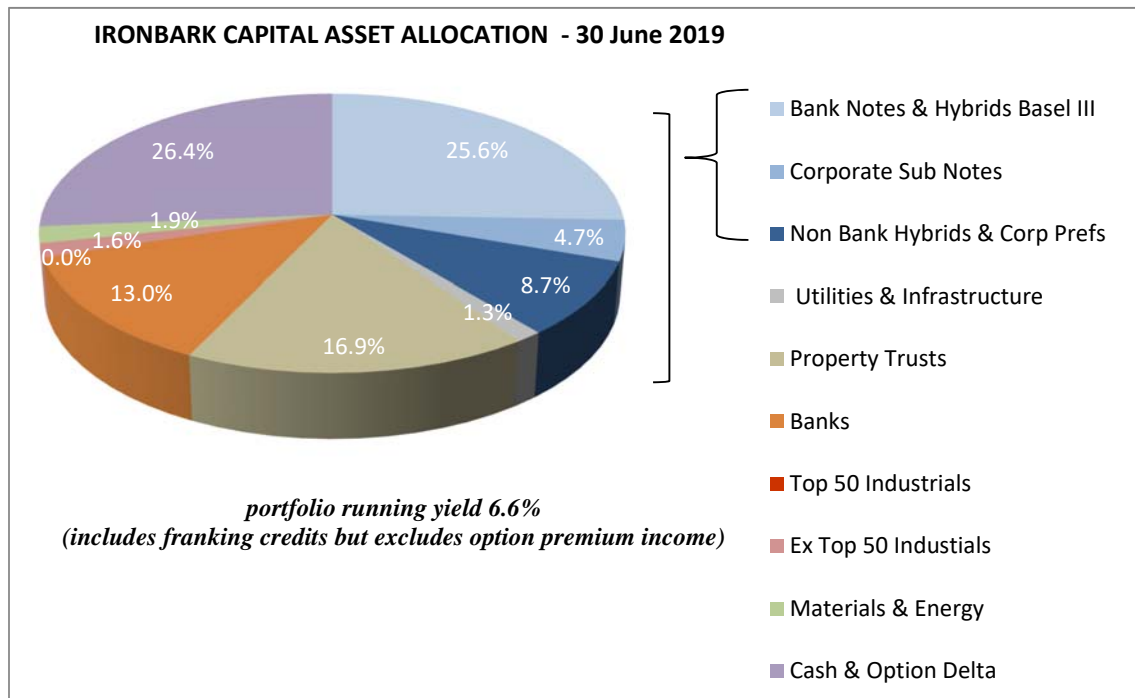
The portfolio is structured with an emphasis on income through yield orientated securities (hybrids and corporate bonds, utilities, property trusts) and buy & write positions in Banks, BHP, Telstra and other leading companies. The portfolio's running yield was 6.6% inclusive of franking credits but excluding option premium income.

The buy & write strategy involves buying selective shares and selling, subject to appropriate timing, call options over those shares. This strategy gives away some of the upside potential from a shareholding but generates option premium income consistent with the income emphasis of the portfolio.

The portfolio is diversified across 22 different entities. Higher risk exposures in banks, industrials and resources are largely held through buy & write option positions for income enhancement or added protection. The portfolio's hybrid and corporate bond holdings are mostly floating rate securities with little duration risk.

Approximately 39% of the portfolio was held in hybrids and corporate bonds and 14.9% in buy & writes in Banks, Telstra and BHP. The balance was represented by: 16.9% in property trusts, 1.6% in mid-cap and small companies, 1.3% in utilities and 26.4% held in cash & option delta.

Asset allocation reflects a cautious stance.





**Portfolio Performance-financial year to 30 June 2019**

The portfolio produced a return of 14.83% for the financial year. The strong portfolio and market gains were driven by declining bond yields, RBA interest rate cuts, strong iron ore prices, LNP election victory, and removal of the threat to abolish franking credit rebates.

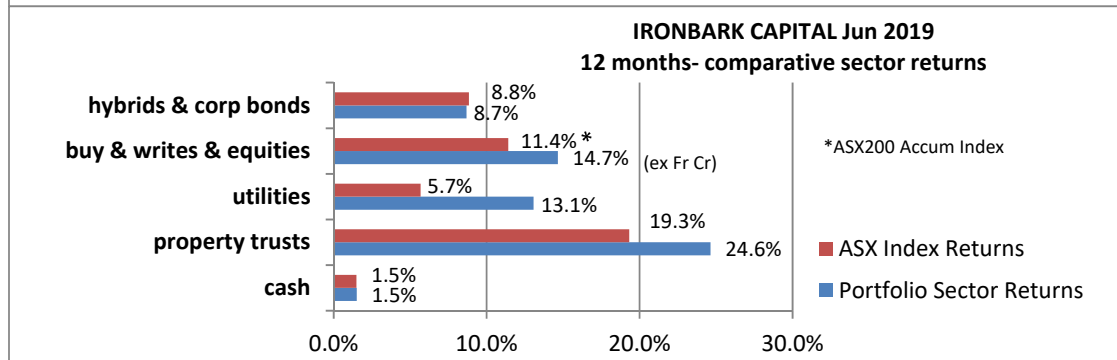
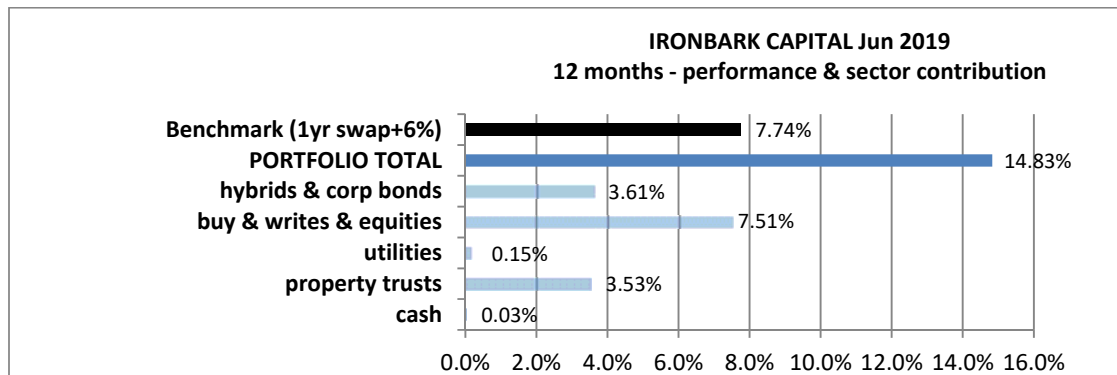
Australian government 10-year bond yields fell to 1.33% from 2.64% recording the largest one-year decline in bond yields globally, effectively half the rate a year before. Bond markets have priced in further rate cuts by the RBA to a low of 0.5%-0.7% by mid-2020 and the 3-year bond yield declined to 0.96%.

The portfolio experienced solid returns from hybrids and corporate bonds (+8.7%) and strong performance from property trusts (+24.6%), buy & writes (+17.9% including franking credits) and utilities (+13.1%).

Hybrid performance lifted markedly following the election. The surprise LNP victory reinstated the value of franking credits to super funds in pension mode. The outlook for new hybrid supply looks tight and the high margins are attracting yield investors despite the fall in the bank bill reference rate. The average 5-year major bank Basel III hybrid margin fell from 3.55% to 2.85% over the year.

Bank subordinated debt issuance, on the other hand, is expected to rise dramatically from APRA increasing the major banks loss absorbing capital requirements by 3% by 2024. Banks are expected to satisfy the increase through issuance of around \$50bn of tier 2 subordinated debt, compared to the existing market size of \$40bn. There will be a corresponding reduction in senior notes, which rallied on the announcement. The cost to banks will reflect the wider spread differential of about 100bps between sub debt and senior debt. S&P raised the credit outlook from negative to stable for the major banks following the APRA announcement and election result.

The portfolio participated in several property trust placements lifting the property weighting to 17% from 13%. Other major changes were a reduction in bank exposure to 13% from 21% and an increase in cash exposure (includes options delta) to 26% from 13%.



**Ironbank Capital Limited**  
**ABN 89 008 108 227**  
**Portfolio Shareholdings as at 30 June 2019**

ASX Code	Security	Market Value* \$'000	% of portfolio	% exposure**
<b>Banks</b>				
ANZ	ANZ Banking Group Limited	2,987	4.5	2.8
CBA	Commonwealth Bank of Australia Limited	6,611	9.9	3.6
NAB	National Australia Bank Limited	2,184	3.3	2.7
WBC	Westpac Banking Corporation Limited	5,380	8.1	3.9
		<b>17,162</b>	<b>25.8</b>	<b>13.0</b>
<b>Hybrids &amp; Corporate Bonds</b>				
AMPPA	AMP Limited - Capital Notes	315	0.5	0.5
ANZPG	ANZ Banking Group Limited - Capital Notes	755	1.1	1.1
BENPG	Bendigo & Adelaide Bank Limited - Capital Notes	859	1.3	1.3
BOQPE	Bank of Queensland Limited - Capital Notes	1,976	3.0	3.0
CBAPD/PG	Commonwealth Bank of Australia Perls VII & X	1,430	2.1	2.1
CGFPB	Challenger Limited - Capital Notes	211	0.3	0.3
CTX170425	Caltex Australia Limited - Fixed Rate Bonds (Unlisted)	542	0.8	0.8
CWNHB	Crown Limited - Subordinated Notes	358	0.5	0.5
IAG150625	Insurance Australia Group Limited - Subordinated Notes (Unlisted)	862	1.3	1.3
IAGPD	Insurance Australia Group Limited - Capital Notes	2,139	3.2	3.2
IANG	Insurance Australia Group Limited - Perpetual Reset Exchangeable Notes	2,537	3.8	3.8
MQGPB/PC/PD	Macquarie Group Limited - Capital Notes	2,198	3.3	3.3
NAB170529	National Australia Bank Limited - Subordinated Notes (Unlisted)	506	0.7	0.7
NABHA	National Australia Bank Limited Income Securities	993	1.5	1.5
NABPD/PF	National Australia Bank Limited - Capital Notes	2,830	4.3	4.3
QUBHA	Qube Holdings Limited - Subordinated Notes	1,392	2.1	2.1
RHCPA	Ramsay Healthcare Limited - Perpetual Preference Securities	607	0.9	0.9
SUN051228	Suncorp Group Limited - Subordinated Notes (Unlisted)	508	0.8	0.8
SUNPF/PG	Suncorp Group Limited - Capital Notes	3,037	4.6	4.6
WBCPG	Westpac Banking Group Corporation Limited - Capital Notes	2,012	3.0	3.0
		<b>26,067</b>	<b>39.1</b>	<b>39.1</b>
<b>Large industrial</b>				
TLS	Telstra Corporation Limited	889	1.3	-
		<b>889</b>	<b>1.3</b>	<b>-</b>
<b>Large industrial Total</b>				
BHP	BHP Billiton Limited	8,957	13.5	1.9
		<b>8,957</b>	<b>13.5</b>	<b>1.9</b>
<b>Property</b>				
CLW	Charter Hall Long WALE REIT	5,300	8.0	8.0
CMA	Centuria Metropolitan REIT	855	1.3	1.3
GOZ	Growthpoint Properties	518	0.7	0.7
VVR	MVA Energy REIT	4,582	6.9	6.9
		<b>11,255</b>	<b>16.9</b>	<b>16.9</b>
<b>Small Industrial</b>				
SDF	Steadfast Group Limited	1,053	1.6	1.6
		<b>1,053</b>	<b>1.6</b>	<b>1.6</b>
<b>Utilities &amp; Infrastructure</b>				
SKI	Spark Infrastructure Group	842	1.3	1.3
		<b>842</b>	<b>1.3</b>	<b>1.3</b>
<b>Cash</b>				
		<b>309</b>	<b>0.5</b>	<b>26.2</b>
		<b>66,534</b>	<b>100.0</b>	<b>100.0</b>

\*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 2019.

### 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 AM  
 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 Securities 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
<b>2019</b>					
Ordinary shares - Special	17/06/2019	1.45cps	\$1,786	26/06/19	100
Ordinary shares – Final	19/03/2019	1.8cps	\$2,217	2/04/2019	100
Ordinary shares – Interim	31/08/2018	0.85cps	\$1,167	18/09/2018	100
<b>2018</b>					
Ordinary shares - Final	16/02/2018	1.1cps	\$1,510	05/03/2018	100
Ordinary shares - Interim	31/08/2017	0.75cps	\$1,029	20/09/2017	100

### Review of Operations

The profit from ordinary activities after income tax amounted to \$5,604,000 (2018: \$2,280,000).

The net tangible asset backing for each ordinary share as at 30 June 2019 amounted to \$0.545 per share (2018: \$0.531 per share).

A performance fee of \$763,000 is payable for the first time since the absolute return benchmark was set in place. The performance fee was calculated from the conclusion of the buy-back in December 2018, when the highwater mark was reset.

At the Company's 2018 Annual General Meeting held on 13 November 2018, the shareholders approved an on-market buy-back for up to 25% of the shares on issue. Ironbark implemented the on-market buy-back for a period of one month ending 21 December 2018. Approximately 3% of shareholders representing 10.3% of issued capital (14 million shares) participated in this buy-back.

**Earnings per share**

	<b>2019</b>	<b>2018</b>
Basic and diluted earnings per share (cents per share)	4.33	1.66

**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**

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 or economic entity in subsequent financial years.

**Likely developments and expected results of operations**

The Company 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 AM B Ec, M Ec (Syd), F Fin** *Chairman*

***Experience and expertise***

Investment manager and investment banker

***Other current directorships***

Chairman of Platinum Asset Management Limited.

***Former directorships***

Chairman, IMB Limited.

***Interests in shares***

1,300,000 shares

**Ross J Finley B Comm (NSW)**

***Experience and expertise***

Investment manager and stockbroker

***Other current directorships***

Director, WAM Leaders Limited (appointed April 2019)

***Former directorships***

Director, Century Australia Investments Limited

***Interests in shares***

500,000 shares

**Ian J Hunter** BA LLB (Syd), MBA (MGSM) *Audit Committee Chairman*

***Experience and expertise***

Banking and finance

***Other directorships***

Director, Platinum Asia Investments Limited

***Interests in shares***

1,575,000 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. She is the Company Secretary for 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.

**Meetings of directors**

The numbers of meetings of the Company's Board of Directors and Audit Committee held during the year ended 30 June 2019, and the numbers of meetings attended by each Director were:

	Board meetings		Audit Committee	
	A	B	A	B
Michael J Cole	4	4	2	2
Ross J Finley	4	4	2	2
Ian J Hunter	4	4	2	2

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, 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. The Company has no employees as the investment management and administration services are outsourced.

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. 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 table shows details of the remuneration received by the Directors of the Company for the current and previous financial year.

**2019**

Name	Cash salary and fees \$	Superannuation \$	Total \$
MJ Cole	22,000	-	22,000
RJ Finley	22,000	-	22,000
IJ Hunter	22,000	-	22,000
	<b>66,000</b>	<b>-</b>	<b>66,000</b>

**2018**

Name	Cash salary and fees \$	Superannuation \$	Total \$
MJ Cole	22,000	-	22,000
RJ Finley	22,000	-	22,000
IJ Hunter	22,000	-	22,000
	<b>66,000</b>	<b>-</b>	<b>66,000</b>

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 from Ironbark Capital Limited. Kaplan Funds Management Pty Limited is remunerated for services rendered pursuant to an Administrative Services Agreement effective 1 April 2014.

**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*

The relevant interest in the shares of the Company of each director and as notified to the ASX is as follows:

**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.

2019

Name	Balance at the start of the year	Net movement	Balance at the end of the year
<b>Directors of Ironbark Capital Limited</b>			
<b>Ordinary shares</b>			
Michael J Cole	3,000,000	(1,700,000)	1,300,000
Ross J Finley	600,000	(100,000)	500,000
Ian J Hunter	1,575,000	-	1,575,000
	<u>5,175,000</u>	<u>(1,800,000)</u>	<u>3,375,000</u>

**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 2019 (2018: \$nil).

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 14.

**Rounding of amounts**

The Company is of a kind referred to in Instrument 2016/191, 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 Instrument 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 AM  
Director

Sydney  
23 August 2019



**IRONBARK CAPITAL LIMITED**  
ABN 89 008 108 227

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 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 2019 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*

Sam Danieli  
Director

Sydney  
23 August 2019



**Ironbark Capital Limited**  
**ABN 89 008 108 227**  
**Statement of Profit or Loss and**  
**Other Comprehensive Income**  
**For the year ended 30 June 2019**

	Notes	2019 \$'000	2018 \$'000
<b>Investment income from trading portfolio</b>			
Revenue	6	4,015	3,754
Net gains/(losses) on trading portfolio	6	3,954	(902)
<b>Total investment income from trading portfolio</b>		<b>7,969</b>	<b>2,852</b>
<b>Expenses</b>			
Management fees	19 (b)	(281)	(294)
Performance fees	19 (b)	(763)	-
Brokerage expense		(32)	(23)
Accounting fees		(45)	(41)
Share registry fees		(37)	(33)
Custody fees		(34)	(32)
Tax fees		(12)	(11)
Directors' liability insurance		(17)	(16)
Legal fees		(11)	-
Directors' fees	19 (a)	(66)	(66)
ASX fees		(47)	(46)
Audit fees	17	(36)	(35)
Options expense		(18)	(18)
Other expenses		(28)	(20)
<b>Total expenses</b>		<b>(1,427)</b>	<b>(635)</b>
<b>Profit before income tax</b>		<b>6,542</b>	<b>2,217</b>
Income tax (expense)/benefit	7	(938)	63
<b>Net profit for the year</b>		<b>5,604</b>	<b>2,280</b>
Other comprehensive income/(loss) for the year net of tax		-	-
<b>Total comprehensive income for the year</b>		<b>5,604</b>	<b>2,280</b>
		<b>Cents</b>	<b>Cents</b>
Basic and diluted earnings per share	22	<b>4.33</b>	<b>1.66</b>

*The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.*

**Ironbark Capital Limited**  
**ABN 89 008 108 227**  
**Statement of Financial Position**  
**As at 30 June 2019**

	Notes	2019 \$'000	2018 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	309	314
Trade and other receivables	9	505	1,227
Trading portfolio	10	66,225	70,411
Other assets		3	3
<b>Total current assets</b>		<b>67,042</b>	<b>71,955</b>
<b>Non-current assets</b>			
Deferred tax assets	12	1,202	1,791
<b>Total non-current assets</b>		<b>1,202</b>	<b>1,791</b>
<b>Total assets</b>		<b>68,244</b>	<b>73,746</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	13	1,048	64
<b>Total current liabilities</b>		<b>1,048</b>	<b>64</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	14	357	7
<b>Total non-current liabilities</b>		<b>357</b>	<b>7</b>
<b>Total liabilities</b>		<b>1,405</b>	<b>71</b>
<b>Net assets</b>		<b>66,839</b>	<b>73,675</b>
<b>Equity</b>			
Issued capital	15	67,374	74,644
Profit reserve		961	527
Accumulated losses		(1,496)	(1,496)
<b>Total equity</b>		<b>66,839</b>	<b>73,675</b>

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

**Ironbark Capital Limited**  
**ABN 89 008 108 227**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2019**

	Notes	Issued capital \$'000	Profit reserve \$'000	Accumulated losses \$'000	Total equity \$'000
<b>Balance at 1 July 2018</b>		74,644	527	(1,496)	73,675
Profit for the year		-	-	5,604	5,604
Transfer to profit reserve		-	5,604	(5,604)	-
<b>Total comprehensive income for the year</b>		-	5,604	-	5,604
<b>Transactions with owners in their capacity as owners:</b>					
Dividends paid	16	-	(5,170)	-	(5,170)
Buy-back of shares	15(c),(d)	(7,270)	-	-	(7,270)
<b>Balance at 30 June 2019</b>		67,374	961	(1,496)	66,839
<b>Balance at 1 July 2017</b>		74,663	786	(1,496)	73,953
Profit for the year		-	-	2,280	2,280
Transfer to profit reserve		-	2,280	(2,280)	-
<b>Total comprehensive income for the year</b>		-	2,280	-	2,280
<b>Transactions with owners in their capacity as owners:</b>					
Dividends paid	16	-	(2,539)	-	(2,539)
Contributions of equity from rights issue, net of transaction costs		(19)	-	-	(19)
<b>Balance at 30 June 2018</b>		74,644	527	(1,496)	73,675

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

**Ironbark Capital Limited**  
**ABN 89 008 108 227**  
**Statement of Cash Flows**  
**For the year ended 30 June 2019**

	Notes	2019 \$'000	2018 \$'000
<b>Cash flows from operating activities</b>			
Interest received		280	454
Net proceeds/(purchases) of trading portfolio		9,000	(6,834)
Dividends and trust distributions received		3,771	3,160
Other income received		43	67
Management fees paid		(283)	(294)
Other expenses paid		(376)	(343)
Taxes refunded/(paid)		-	102
<b>Net cash inflow/(outflow) from operating activities</b>	21	<u>12,435</u>	<u>(3,688)</u>
<b>Cash flows from financing activities</b>			
Dividends paid to shareholders	16(a)	(5,170)	(2,539)
Payments for shares bought back	15(c),(d)	(7,270)	-
Transaction costs paid for rights issue		-	(24)
<b>Net cash (outflow)/inflow from financing activities</b>		<u>(12,440)</u>	<u>(2,563)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		(5)	(6,251)
Cash and cash equivalents at beginning of financial year		<u>314</u>	<u>6,565</u>
<b>Cash and cash equivalents at the end of the financial year</b>	8	<u>309</u>	<u>314</u>

*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 Suite 607, 180 Ocean Street, Edgecliff NSW 2027. The financial statements of Ironbark Capital Limited are for the year ended 30 June 2019. The Company is primarily involved in making investments and deriving revenue and investment income from listed securities and unit trusts in Australia.

## 2. 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 23 August 2019.

#### (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 Standards (IFRS).

#### (ii) New and amended standards adopted by the Company

The Company has adopted the following new amendment standards for the first time for the annual reporting period commencing 1 July 2018:

- *AASB 9 Financial Instruments (and applicable amendments)*

*AASB 9 Financial Instruments* became effective for annual periods beginning on or after 1 January 2018. It addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in *AASB 139*.

Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. *AASB 9* also introduces a new expected credit loss (ECL) impairment model.

*AASB 9* has been applied retrospectively by the Company and it has determined that adoption did not result in a change to the classification or measurement of financial instruments in either the current or prior periods. The Company's investment portfolio continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost. There was no material impact on adoption from the application of the new impairment model.

- *AASB 15 Revenue from Contracts with Customers*

*AASB 15 Revenue from Contracts with Customers* became effective for annual periods beginning on or after 1 January 2018. The adoption of this standard did not have a material impact on the Company's accounting policies nor the amounts recognised in the financial statements.

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2018 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

## 2. Significant accounting policies (continued)

### (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 through profit or loss.

### (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, refer to Note 4.

### (b) **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns and trade allowances.

#### (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 income for the period is the tax payable on the current period's taxable income based on the applicable income tax rate 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 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.

## **2. Significant accounting policies (continued)**

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.

### **(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.

## **2. Significant accounting policies (continued)**

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 are 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.

### **(h) Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year that remain 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) Profit reserve**

The Profit Reserve is made up of amounts transferred from current and retained earnings that are preserved for future dividend payments.

### **(k) 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.



## 2. Significant accounting policies (continued)

### (l) 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.

### (m) 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 Australian Taxation Office (ATO). 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 ATO is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO and are presented as operating cash flows.

### (n) Rounding of amounts

The Company is of a kind referred to in Instrument 2016/191, 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 Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

### (o) Functional and presentation currency

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

### (p) Operating Segments

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

### (q) New accounting standards for application in future periods

Certain new accounting standards and interpretations, including AASB 16 (Leases) have been published that are not mandatory for 30 June 2019 reporting periods and have not yet been adopted in the financial statements. None of these are expected to have a material impact on the financial statements.

### 3. Financial risk management

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

#### (a) Market risk

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

##### (i) Price risk

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

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

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

Sector	2019 (%)	2018 (%)
Financials	56.3	57.1
Property Trusts	16.9	12.5
Materials	13.5	11.2
Corporate floating rate notes	6.9	9.9
Small Industrials	1.6	4.2
Telecommunications services	1.3	2.0
Utilities	1.3	1.0
Healthcare & biotechnology	0.9	0.9
Corporate fixed rate bonds	0.8	0.7
Cash	0.5	0.4
Consumer staples	-	0.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Securities representing over 5 percent of the trading portfolio at 30 June 2019 were:

	<b>2019</b>
	<b>(%)</b>
BHP Billiton Limited	<u>13.5</u>
Commonwealth Bank of Australia Limited	<u>9.9</u>
Westpac Banking Corporation Limited	<u>8.1</u>
	<u><b>31.5</b></u>

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

### 3. Financial risk management (continued)

The following table illustrates the effect on the Company's profit or loss based on a fall in market prices of 5% and 10% on the investment assets in the Company's portfolio at reporting date, assuming a flat tax rate of 27.5 percent (2018: 27.5 percent):

Index	Impact on post-tax profit			
	2019		2018	
	\$'000	\$'000	\$'000	\$'000
Change in variable by +5%/ -5% (2018: +5%/ -5%)	2,401	(2,401)	2,552	(2,552)
Change in variable by +10%/ -10% (2018: +10%/ -10%)	4,801	(4,801)	5,105	(5,105)

This illustration does not take into account covered call option positions

#### (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 risk. It includes the Company's assets and liabilities at fair values, categorised by the earlier of contractual repricing or maturity dates.

#### 30 June 2019

	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>Financial Assets</b>				
Cash and cash equivalents	309	-	-	309
Trade and other receivables	-	-	505	505
Trading portfolio	2,869	-	63,356	66,225
	<b>3,178</b>	<b>-</b>	<b>63,861</b>	<b>67,039</b>
<b>Financial liabilities</b>				
Trade and other payables	-	-	(1,048)	(1,048)
	<b>-</b>	<b>-</b>	<b>(1,048)</b>	<b>(1,048)</b>
Net exposure	<b>3,178</b>	<b>-</b>	<b>62,813</b>	<b>65,991</b>

The weighted average interest rate of the Company's cash and cash equivalents at 30 June 2019 is 0.9% pa (2018: 1.09% pa).

#### Sensitivity

At 30 June 2019, 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 \$17,281 higher/\$17,281 lower (2018: changes of 75 bps/75 bps: \$39,925 higher/\$39,925 lower).

### 3. Financial risk management (continued)

#### (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 2019.

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.

<b>At 30 June 2019</b>	<b>Less than 1 month \$'000</b>	<b>More than 1 month \$'000</b>
<b>Non-derivatives</b>		
Trade and other payables	1,048	-
Total non-derivatives	1,048	-
<b>At 30 June 2018</b>	<b>Less than 1 month \$'000</b>	<b>More than 1 month \$'000</b>
<b>Non-derivatives</b>		
Trade and other payables	64	-
Total non-derivatives	64	-

### 3. Financial risk management (continued)

#### (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.

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 2019 and 30 June 2018:

#### 30 June 2019

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>				
Trading portfolio	63,807	2,418	-	66,225
<b>Total</b>	<b>63,807</b>	<b>2,418</b>	<b>-</b>	<b>66,225</b>

#### 30 June 2018

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>				
Trading portfolio	67,886	2,525	-	70,411
<b>Total</b>	<b>67,886</b>	<b>2,525</b>	<b>-</b>	<b>70,411</b>

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 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, distribution and interest income and from the sale of its trading portfolio.

#### 6. Investment income

	2019 \$'000	2018 \$'000
<i>Revenue</i>		
Dividends	2,970	2,699
Interest	272	457
Distributions	730	531
Other income	43	67
	<b>4,015</b>	<b>3,754</b>
 <i>Net gains/(losses) on trading portfolio</i>		
Net realised gains/(losses) on trading portfolio	679	(1,865)
Net unrealised gains on trading portfolio	3,275	963
	<b>3,954</b>	<b>(902)</b>
	<b>7,969</b>	<b>2,852</b>

#### 7. Income tax expense

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

	2019 \$'000	2018 \$'000
Current tax	(103)	(714)
Deferred tax	1,041	651
	<b>938</b>	<b>(63)</b>
 <i>Income tax (benefit) / expense is attributable to:</i>		
Profit from continuing operations	<b>938</b>	<b>(63)</b>

**7. Income tax expense (continued)**

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

	2019 \$'000	2018 \$'000
Profit from continuing operations before income tax expense/(benefit)	6,542	2,217
Tax at the Australian rate of 27.5% (2018: 27.5%)	1,799	610
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Franking credits on dividends received	(1,327)	(1,132)
Imputation gross up on dividend income	365	311
Timing differences	224	266
Realised taxable investment gain/(loss)	82	(749)
Realised accounting investment (gain)/loss	(187)	513
Adjustments for current tax of prior year	(18)	118
Income tax expense/(benefit)	938	(63)

**8. Cash and cash equivalents**

	2019 \$'000	2018 \$'000
Cash at bank and in hand	309	314

**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 National Australia Bank Limited which is rated AA- (2018: AA-) by Standard & Poor's.

**9. Trade and other receivables**

	2019 \$'000	2018 \$'000
Dividends and distributions receivable	424	495
Interest receivable	18	27
GST Receivable	63	7
Unsettled sales	-	698
	505	1,227

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

## 9. Trade and other receivables (continued)

### 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 – held at fair value through profit or loss

	2019 \$'000	2018 \$'000
Listed equities	48,967	53,373
Property and infrastructure trusts	12,097	9,503
Floating rate notes - listed	2,743	5,010
Floating rate notes - unlisted	1,876	2,018
Fixed rate bonds - unlisted	542	507
	66,225	70,411

The value of the trading portfolio includes the market value of options written against holdings (note 11).

### Risk exposure and fair value measurements

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

## 11. Derivative financial instruments

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

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

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

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 buy 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.



## 11. Derivative financial instruments (continued)

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

	Notional principal amounts 2019 \$'000	Notional principal amounts 2018 \$'000
Australian exchange traded options	(3,082)	(917)

## 12. Deferred tax assets

	2019 \$'000	2018 \$'000
<b>The balance comprises temporary differences attributable to:</b>		
Net unrealised losses of investments	-	707
Tax losses	1,150	1,036
Other temporary differences	52	48
	1,202	1,791

### Movements:

Opening balance:	1,791	1,722
Charged/credited:		
- to deferred tax liabilities	(707)	-
- to profit or loss	118	69
	1,202	1,791

## 13. Trade and other payables

	Notes	2019 \$'000	2018 \$'000
Management fees payable	19(c)	24	26
Performance fee payable	19(c)	819	-
Unsettled purchases		162	-
Other payables		43	38
		1,048	64

## 14. Deferred tax liabilities

	2019 \$'000	2018 \$'000
<b>The balance comprises temporary differences attributable to:</b>		
Accrued income	5	7
Unrealised gains on investments	352	-
	357	7

### Movements:

Opening balance	7	7
Charged/credited - to profit or loss	(357)	-
- from deferred tax assets	707	-
	357	7

**15. Issued capital**

**(a) Issued capital**

	30 June 2019 Shares	30 June 2018 Shares	2019 \$'000	2018 \$'000
Ordinary shares - fully paid	<u>123,166,545</u>	137,258,651	<u>67,374</u>	74,644

**(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.

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

	Number of shares	\$'000
Balance at 1 July 2018	137,258,651	74,644
Less:		
On-market share buy-back	<u>(14,092,106)</u>	<u>(7,270)</u>
Balance at 30 June 2019	<u>123,166,545</u>	<u>67,374</u>

**(d) On-market share buy-back**

14,092,106 shares representing 10.3% of issued capital were bought back in the on-market buyback during the November and December 2018 period. The total amount paid was \$7.3 million.

**(e) 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.

**(f) Capital risk management**

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

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

**16. Dividends**

**(a) Ordinary Shares recognised as paid**

	2019 \$'000	2018 \$'000
Special dividend	1,786	-
Final dividend	2,217	1,510
Interim dividend	1,167	1,029
	5,170	2,539

**(b) Dividend franking account**

	2019 \$'000	2018 \$'000
<b>Opening balance of franking account</b>	871	804
Franking credits on dividends received	1,327	1,132
Net tax refunded during the year	-	(102)
Franking credits on ordinary dividends paid	(1,961)	(963)
<b>Closing balance of franking account</b>	237	871
Franking credits on dividends received after year end	84	173
	84	173
	321	1,044

**(c) Dividend rate**

	Record Date	Dividend Rate	Total Amount \$'000	Date of Payment	% Franked
<b>2019</b>					
Ordinary shares - Special	17/06/2019	1.45cps	\$1,786	26/06/19	100
Ordinary shares – Final	19/03/2019	1.8cps	\$2,217	2/04/2019	100
Ordinary shares – Interim	31/08/2018	0.85cps	\$1,167	18/09/2018	100
<b>2018</b>					
Ordinary shares - Final	16/02/2018	1.1cps	\$1,510	05/03/2018	100
Ordinary shares - Interim	31/08/2017	0.75cps	\$1,029	20/09/2017	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:

	30 June 2019 \$'000	30 June 2018 \$'000
<i>Audit and other assurance services</i>		
MNSA Pty Ltd - Audit and review of financial statements	36	35

## 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 2019 (2018: nil).

## 19. Related party transactions

### (a) Key management personnel

	2019 \$'000	2018 \$'000
Short-term benefits	66	66

### (b) Transactions with other related parties

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.

Under the terms of the Management Agreement, a performance fee is payable when the performance of the Company exceeds the 1 year swap rate plus 6%.

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

	2019 \$'000	2018 \$'000
Management fees paid or payable	281	294
Performance fee payable	763	-

The performance fee of \$763,000 is payable for the first time since the absolute return benchmark was set in place. The performance fee was calculated from the conclusion of the buy-back in December 2018, when the highwater mark was reset.

## 19. Related party transactions (continued)

### (c) Outstanding balances

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

	30 June 2019 \$'000	30 June 2018 \$'000
Management fees payable	24	26
Performance fees payable	819	-
	843	26

### (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

The Directors are not aware of any matter or circumstance that 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

	2019 \$'000	2018 \$'000
Profit for the year	5,604	2,280
Unrealised (gains)/losses on trading portfolio	(3,275)	(963)
Realised (gains)/losses on trading portfolio	(679)	1,866
Change in operating assets and liabilities		
Decrease/(Increase) in trade and other receivables	722	(771)
Increase/(Decrease) in trade and other payables	986	(51)
Increase in tax liabilities	938	39
Decrease/(Increase) in trading portfolio	8,139	(6,088)
Net cash inflow/(outflow) from operating activities	12,435	(3,688)

## 22. Earnings per share

### (a) Basic earnings per share

	2019 Cents	2018 Cents
From continuing operations attributable to the ordinary equity holders of the company	4.33	1.66
Total basic earnings per share attributable to the ordinary equity holders of the company	4.33	1.66

**22. Earnings per share (continued)**

**(b) Diluted earnings per share**

	<b>2019</b>	<b>2018</b>
	<b>Cents</b>	<b>Cents</b>
From continuing operations attributable to the ordinary equity holders of the company	<b>4.33</b>	1.66
Total diluted earnings per share attributable to the ordinary equity holders of the company	<b>4.33</b>	1.66

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.

**(c) Weighted average number of shares used as denominator**

	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
<i>Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share</i>	<b>129,289,938</b>	137,258,651

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 15 to 36 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 2019 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 AM  
Director

Sydney  
23 August 2019



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

**Report on the Audit of the Financial Report**

**Opinion**

We have audited the accompanying financial report of Ironbark Capital Limited, which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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.

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 2019 and of its performance for the year ended on that date; and
  - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- (b) the financial report also complies with the International Financial Reporting Standards as disclosed in Note 2.

**Basis for Opinion**

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Ironbark Capital Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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





## Key Audit Matters

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

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
<p><i>Valuation and Existence of Trading portfolio</i></p> <p>The trading portfolio at 30 June 2019 comprised of listed equity investments and exchange traded options of \$66 million.</p> <p>We focused on the valuation and existence of investments because trading investment represents the principal element of the net asset value disclosed on the Statement of Financial Position in the financial statements.</p>	<p>We tested the valuation of investments by vouching the share prices to independent market pricing information multiplying the investment quantity held as at 30 June 2019, to ensure they are fairly stated.</p> <p>We agreed the existence of a sample of purchases and sales that occurred during the period to the contract notes of investments; agreeing the contract notes to the purchases and sales reports.</p> <p>No differences were identified.</p>
<p><i>Revenue from Trading portfolio</i></p> <p>Auditing Standard ASAs presume there are risks of fraud in revenue recognition unless rebutted.</p> <p>We focused on the cut-off, accuracy and completeness of dividend revenue, interest, dividend receivables and interest receivables.</p>	<p>We assessed the accounting policy for revenue recognition for compliance with the accounting standards and performed testing to ensure that revenue had been accounted for in accordance with the accounting policy.</p> <p>We found that the accounting policies implemented were in accordance with the accounting standards, and that revenue has been accounted for in accordance with the accounting policy.</p> <p>We tested the accuracy and completeness of dividend revenue by agreeing the dividends and distributions of a sample of investments to supporting documentation obtained from share registries.</p> <p>We tested the cut-off of dividend revenue and dividend receivables by checking the dividend details of a sample of investments from external market information and ensured that dividends that were declared before, but payable after, the reporting date were recorded.</p> <p>No differences were identified.</p>



Key Audit Matter	How Our Audit Addressed the Key Audit Matter
<p><i>Performance fee</i></p> <p>The Company's statement of profit or loss and other comprehensive income includes the performance fee of \$763,000.</p> <p>We focused on this area as a key audit matter as it is a material amount.</p>	<p>We reviewed the management service agreement.</p> <p>We assessed the calculation of management fees and performance fees in accordance with the investment management agreement.</p> <p>We reviewed the disclosures made in the financial report.</p> <p>No differences were identified.</p>

### Other Information

The directors of Ironbark Capital Limited are responsible for the other information. The other information comprises the information in the annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

### Responsibilities of the Directors for the Financial Report

The directors of Ironbark Capital Limited are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, the financial statements comply with *International Financial Reporting Standards*.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.





### **Auditor's Responsibilities for the Audit of the Financial Report**

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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 judgement, 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 of the financial report that gives a true and fair view 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.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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 conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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



## Report on the Remuneration Report

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2019.

In our opinion the remuneration report of Ironbark Capital Limited for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

### *Responsibilities*

The directors of Ironbark Capital Limited 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.

MNSA Pty Ltd

*MNSA Pty Ltd*

Sam Danieli  
Director

Sydney  
23 August 2019

## Shareholder Information

### Stock Exchange Listing

Ironbark has 123,166,545 fully paid ordinary shares on issue held by 1,739 security holders. These are listed on the Australian Securities Exchange under ASX code: IBC.

### Transaction Summary

The Company conducted 502 security transactions during the financial year. Brokerage paid during the year net of RITC claimable was \$32,038.

### Voting rights

The Constitution provides for votes to be cast for fully paid ordinary shares as follows:

- i. on a show of hands, every member present in person, by proxy, by attorney or corporate representative has 1 vote; and
- ii. on a poll, every member present in person, by proxy, by attorney or corporate representative has 1 vote for each share held by the member.

### Distribution of security holdings

As at 11 September 2019 there were 1,739 shareholders of fully paid ordinary shares in Ironbark Capital Limited. These holders were distributed as follows:

<b>Holdings Range</b>	<b>No. of Shareholders</b>	<b>Shares</b>	<b>%</b>
1-1,000	273	96,916	0.08
1,001-5,000	353	1,020,530	0.83
5,001-10,000	223	1,685,652	1.37
10,001-100,000	768	25,391,772	20.62
100,001 and over	122	94,971,675	77.11
<b>Totals</b>	<b>1,739</b>	<b>123,166,545</b>	<b>100.00</b>

There were 251 shareholders holding less than a marketable parcel of 1,000 ordinary shares/\$500, based on a share price of \$0.50.

**Largest twenty shareholders**

The largest 20 shareholders of the Company's shares as at 11 September 2019 are listed below:

<b>Holder Name</b>	<b>Ordinary Shares</b>	
	<b>Number Held</b>	<b>%</b>
KAPLAN PARTNERS PTY LIMITED	41,838,109	33.97%
NATIONAL NOMINEES LIMITED	10,161,944	8.25%
AUSTRALIAN EXECUTOR TRUSTEES LIMITED <IPS SUPER A/C>	2,875,868	2.33%
MRS GLENDA CLAIRE ORGILL	2,133,661	1.73%
LIANGROVE MEDIA PTY LIMITED	1,943,456	1.58%
HPIC PTY LTD	1,697,625	1.38%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,683,469	1.37%
SUPENTIAN PTY LIMITED <HUNTER PENSION FUND A/C>	1,663,631	1.35%
BOND STREET CUSTODIANS LIMITED <MCGOL - I27406 A/C>	1,389,077	1.13%
ABTOURK (SYD NO 415) PTY LTD <MICHAEL JOHN COLE PSF A/C>	1,300,000	1.06%
LIANGROVE GROUP PTY LTD	1,166,081	0.95%
BOND STREET CUSTODIANS LIMITED <MCGOL - DR0020 A/C>	806,127	0.65%
BOND STREET CUSTODIANS LIMITED <MCGOL - AP0390 A/C>	712,982	0.58%
AGO PTY LTD <SUPERANNUATION FUND A/C>	699,372	0.57%
NORBERT INVESTMENTS PTY LTD	623,438	0.51%
MR JOHN KENNETH CAMERON POTTS & MRS MARGARET HAMILTON	618,750	0.50%
BOND STREET CUSTODIANS LIMITED <MCGOL - V20404 A/C>	616,331	0.50%
BOND STREET CUSTODIANS LIMITED <MCGOL - V04537 A/C>	601,912	0.49%
DANEJON PTY LIMITED <DANEJON SUPER FUND A/C>	600,000	0.49%
WENTRADING PTY LTD <WENTRADING SUPER FUND A/C>	584,293	0.47%
	<b>73,716,126</b>	<b>59.85%</b>
<b>Total Securities as per Register</b>	<b>123,166,545</b>	

**Substantial shareholders**

As at 11 September 2019 the following substantial holder notices had been received by Ironbark Capital in respect of shareholders and their associates:

<b>Holder Name</b>	<b>Notice Date</b>	<b>Ordinary Shares</b>	
		<b>Number Held</b>	<b>%</b>
KAPLAN PARTNERS PTY LIMITED	2 May 2017	47,725,466	34.77%

**On-market buy-back**

There is no current on-market buy-back of shares.