



**IRONBARK** CAPITAL

ABN 89 008 108 227

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IRONBARK CAPITAL LIMITED

APPENDIX 4D

FOR THE HALF-YEAR ENDED

31 DECEMBER 2022

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*The documents comprise the information required under Listing Rule 4.2A and should be read in conjunction with the Annual Report as at 30 June 2022.*

# IRONBARK CAPITAL LIMITED

## Results for Announcement to the Market

### Half Year Ended 31 December 2022

The previous corresponding period is the half-year ended 31 December 2021. The Half-Year Financial Report has been subject to review by the Company's auditors.

<b>Revenue and Profit</b>	<b>Dec-22</b>	<b>Dec-21</b>	<b>% Change</b>	
	<b>\$'000</b>	<b>\$'000</b>		
Investment revenue from ordinary activities	<b>6,111</b>	2,846	Up	114.7%
Net profit after income tax expense	<b>4,413</b>	2,039	Up	116.4%

<b>Earnings</b>	<b>Dec-22</b>	<b>Dec-21</b>	<b>% Change</b>	
	<b>Cents</b>	<b>Cents</b>		
Earnings per share	<b>4.01</b>	1.70	Up	135.9%

<b>Net Tangible Asset Backing per share (NTA)</b>				
	<b>Dec-22</b>	<b>Dec-21</b>	<b>% Change</b>	
NTA before provision for tax on unrealised gains	<b>\$ 0.572</b>	\$ 0.559	Up	2.3%
NTA after provision for tax on unrealised gains	<b>\$ 0.560</b>	\$ 0.549	Up	2.0%
The NTA is after payment of fully franked dividends of 2.25 cents per share since the previous corresponding period				

- The final fully franked dividend for the 2022 financial year was 1.25 cents per share which was paid on 28 September 2022.
- The interim dividend payable in this financial year is 1.1 cents per share, fully franked. This has been declared since the period end for ordinary shareholders on the register as at 7 March 2023. This is payable on 30 March 2023.
- The interim dividend for the corresponding period was 1 cent per share fully franked and was paid in March 2022.
- The Dividend Reinvestment Plan remains suspended.

## **Chairman's Commentary**

The December half year saw a recovery in the market most notably in the Banking and Materials sectors and is reflected in the Company's good performance result.

### **Investment Performance**

For the half year to 31 December 2022, the portfolio returned 11.5% inclusive of franking credits, outperforming the Benchmark (1 year swap + 6%p.a.) by 6.7%. This was a very satisfactory result with performance achieved with a portfolio that has a lower volatility than the market. The performance over 2 years of 11.8%p.a. and over 5 years of 8.4%p.a. inclusive of franking credits, exceeds their benchmark returns by 4.5% and 1.2% respectively, and has been achieved in times of prolonged economic uncertainty.

The Investment Manager's report by Kaplan Funds Management (KFM) which follows the Chairman's Report, sets out in detail the investment experience in this FY23 half year.

### **Results for the Half Year**

The profit after tax of \$4.4 million was up 116.4% from the \$2.0 million achieved in the previous corresponding year. The strong market performance contributed to the \$4.0 million net unrealised gains, specifically from the Materials sector, Small Industrials, and certain Property Trusts. The increase in the unlisted portfolio of subordinated notes and the rising cash rates contributed to the increase in interest income of nearly 300% when compared to the same period in the previous year. The decrease in dividend income reflects the change from the prior year's record payout by BHP with the associated in-specie dividend of Woodside Energy.

A performance fee of \$300,000 is accrued for the period based on the outperformance of the absolute return benchmark.

NTA per share before provision for tax on unrealised gains was \$0.572, up 2.3% compared to \$0.559 from the previous period.

Since the end of the half-year, the Directors have declared a fully franked dividend of 1.1 cents per share to be paid on 30 March 2023.

### **Share Buy-Back**

In accordance with the Company's announcement of an on-market share buy-back earlier in the year for up to 10% of the Company's shares over 12 months, the program was activated, and 18,000 shares were bought in the period to 31 December 2022. Since half-year end, 1,942 shares have been bought in the on-market share buy-back. The program is on-going until 20 July 2023.

### **Dividend Outlook**

Corporate earnings of the underlying investments and the associated fully franked dividends allowed the Company to pay a final fully franked dividend for the 2022 financial year in September 2022. The Ironbark portfolio remains positioned to deliver fully franked dividends and satisfactory returns within an acceptable risk profile. The Hybrid portfolio will continue to benefit from the rising interest rates in the near term.

The year ahead will be dominated by the ongoing geopolitical events, the impact of inflation and flow-on effect to interest rates, and the associated increase in costs to business, providing a challenging economic environment for business.

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

**Investment Manager Report –half year to 31 December 2022**

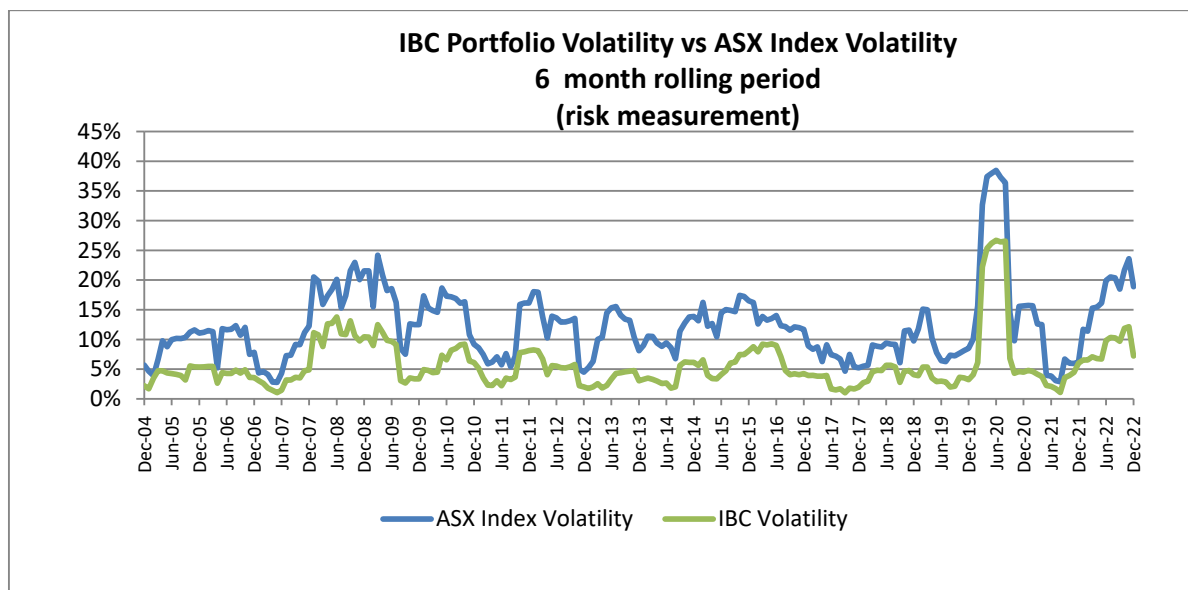
The manager’s focus is to deliver consistent returns and a high fully franked dividend yield from the portfolio. IBC’s performance benchmark is the 1-year swap rate plus 6% per annum.

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 half year, realised option premium income was around \$0.52m (0.9% of the portfolio). The calculation of the portfolio’s current running yield of 6.9% excludes option income because realised option premiums are highly variable from year to year.

IBC recorded a strong portfolio return of 11.48% over the half year, outperforming equity and debt markets, and its benchmark return of 4.83% (1 year swap rate +6%pa). The ASX 300 Accumulation Index gained 9.62% over the six-month period. Since inception, over 20 years including three crisis periods (GFC, Covid-19, current inflation crisis), the portfolio achieved a return of 9.12%pa with 53% of equity market risk measured in terms of volatility.

<i>PERFORMANCE TO 31/12/22</i>	<b>Inception</b>	<b>10 Yr</b>	<b>5 Yr</b>	<b>3 Yr</b>	<b>2 Yr</b>	<b>1 Yr</b>	<b>6 Mths</b>
<i>FUM \$61.8m</i>	<b>20yrs % pa</b>	<b>% pa</b>	<b>% pa</b>	<b>% pa</b>	<b>% pa</b>	<b>% pa</b>	<b>%</b>
<b>IBC pre fees plus franking</b>	<b>9.12</b>	<b>7.86</b>	<b>8.41</b>	<b>7.99</b>	<b>11.77</b>	<b>9.81</b>	<b>11.48</b>
<b>1 yr swap +6%</b>	<u>9.46</u>	<u>7.72</u>	<u>7.23</u>	<u>7.01</u>	<u>7.24</u>	<u>8.70</u>	<u>4.83</u>
<b>Relative performance</b>	-0.34	0.14	1.18	0.98	4.53	1.11	6.65
<b>volatility IBC</b>	<b>7.3</b>	<b>7.6</b>	<b>9.6</b>	<b>12.0</b>	<b>6.9</b>	<b>9.0</b>	<b>7.2</b>
<b>volatility ASX300</b>	<b>13.8</b>	<b>14.1</b>	<b>16.4</b>	<b>19.8</b>	<b>14.2</b>	<b>19.5</b>	<b>18.9</b>
<b>ASX 300 Accum</b>	<b>8.83</b>	<b>8.61</b>	<b>7.10</b>	<b>5.51</b>	<b>7.45</b>	<b>-1.77</b>	<b>9.62</b>
<b>Vol relative to ASX</b>	53%	54%	59%	60%	49%	46%	38%

IBC’s focus on income generation and capital preservation from a balanced portfolio structure has delivered relatively lower volatility and very good risk adjusted returns compared to the equities market.



**Portfolio**

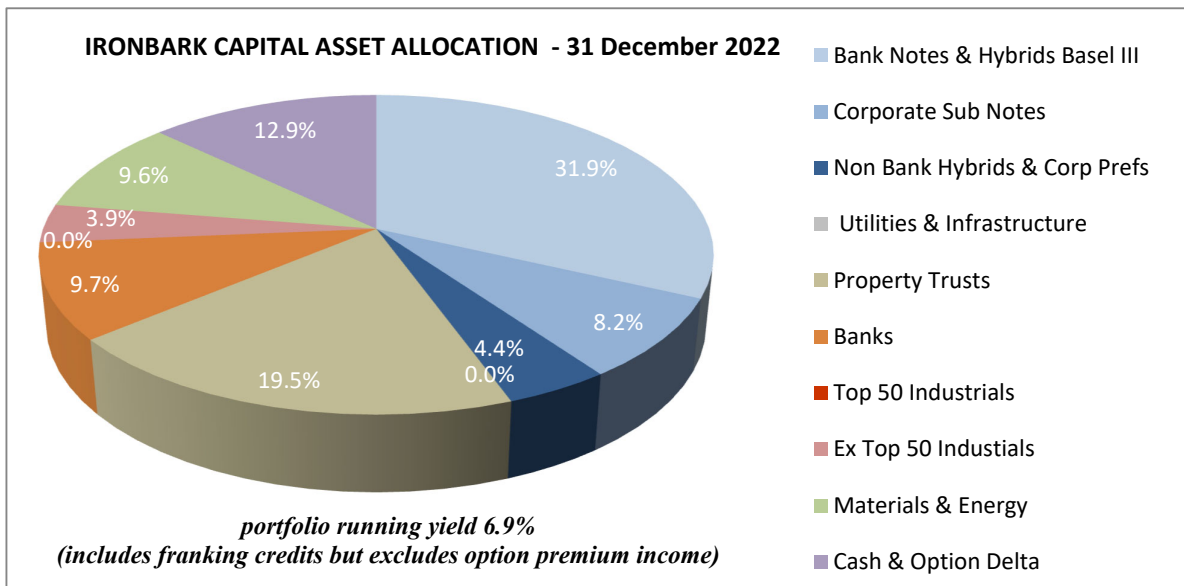
The portfolio is structured with an emphasis on income through yield orientated securities (hybrids and corporate bonds, utilities, property trusts) and buy & write positions in leading companies. The portfolio’s running yield was 6.9% inclusive of franking credits but excluding option premium income.

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 44.5% of the portfolio was held in hybrids and corporate bonds and 15.1% in buy & write exposures in Banks, BHP and Woodside. The balance was represented by 19.5% in property trusts, 3.9% in mid-cap and small companies, 4.1% in small resources and 12.9% held in cash & option delta.

Asset allocation reflects a cautious stance.



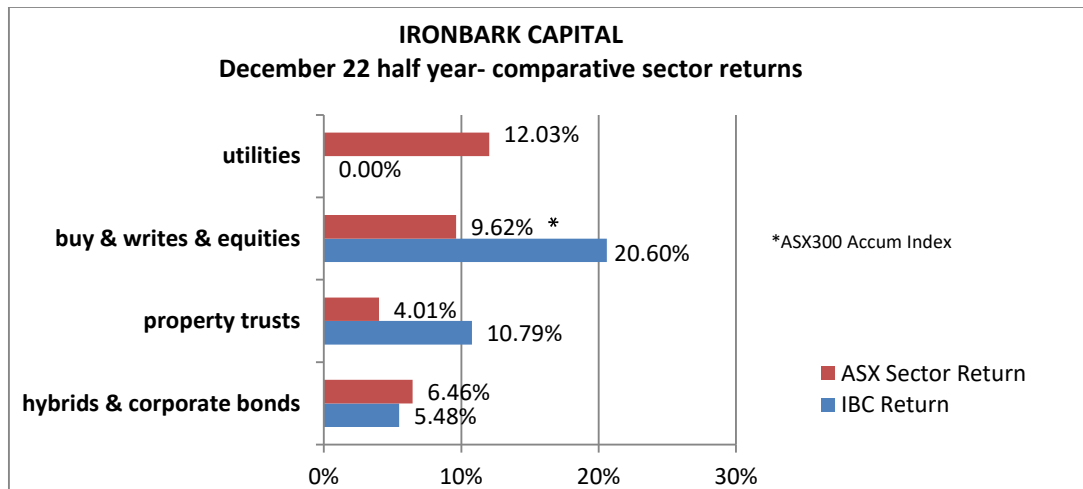
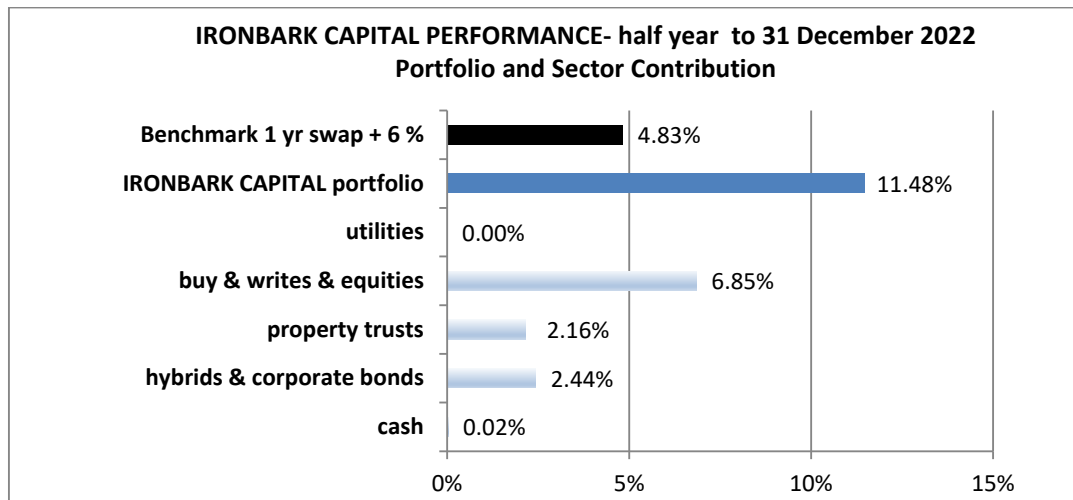
**Portfolio Performance-half year to 31 December 2022**

The portfolio recorded a return of 11.48% over the six-month period. Property trusts rebounded strongly, up 11%, as the RBA signalled a pause in rate hikes is possible. Resources and banks delivered strong gains under the buy & write strategy, up 21%, and hybrids and corporate bonds performed well advancing 5.5%.

The portfolio participated in recent new hybrid issues by IAG, CBA and Macquarie Group on margins of 350bps, 285bps and 370bps respectively above the 90 day bill rate. Current swap rate pricing indicates yields to first call for floating rate bank hybrids of: 5.8%pa (2 yrs), 6.3%pa (4 yrs) and 6.5%pa (6 yrs).

The portfolio also invested in subordinated floating rate notes issued by NAB and CBA on margins of 280bps and 270bps respectively, and a fixed to floating rate subordinated note issued by ANZ, fixed at 6.4%pa for 7 years then floating rate at 260bps margin for the remaining 5 years until maturity.

Investing in higher ranking subordinated debt compared to hybrids allows the manager to improve the risk return profile for the portfolio when margin differentials narrow.



**Ironbark Capital Limited**  
**ABN 89 008 108 227**  
**Portfolio Shareholdings as at 31 December 2022**

**Portfolio Shareholdings at 31 December 2022**

ASX Code	Security	Market Value* \$'000	% of portfolio	% exposure**
<b>Banks</b>				
ANZ	ANZ Banking Group Limited	2,334	3.8	2.7
CBA	Commonwealth Bank of Australia Limited	2,633	4.3	2.1
NAB	National Australia Bank Limited	57	0.1	0.1
WBC	Westpac Banking Corporation Limited	3,218	5.2	4.6
		<b>8,242</b>	<b>13.4</b>	<b>9.5</b>
<b>Hybrids &amp; Corporate Bonds</b>				
ALD26/27	Ampol Limited - Subordinated Notes (Unlisted)	2,238	3.6	3.6
AN3PI/PJ	ANZ Banking Group Limited - Capital Notes	682	1.1	1.1
ANZ29	ANZ Banking Group Limited - Subordinated Notes (Unlisted)	1,007	1.6	1.6
AUS1080	AusNet Services Limited - Subordinated Notes (Unlisted)	1,002	1.6	1.6
AYUPA	Australian Unity Limited - Mutual Capital Instrument	1,074	1.7	1.7
BOQPE/PF	Bank of Queensland Limited - Capital Notes	948	1.5	1.5
CBA04/11	Commonwealth Bank of Australia Limited - Subordinated Notes (Unlisted)	5,570	9.0	9.0
CBAPI/PL	Commonwealth Bank of Australia Limited - Capital Notes	1,286	2.1	2.1
IAGPE	Insurance Australia Group Limited - Capital Notes	821	1.3	1.3
MAC05/06	Macquarie Bank Limited - Subordinated Notes (Unlisted)	1,013	1.7	1.7
MBLPC	Macquarie Bank Limited - Capital Notes	647	1.1	1.1
MQGPC/PD/PF	Macquarie Group Limited - Capital Notes	1,756	2.9	2.9
NABPF/PH/PI	National Australia Bank Limited - Capital Notes	1,817	2.9	2.9
NAB25	National Australia Bank Limited - Capital Notes (Unlisted)	512	0.8	0.8
NAB29	National Australia Bank Limited - Fixed Capital Notes (Unlisted)	433	0.7	0.7
NAB27	National Australia Bank Limited - Subordinated Notes (Unlisted)	513	0.8	0.8
QUBHA	Qube Holdings Limited - Subordinated Notes	1,332	2.2	2.2
RHCPA	Ramsay Healthcare Limited - Perpetual Preference Securities	805	1.3	1.3
SUNPG/PI	Suncorp Group Limited - Capital Notes	2,237	3.6	3.6
SUN06	Suncorp Group Limited - Subordinated Notes (Unlisted)	490	0.8	0.8
WBCPK	Westpac Banking Corporation Limited - Capital Notes	1,285	2.1	2.1
		<b>27,468</b>	<b>44.4</b>	<b>44.4</b>
<b>Materials &amp; Energy</b>				
BHP	BHP Billiton Limited	5,682	9.2	3.8
SMR	Stanmore Resources Limited	2,537	4.1	4.1
WDS	Woodside Energy Group Limited	1,073	1.7	0.9
		<b>9,292</b>	<b>15.0</b>	<b>8.8</b>
<b>Property</b>				
AUHW	Australian Unity Healthcare Wholesale Fund (Unlisted)	3,329	5.4	5.4
CIP	Centuria Industrial REIT	167	0.3	0.3
CLW	Charter Hall Long WALE REIT	4,211	6.8	6.8
WPR	Waypoint REIT	4,367	7.1	7.1
		<b>12,074</b>	<b>19.6</b>	<b>19.6</b>
<b>Small Industrials</b>				
SDF	Steadfast Group Limited	2,270	3.7	3.7
		<b>2,270</b>	<b>3.7</b>	<b>3.7</b>
<b>Utilities &amp; Infrastructure</b>				
D20	Duxton Water Limited	132	0.2	0.2
		<b>132</b>	<b>0.2</b>	<b>0.2</b>
<b>Cash</b>				
		<b>2,291</b>	<b>3.7</b>	<b>13.8</b>
		<b>61,769</b>	<b>100.0</b>	<b>100.0</b>

\*Includes market value of options written against holdings

\*\*Includes option delta written against holdings

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

**Financial Report**  
**For the half-year ended 31 December 2022**



<b>Directors</b>	Michael Cole AM, Chairman Ian Hunter Sam Kaplan
<b>Company Secretary</b>	Jill Brewster
<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: (02) 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 Limited 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

## **Directors' Report**

The Directors present their report on the Company for the half-year ended 31 December 2022.

### **Directors**

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

Michael Cole AM, Chairman  
Ian Hunter  
Sam Kaplan

### **Review of Operations**

The profit from ordinary activities after tax for the half-year to 31 December 2022 was \$4.4 million, up 116% from the \$2.0 million in the corresponding period last year. The recovery in the market resulted in unrealised gains of \$4.0m, the main contributor to the good half year result. Gains of \$0.5m were realised predominantly from the sale of property trusts and the trading of call options. The increase in interest of nearly 300% reflects the additions to the portfolio of unlisted subordinated notes and rising interest rates. The decrease in dividend income reflects the change from the prior year's record payout by BHP with the associated in-specie dividend of Woodside Energy.

The net tangible asset backing after tax for each ordinary share as at 31 December 2022 amounted to \$0.560 per share (2021: \$0.549 per share).

A performance fee of \$300,000 is accrued for the period based on the absolute return benchmark.

A fully franked dividend of 1.1 cents per share has been declared since the end of the half-year and is payable on 30 March 2023.

In accordance with the Company's announcement of an on-market share buy-back earlier in the year for up to 10% of the Company's shares over 12 months, the program was activated, and 18,000 shares were bought in the period to 31 December 2022. Since half-year end, 1,942 shares have been bought in the on-market share buy-back. The program is on-going until 20 July 2023.

### **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 Directors' Report and Financial Report. Amounts in the Directors' Report and Financial Report have been rounded off in accordance with that instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

### **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 11.

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



Michael J Cole AM  
Chairman  
Sydney  
17 February 2023



**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 half-year ended 31 December 2022 there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. any applicable code of professional conduct in relation to the review.

MNSA PTY LTD

MNSA Pty Ltd

Mark Schiliro  
Director

Sydney  
17<sup>th</sup> February 2023

MNSA

**Ironbark Capital Limited**  
**ABN 89 008 108 227**  
**Statement of Profit or Loss and Other**  
**Comprehensive Income**  
**For the half-year ended 31 December 2022**

	Notes	Half-year ended	
		31 December 2022 \$'000	31 December 2021 \$'000
<b>Investment income from trading portfolio</b>			
Revenue	3	1,583	1,788
Net gain on trading portfolio	3	4,528	1,058
<b>Total investment income from trading portfolio</b>		<b>6,111</b>	<b>2,846</b>
<b>Expenses</b>			
Management fees		(124)	(136)
Performance fees		(300)	(228)
Brokerage expense		(9)	(25)
Accounting fees		(28)	(34)
Share registry fees		(16)	(16)
Custody fees		(13)	(16)
Tax fees		(8)	(6)
Directors' liability insurance		(18)	(16)
Legal fees		(5)	(7)
Directors' fees		(25)	(33)
ASX fees		(22)	(26)
Audit fees		(16)	(15)
Option fees		(6)	(7)
Other expenses		(26)	(42)
<b>Total expenses</b>		<b>(616)</b>	<b>(607)</b>
<b>Profit before income tax</b>		<b>5,495</b>	2,239
Income tax expense		(1,082)	(200)
<b>Net profit for the period</b>		<b>4,413</b>	<b>2,039</b>
Other comprehensive income for the period net of tax		-	-
<b>Total comprehensive income for the period</b>		<b>4,413</b>	<b>2,039</b>
Basic and diluted earnings per share	6	<b>Cents</b> 4.01	<b>Cents</b> 1.70

*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 31 December 2022**

	Notes	31 December 2022 \$'000	30 June 2022 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		2,291	1,299
Trade and other receivables		202	264
Trading portfolio		59,478	56,148
Other assets		45	6
<b>Total current assets</b>		<u>62,016</u>	<u>57,717</u>
<b>Non- current assets</b>			
Deferred tax assets		1,614	2,064
<b>Total non-current assets</b>		<u>1,614</u>	<u>2,064</u>
<b>Total assets</b>		<u>63,630</u>	<u>59,781</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		499	310
Current tax liabilities		-	501
<b>Total current liabilities</b>		<u>499</u>	<u>811</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		1,346	213
<b>Total non-current liabilities</b>		<u>1,346</u>	<u>213</u>
<b>Total liabilities</b>		<u>1,845</u>	<u>1,024</u>
<b>Net assets</b>		<u>61,785</u>	<u>58,757</u>
<b>Equity</b>			
Issued capital	7	60,467	60,475
Profit reserve		9,905	6,869
Accumulated losses		<u>(8,587)</u>	<u>(8,587)</u>
<b>Total equity</b>		<u>61,785</u>	<u>58,757</u>

*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 half-year ended 31 December 2022**

	Notes	Issued capital \$'000	Profit reserve \$'000	Accumulated losses \$'000	Total equity \$'000
<b>Balance at 1 July 2022</b>		<b>60,475</b>	<b>6,869</b>	<b>(8,587)</b>	<b>58,757</b>
Profit for the period		-	-	<b>4,413</b>	<b>4,413</b>
Transfer to profit reserve		-	<b>4,413</b>	<b>(4,413)</b>	-
<b>Total comprehensive income for the period</b>		<b>60,475</b>	<b>11,282</b>	<b>(8,587)</b>	<b>63,170</b>
<b>Transactions with owners in their capacity as owners:</b>					
Dividends paid	5	-	<b>(1,377)</b>	-	<b>(1,377)</b>
Buy-back of shares	7(b)	<b>(8)</b>	-	-	<b>(8)</b>
<b>Balance at 31 December 2022</b>		<b>60,467</b>	<b>9,905</b>	<b>(8,587)</b>	<b>61,785</b>
<b>Balance at 1 July 2021</b>					
Profit for the period		67,374	5,805	(6,235)	66,944
Transfer to profit reserve		-	-	2,039	2,039
		-	2,039	(2,039)	-
<b>Total comprehensive income for the period</b>		<b>67,374</b>	<b>7,844</b>	<b>(6,235)</b>	<b>68,983</b>
<b>Transactions with owners in their capacity as owners:</b>					
Dividends paid	5	-	<b>(1,539)</b>	-	<b>(1,539)</b>
Buy-back of shares		<b>(6,899)</b>	-	-	<b>(6,899)</b>
<b>Balance at 31 December 2021</b>		<b>60,475</b>	<b>6,305</b>	<b>(6,235)</b>	<b>60,545</b>

*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 half-year ended 31 December 2022**

	Notes	Half-year ended	
		31 December 2022 \$'000	31 December 2021 \$'000
<b>Cash flows from operating activities</b>			
Interest received		200	71
Net proceeds of trading portfolio		1,051	10,444
Dividends & trust distributions received		1,469	1,884
Other income received		1	3
Management fees paid		(121)	(137)
Other expenses paid		(223)	(276)
<b>Net cash inflow from operating activities</b>		<b>2,377</b>	<b>11,989</b>
<b>Cash flows from financing activities</b>			
Dividends paid to shareholders	5	(1,377)	(1,539)
Payment for shares bought back	7(b)	(8)	(6,899)
<b>Net cash outflow from financing activities</b>		<b>(1,385)</b>	<b>(8,438)</b>
<b>Net increase in cash and cash equivalents</b>		<b>992</b>	<b>3,551</b>
Cash and cash equivalents at beginning of period		1,299	1,243
<b>Cash and cash equivalents at the end of period</b>		<b>2,291</b>	<b>4,794</b>
Non cash: Distribution reinvestment		-	57

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

## 1. Basis of preparation of half-year report

This general purpose interim financial report for the half-year ended 31 December 2022 has been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting*. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Ironbark Capital Limited. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2022, together with any public announcements made during the following half-year. The accounting policies adopted are consistent with those of the previous financial year end and corresponding interim reporting period.

This interim financial report was authorised for issue on 17 February 2023.

## 2. 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.

## 3. Revenue

	Half-year ended	
	31 December	31 December
	2022	2021
	\$'000	\$'000
Dividends	1,042	1,299
Interest	215	72
Distributions	325	415
Other income	1	2
	<b>1,583</b>	<b>1,788</b>
<i>Net gains/(losses) on trading portfolio</i>		
Net realised gains on trading portfolio	522	1,770
Net unrealised gains/(losses) on trading portfolio	4,006	(712)
	<b>4,528</b>	<b>1,058</b>
	<b>6,111</b>	<b>2,846</b>

## 4. Fair value measurements

The Company measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets at fair value through profit or loss

*AASB 13 Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy (consistent with the hierarchy applied to financial assets and financial liabilities):

- (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).



#### 4. Fair value measurements (continued)

The following table presents the Company's financial assets and liabilities measured and recognised at fair value according to the fair value hierarchy at 31 December 2022:

##### 31 December 2022

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>				
Trading portfolio	43,371	16,107	-	59,478
<b>Total</b>	<b>43,371</b>	<b>16,107</b>	<b>-</b>	<b>59,478</b>

##### 30 June 2022

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>				
Trading portfolio	44,683	11,465	-	56,148
<b>Total</b>	<b>44,683</b>	<b>11,465</b>	<b>-</b>	<b>56,148</b>

There were no transfers between levels for recurring fair value measurements during the period. The Company's policy is to recognise transfers into and out of fair value hierarchy as at the end of the reporting period.

#### 5. Dividends

##### (a) Ordinary Shares

	Half-year ended	
	31 December 2022 \$'000	31 December 2021 \$'000
Dividends provided for or paid during the half-year	<u>1,377</u>	<u>1,539</u>

Since the end of the half-year, the Directors have declared a fully franked dividend of 1.1 cents per share to be paid on 30 March 2023. The aggregate amount of \$1.211 million has not been recognised as a liability at the end of the period.

##### (b) Dividend rate

Dividends provided for or paid are fully franked at 25% tax rate (2022: 25%).

## 6. Earnings per share

### (a) Basic and diluted earnings per share

	Half-year ended	
	31 December 2022	31 December 2021
	Cents	Cents
From continuing operations attributable to the ordinary equity holders of the company	4.01	1.70

### (b) Weighted average number of shares used as denominator

	Half-year ended	
	31 December 2022	31 December 2021
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	110,144,709	119,760,682

## 7. Issued capital

### (a) Issued capital

	31 December 2022	30 June 2022	31 December 2022	30 June 2022
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	110,136,394	110,154,394	60,467	60,475

### (b) Movements in ordinary share capital

	Number of shares	\$'000
Balance at 1 July 2022	110,154,394	60,475
On-market share buyback	(18,000)	(8)
Balance at 31 December 2022	110,136,394	60,467

## 8. 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 31 December 2022 (2021: nil).

## **9. Events occurring after the reporting period**

Since half-year end, 1,942 shares have been bought in the on-market share buy-back. The program is on-going until 20 July 2023.

Other than the declaration of a fully franked dividend of 1.1 cents per share, as outlined in note 5, no other matter or circumstance has occurred subsequent to the period 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.

In the Directors' opinion:

- (a) the Interim Financial Statements and notes set out on pages 12 to 19 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*, and
  - (ii) giving a true and fair view of the entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date.
- (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.

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



Michael J Cole AM  
Chairman

Sydney  
17 February 2023



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

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

*Conclusion*

We have reviewed the half-year financial report of Ironbark Capital Limited, which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year then ended, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Ironbark Capital Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Ironbark Capital Limited financial position as at 31 December 2022 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134: *Interim Financial Reporting and the Corporations Regulations 2001*.

*Basis for Conclusion*

We conducted our review in accordance with ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

*Responsibility of Directors for the Financial Report*

The directors of Ironbark Capital Limited are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility for the Review of the Financial Report*

ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: *Interim Financial Reporting and the Corporations Regulations 2001*.



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

MNSA PTY LTD

MNSA Pty Ltd

Mark Schiliro  
Director

Sydney  
17<sup>th</sup> February 2023