ABN 89 008 108 227

IRONBARK CAPITAL LIMITED

APPENDIX 4E

PRELIMINARY FINAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

Contents

RESULTS FOR ANNOUNCEMENT TO THE MARKET
YEAR ENDED 30 JUNE 2021

This report is based on audited financial statements. The previous corresponding period is the year ended 30 June 2020.

Revenue and Profit	2021 $'000		% Change
Investment revenue from ordinary activities	**9,084**	Up	346.5%
Net profit after income tax expense	**6,660**	Up	354.8%

Earnings	2021 Cents		% Change
Earnings per share	**5.41**	Up	355.2%

Net Tangible Asset Backing per share (NTA)	30-Jun-21		% Change
NTA before provision for tax on unrealised gains	**$ 0.555**	Up	12.8%
NTA after provision for tax on unrealised gains	**$ 0.543**	Up	8.8%
The NTA is after 1 cent per share of fully franked dividends paid in the period			

Dividend Information	2021 Cents		% Change
Interim Dividend - fully franked at 26% (2020: 27.5%) tax rate	**1.0**	Down	-16.7%
Final Dividend - fully franked at 25% (2020: 27.5%) tax rate	**1.25**	Up	25.0%

The final dividend payable on 29 September 2021 is a 1.25 cents per share fully franked dividend for shareholders registered as at record date of 3 September 2021.

- The Dividend Reinvestment Plan remains suspended.

Chairman's Commentary

The 2021 year saw good performance results from Ironbark, as the market recovered, investor confidence improved and equity market valuations in some instances moved to historically record levels.

Investment Performance

For the year to 30 June 2021, the portfolio returned 16.5% inclusive of franking credits, outperforming the Benchmark (1 year swap + 6%p.a.) by 10.4%. This was a very satisfactory result with performance achieved with a portfolio that has a lower volatility than the market. The performance over 10 years of 7.7% inclusive of franking credits, is in line with the Benchmark return.

The Investment Manager's report by Kaplan Funds Management (KFM) which follows the Chairman's Report, sets out in detail the investment experience in the 2021 financial year.

Results for the Year

The positive performance of the portfolio contributed to the $6.66m profit after tax, up from a loss of $2.61m on the previous corresponding year. The strong performance in the market contributed to the $9.16m unrealised gain, particularly from BHP, the banks, and certain property & infrastructure trusts. Revenue excluding net gains and losses on the trading portfolio was down 4.1% on the prior year, with dividends and distributions rebounding in the second half, as the economy recovered in an extremely low interest rate environment.

The 2021 year saw a reduction in the MER from 0.93% to 0.86% aided by the rising equity market.

Since the end of the financial year, the Directors have declared a fully franked dividend of 1.25 cents per share to be paid on 29 September 2021. Based on the current legislation, this dividend will be franked at the 25% tax rate.

Dividend Outlook

While profits have been substantial, the ability to pay fully franked dividends was constrained in FY21 by a lack of franking credits. The Company accumulates franking credits from the receipt of franked dividends from its investments and the Company has not paid tax during the year because profit was largely comprised of unrealised gains. The Company pays tax when there are realised gains, after having regard to realised tax losses.

Dividends from underlying investments improved in the 2nd half of FY21 as the impact of government stimulus assisted the faster recovery and confidence was restored post the March 2020 decline. We expect to see this continue in 1st half FY22 with better than expected corporate earnings providing the catalyst for improved dividends. As companies navigate the conditions from the COVID uncertainties, corporate earnings may be variable.

Capital Management

Since the AGM approval and announcement of the Buy-Back in November 2020, the share price has rallied and the discount on the Ironbark shares has narrowed. The Buy-Back of up to 30% of shares is scheduled to occur for a 4 week period, commencing on 5 October 2021 and ending on 1 November 2021. The Buy-Back price in October will be referenced to the NTA excluding net deferred tax assets (i.e. deferred tax assets less deferred tax liabilities). As at 31 July 2021 the reference NTA was $0.545. The Board continues to monitor capital management initiatives in the LIC industry, taking into account the scale of the Company, and we note significant actions such as the Buy-Back in October are always subject to shareholder approval.

Ironbark Outlook

The outlook for 2022 will be subject to the economic conditions arising from the pandemic recovery as vaccinations are deployed to combat the ongoing impact of COVID-19 and its variants. As economies recover and confidence resumes, inflationary concerns remain, and we expect continued volatility as the challenges emanating from the COVID-19 pandemic continue.

Going forward, the Ironbark portfolio remains positioned to deliver satisfactory returns within an acceptable risk profile.

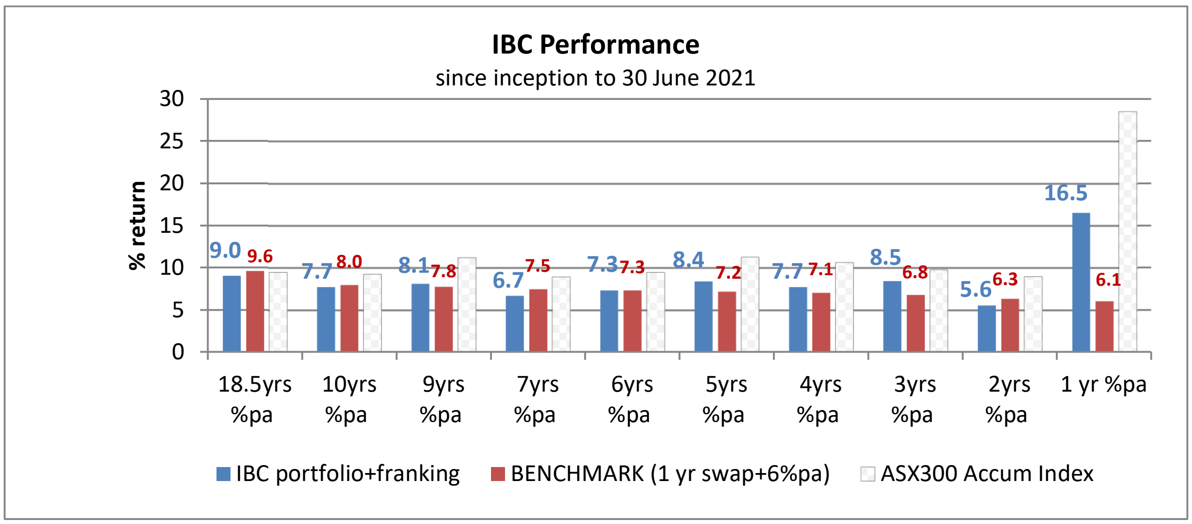
Michael J Cole AM
Chairman

Investment Manager Report –financial year to 30 June 2021

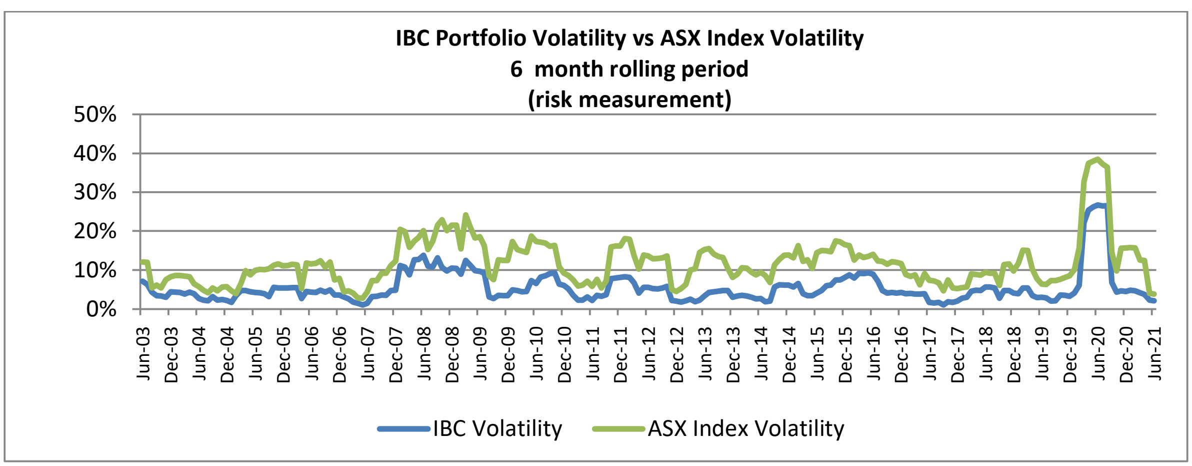
The manager's focus is to deliver consistent returns and a high fully franked dividend yield from the portfolio. IBC's performance benchmark is the 1-year swap rate plus 6% per annum.

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 recorded a loss of $1.26m (2.1% of the portfolio) from rolling to higher option strike prices. Option premium losses were more than offset by higher unrealised stock gains. The calculation of the portfolio's current running yield of 5.7% excludes option income because realised option premiums are highly variable from year to year.

IBC recorded a good portfolio return of 16.5% over the financial year outperforming its benchmark return of 6.1%. Since inception, over 18.5 years including two crisis periods (GFC & Covid-19) the portfolio achieved a return of 9.0%pa with risk measured in terms of volatility approximately 56% of equity market risk.



IBC's focus on income generation and capital preservation from a balanced portfolio structure has delivered very good risk adjusted returns compared to the equities market over the longer term. The portfolio recovered strongly from the pandemic sell off last year to record a return well in excess of the absolute return benchmark in the 2021 financial year.



Portfolio

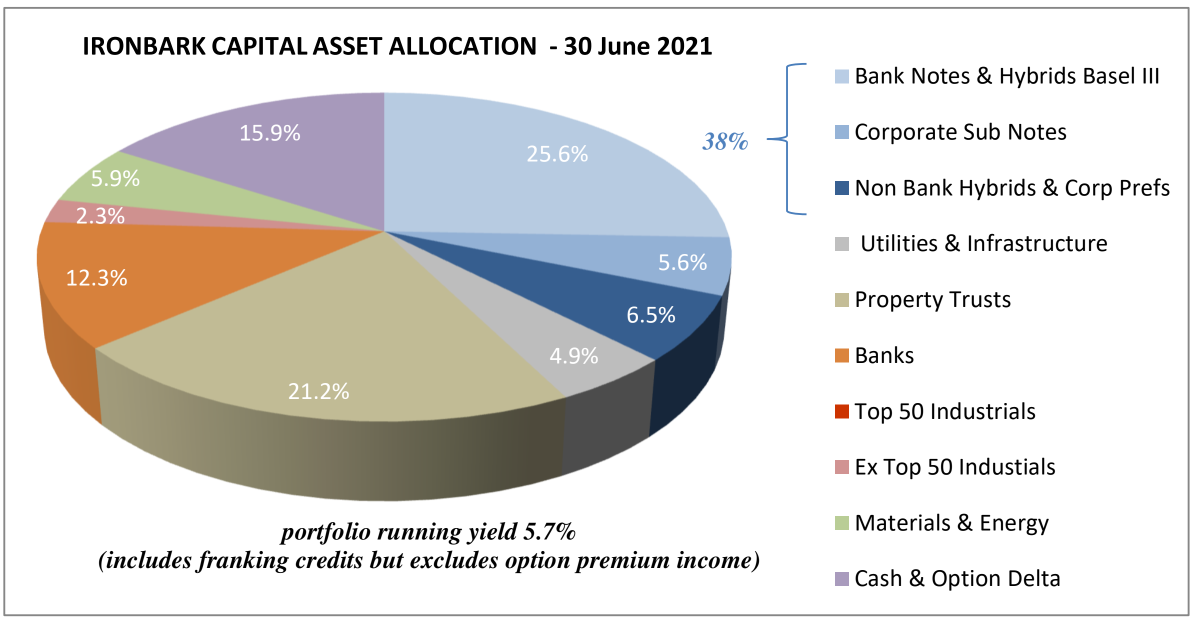
The portfolio is structured with an emphasis on income through yield orientated securities (hybrids and corporate bonds, utilities, property trusts) and buy & write positions in Banks, BHP, Telstra and other leading companies. The portfolio's running yield was 5.7% inclusive of franking credits but excluding 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 26 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 38% of the portfolio was held in hybrids and corporate bonds and 18% in buy & writes in Banks, Telstra, and BHP. The balance was represented by 21.2% in property trusts, 2.3% in mid-cap and small companies, 4.9% in utilities and 15.9% held in cash & option delta.

Asset allocation reflects a cautious stance.



Portfolio Performance-financial year to 30 June 2021

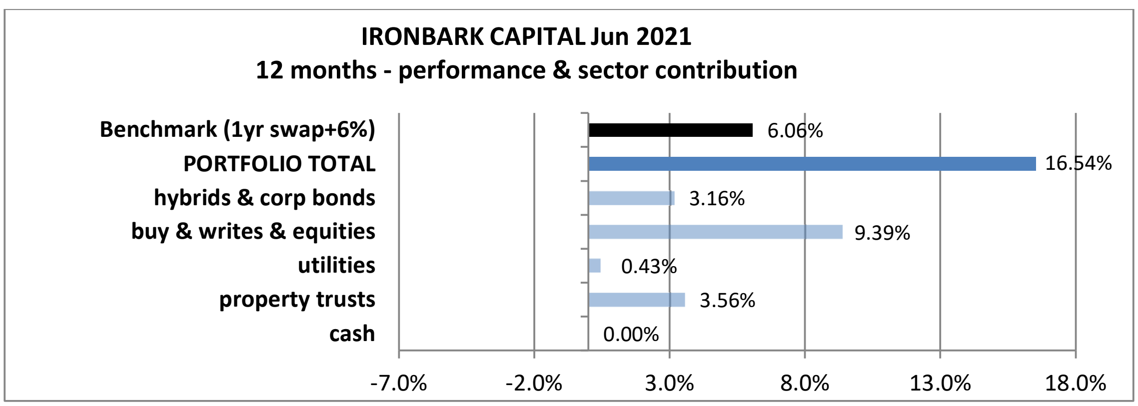
The portfolio recorded a good return of 16.5% for the financial year, increasing 7.1% in the June half and 8.9% in the December half period.

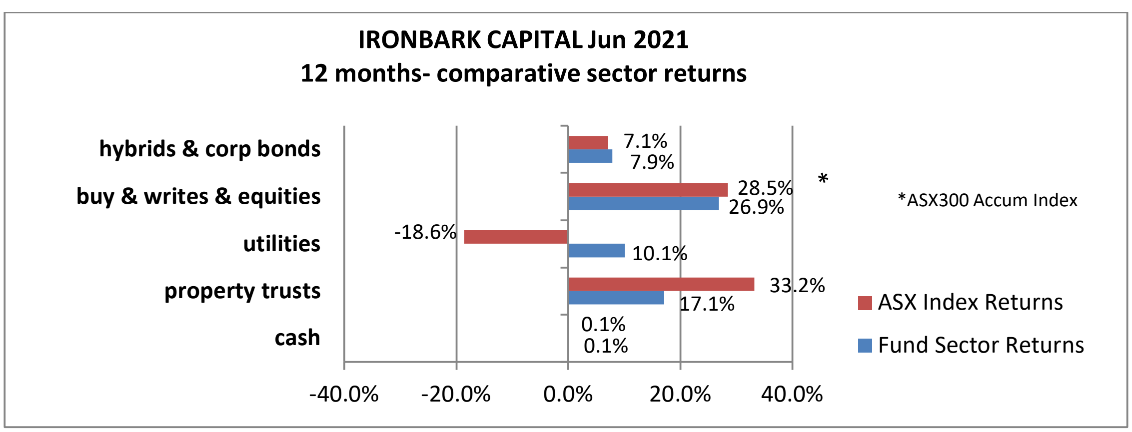
Hybrids and corporate bonds representing around 38% of the portfolio gained 7.9% with more than half of the return driven by margin compression. Average bank hybrid margins compressed over the year from around 3.7% to around 2.2%. Major bank capital positions remained strong and new issuance was largely replacement securities. The portfolio benefited from the early redemption of NAB Income Securities (NABHA) that returned 12.7%. The portfolio participated in successful sub debt issuance by Ampol and Ausnet marking the return of investment grade corporate sub debt carrying a higher margin for partial equity credit.

Regulated utilities exposure through Spark Infrastructure (SKI) was increased to 4.9% of the portfolio. SKI retuned 10.1% over the year and subsequent to June, SKI received a takeover bid at a 30% premium. Our preference for the stability offered by regulated utilities proved beneficial compared to losses experienced by utilities exposed to electricity generation markets.

Property trusts holdings performed well gaining 17.1%, representing 21% of the portfolio. Upward property revaluations for the 6 months to June and bond yield compression supported gains. Property revaluations in the six months to June were strongest for industrial that rose 12%, followed by long WALE trusts +9%, neighbourhood retail +5% and office +3%. The portfolio was weighted towards long wale and industrial trusts.

Buy & writes were focused on the banks and BHP. These stocks lead the market rally with gains of over 40%. Good returns from buy & writes were delivered of 27% even though call option writing constrained the upside.





KAPLAN FUNDS MANAGEMENT

Portfolio Shareholdings as at 30 June 2021

ASX Code	Security	Market Value* $'000	% of portfolio	% exposure**
	Banks			
ANZ	ANZ Banking Group Limited	3,010	4.6	2.7
CBA	Commonwealth Bank of Australia Limited	3,969	6.0	4.5
NAB	National Australia Bank Limited	2,083	3.1	1.6
WBC	Westpac Banking Corporation Limited	3,542	5.3	3.5
		12,604	**19.0**	**12.3**
	Hybrids & Corporate Bonds			
ALD1280	Ampol Limited - Subordinated Notes (Unlisted)	1,312	2.0	2.0
AMPPA	AMP Limited - Capital Notes	301	0.5	0.5
ANZPG/PI	ANZ Banking Group Limited - Capital Notes	1,078	1.6	1.6
AUS1080	AusNet Services Limited - Subordinated Notes (Unlisted)	1,045	1.6	1.6
AYUPA	Australian Unity Limited - Fixed Mutual Capital Instrument	1,075	1.6	1.6
BOQPE/PF	Bank of Queensland Limited - Capital Notes	2,625	4.0	4.0
BENPG	Bendigo & Adelaide Bank Limited - Convertible Preference Shares	487	0.7	0.7
CBAPG/PI	Commonwealth Bank of Australia Limited - Capital Notes	1,231	1.9	1.9
IAGPD	Insurance Australia Group Limited - Capital Notes	2,091	3.2	3.2
MAC05	Macquarie Bank Limited - Subordinated Notes (Unlisted)	530	0.8	0.8
MBLPC	Macquarie Bank Limited - Capital Notes	653	1.0	1.0
MQGPC/PD	Macquarie Group Limited - Capital Notes	1,552	2.3	2.3
NABPD/PF/PH	National Australia Bank Limited - Capital Notes	3,116	4.7	4.7
NAB25	National Australia Bank Limited - Capital Notes (Unlisted)	525	0.8	0.8
NAB25F	National Australia Bank Limited - Fixed Capital Notes (Unlisted)	509	0.8	0.8
QUBHA	Qube Holdings Limited - Subordinated Notes	1,339	2.0	2.0
RHCPA	Ramsay Healthcare Limited - Perpetual Preference Securities	801	1.2	1.2
SUNPF/PG	Suncorp Group Limited - Capital Notes	2,686	4.0	4.0
WBCPG	Westpac Banking Corporation Limited - Capital Notes	1,938	2.9	2.9
		24,894	**37.6**	**37.6**
	Large Industrial			
TLS	Telstra Corporation Limited	340	0.5	-
		340	**0.5**	**-**
	Materials & Energy			
BHP	BHP Billiton Limited	8,276	12.5	5.9
		8,276	**12.5**	**5.9**
	Property			
AUHW	Australian Unity Healthcare Wholesale Fund (Unlisted)	2,666	4.0	4.0
CIP	Centuria Industrial REIT	719	1.1	1.1
CLW	Charter Hall Long WALE REIT	5,441	8.2	8.2
GOZ	Growthpoint Properties Australia	512	0.8	0.8
SCP	SCA Property Group	239	0.4	0.4
WPR	Waypoint REIT	4,566	6.9	6.9
		14,143	**21.4**	**21.4**
	Small Industrial			
SDF	Steadfast Group Limited	1,474	2.2	2.2
		1,474	**2.2**	**2.2**
	Utilities & Infrastructure			
D2O	Duxton Water Limited	64	0.1	0.1
SKI	Spark Infrastructure Group	3,209	4.8	4.8
		3,273	**4.9**	**4.9**
	Cash	**1,243**	**1.9**	**15.7**
		66,247	**100.0**	**100.0**

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

Ironbark Capital Limited
ABN 89 008 108 227

Annual Financial Statements
For the year ended 30 June 2021

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2021

	Notes	2021 $'000	2020 $'000
Investment income from trading portfolio			
Revenue	6	**2,643**	2,758
Net gains/(losses) on trading portfolio	6	**6,441**	(6,443)
Total investment income from trading portfolio		**9,084**	(3,685)
Expenses			
Management fees	19 (b)	**(258)**	(265)
Performance fees		**-**	30
Brokerage expense		**(34)**	(18)
Accounting fees		**(48)**	(41)
Share registry fees		**(23)**	(28)
Custody fees		**(32)**	(30)
Tax fees		**(12)**	(13)
Directors' liability insurance		**(28)**	(18)
Legal fees		**(6)**	-
Directors' fees	19 (a)	**(66)**	(66)
ASX fees		**(44)**	(46)
Audit fees	17	**(37)**	(37)
Options expense		**(27)**	(18)
Other expenses		**(23)**	(29)
Total expenses		**(638)**	(579)
Profit/(loss) before income tax		**8,446**	(4,264)
Income tax (expense)/benefit	7	**(1,786)**	1,650
Net profit/(loss) for the year		**6,660**	(2,614)
Other comprehensive income/(loss) for the year net of tax		**-**	-
Total comprehensive income for the year		**6,660**	(2,614)
		Cents	**Cents**
Basic and diluted earnings per share	22	**5.41**	(2.12)

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

Statement of Financial Position
As at 30 June 2021

	Notes	2021 $'000	2020 $'000
ASSETS			
Current assets			
Cash and cash equivalents	8	**1,243**	645
Trade and other receivables	9	**424**	296
Trading portfolio	10	**65,004**	58,146
Other assets		**4**	3
Total current assets		**66,675**	59,090
Non- current assets			
Deferred tax assets	12	**2,214**	2,501
Total non-current assets		**2,214**	2,501
Total assets		**68,889**	61,591
LIABILITIES			
Current liabilities			
Trade and other payables	13	**441**	71
Total current liabilities		**441**	71
Non-current liabilities			
Deferred tax liabilities	14	**1,504**	5
Total non-current liabilities		**1,504**	5
Total liabilities		**1,945**	76
Net assets		**66,944**	61,515
Equity			
Issued capital	15	**67,374**	67,374
Profit reserve		**5,805**	376
Accumulated losses		**(6,235)**	(6,235)
Total equity		**66,944**	61,515

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

Statement of Changes in Equity
For the year ended 30 June 2021

	Notes	Issued capital $'000	Profit reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2020		**67,374**	**376**	**(6,235)**	**61,515**
Profit for the year		**-**	**-**	**6,660**	**6,660**
Transfer to profit reserve		**-**	**6,660**	**(6,660)**	**-**
Total comprehensive income for the year		**-**	**6,660**	**-**	**6,660**
Transactions with owners in their capacity as owners:					
Dividends paid	16	**-**	**(1,231)**	**-**	**(1,231)**
Balance at 30 June 2021		**67,374**	**5,805**	**(6,235)**	**66,944**
Balance at 1 July 2019		67,374	961	(1,496)	66,839
Loss for the year		-	-	(2,614)	(2,614)
Transfer to profit reserve		-	2,125	(2,125)	-
Total comprehensive income for the year		-	2,125	(4,739)	(2,614)
Transactions with owners in their capacity as owners:					
Dividends paid	16	-	(2,710)	-	(2,710)
Balance at 30 June 2020		67,374	376	(6,235)	61,515

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

Statement of Cash Flows
For the year ended 30 June 2021

	Notes	2021 $'000	2020 $'000
Cash flows from operating activities			
Interest received		**121**	124
Net proceeds/(purchases) of trading portfolio		**62**	1,516
Dividends and trust distributions received		**2,277**	2,740
Other income received		**23**	-
Management fees paid		**(256)**	(267)
Performance fees paid		**-**	(786)
Other expenses paid		**(398)**	(281)
Net cash inflow/(outflow) from operating activities	21	**1,829**	3,046
Cash flows from financing activities			
Dividends paid to shareholders	16(a)	**(1,231)**	(2,710)
Net cash (outflow)/inflow from financing activities		**(1,231)**	(2,710)
Net increase in cash and cash equivalents		**598**	336
Cash and cash equivalents at beginning of financial year		**645**	309
Cash and cash equivalents at the end of the financial year	8	**1,243**	645
Non cash: Distribution reinvestment		**100**	43

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 2021. 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 25 August 2021.

(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

Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the Financial Statements of the Company:

- AASB 2020-8: *Interest Rate Benchmark Reform - Phase 2*

Effective for annual reporting periods beginning on or after 1 January 2021
This phase focuses on issues that might affect financial reporting upon replacement of existing interest rate benchmarks, and amends the requirements in AASB 9, AASB 139, AASB 7, AASB 4 Insurance Contracts and AASB 16 Leases.

The objective of the amendments is to minimise financial reporting consequences of a change in benchmark interest rates that Australian Accounting Standards may otherwise require, such as the derecognition or remeasurement of financial instruments, and the discontinuation of hedge accounting.

Provided that the interest rate will be substantially similar before and after the replacement, the amendments:

- Require changes to future cash flows that are directly required by the IBOR reform to be treated as if they were changes to a floating interest rate. Applying this expedient would not affect the carrying amount of the financial instrument. It also relieves entities of the need to assess whether modification or derecognition accounting applies under AASB 9 and AASB 139.

These amendments had no impact on the financial statements of the Company.

(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.

2. Significant accounting policies (continued)

(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 above.

(c) Income tax

The income tax expense (or tax benefit) 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 17 (Insurance Contracts) have been published that are not mandatory for 30 June 2021 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	2021 (%)	2020 (%)
Financials	19.0	16.2
Property	21.3	22.6
Materials & Energy	12.5	13.8
Utilities & Infrastructure	5.0	3.6
Corporate floating rate notes	30.8	36.8
Subordinated notes	4.4	2.2
Corporate fixed rate notes	2.4	-
Small Industrials	2.2	1.9
Telecommunications services	0.5	0.6
Healthcare & biotechnology	-	0.4
Consumer staples	-	0.8
Cash	1.9	1.1
Total	**100.0**	**100.0**

Securities representing over 5 percent of the trading portfolio at 30 June 2021 were:

	2021 (%)
BHP Billiton Limited	**12.5**
Charter Hall Long Wale REIT	**8.2**
Commonwealth Bank of Australia Limited	**6.0**
Waypoint REIT	**6.9**
Westpac Banking Corporation Limited	**5.3**
	38.9

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 an increase or 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 26 percent (2020: 27.5 percent):

	Impact on post-tax profit			
	2021		2020	
Index	**$'000**	**$'000**	**$'000**	**$'000**
Change in variable by +5%/-5% (2020: +5%/-5%)	**2,405**	**(2,405)**	2,108	(2,108)
Change in variable by +10%/-10% (2020: +10%/-10%)	**4,810**	**(4,810)**	4,216	(4,216)

(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 2021

	Floating interest rate $'000	Fixed interest rate $'000	Non-interest bearing $'000	Total $'000
Financial Assets				
Cash and cash equivalents	**1,243**	**-**	**-**	**1,243**
Trade and other receivables	**-**	**-**	**424**	**424**
Trading portfolio	**23,310**	**1,584**	**40,110**	**65,004**
Other assets	**-**	**-**	**4**	**4**
	24,553	**1,584**	**40,538**	**66,675**
Financial liabilities				
Trade and other payables	**-**	**-**	**(441)**	**(441)**
	-	**-**	**(441)**	**(441)**
Net exposure	**24,553**	**1,584**	**40,097**	**66,234**

30 June 2020

	Floating interest rate $'000	Fixed interest rate $'000	Non-interest bearing $'000	Total $'000
Financial Assets				
Cash and cash equivalents	645	-	-	645
Trade and other receivables	-	-	296	296
Trading portfolio	22,936	-	35,210	58,146
Other assets	-	-	3	3
	23,581	-	35,509	59,090
Financial liabilities				
Trade and other payables	-	-	(71)	(71)
	-	-	(71)	(71)
Net exposure	23,581	-	35,438	59,019

3. Financial risk management (continued)

The weighted average interest rate of the Company's cash and cash equivalents at 30 June 2021 is 0.001% pa (2020: 0.318% pa).

Sensitivity
At 30 June 2021, 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 $136,269 higher/ $136,269 lower (2020: changes of 75 bps/75 bps: $128,220 higher/$128,220 lower).

(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 2021.

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.

At 30 June 2021	Less than 1 month $'000	More than 1 month $'000
Non-derivatives		
Trade and other payables	441	-
Total non-derivatives	441	-

3. Financial risk management (continued)

At 30 June 2020	Less than 1 month $'000	More than 1 month $'000
Non-derivatives		
Trade and other payables	71	-
Total non-derivatives	71	-

(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 2021 and 30 June 2020:

30 June 2021	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Trading portfolio	**58,417**	**6,587**	**-**	**65,004**
Total	**58,417**	**6,587**	**-**	**65,004**

30 June 2020	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Trading portfolio	55,170	2,976	-	58,146
Total	55,170	2,976	**-**	58,146

3. Financial risk management (continued)

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

	2021 $'000	2020 $'000
Revenue		
Dividends	**1,575**	1,864
Interest	**128**	119
Distributions	**918**	775
Other income	**22**	-
	2,643	2,758
Net gains/(losses) on trading portfolio		
Net realised (losses) on trading portfolio	**(2,723)**	(1,870)
Net unrealised gains/(losses) on trading portfolio	**9,164**	(4,573)
	6,441	(6,443)
	9,084	(3,685)

7. Income tax expense

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

	2021 $'000	2020 $'000
Current tax	**(540)**	(493)
Deferred tax	**2,326**	(1,157)
	1,786	(1,650)
Income tax expense/ (benefit) is attributable to:		
Profit from continuing operations	**1,786**	(1,650)

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

	2021 $'000	2020 $'000
Profit from continuing operations before income tax expense/(benefit)	**8,446**	(4,264)
Tax at the Australian rate of 26% (2020: 27.5%)	**2,196**	(1,173)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Franking credits on dividends received	**(585)**	(798)
Imputation gross up on dividend income	**152**	219
Timing differences	**(156)**	160
Realised taxable investment gain/(loss)	**(478)**	(540)
Realised accounting investment (gain)/loss	**708**	514
Adjustments for current tax of prior year	**(51)**	(32)
Income tax expense/(benefit)	**1,786**	(1,650)

8. Cash and cash equivalents

	2021 $'000	2020 $'000
Cash at bank and in hand	**1,243**	645

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- (2020: AA-) by Standard & Poor's.

9. Trade and other receivables

	2021 $'000	2020 $'000
Dividends and distributions receivable	**396**	280
Interest receivable	**21**	13
GST Receivable	**7**	3
	424	296

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.

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

	2021 $'000	2020 $'000
Listed equities	**22,758**	19,794
Property and infrastructure trusts - listed	**14,686**	13,440
Property trusts - unlisted	**2,666**	1,976
Floating rate capital notes - listed	**19,898**	21,134
Floating rate capital notes - unlisted	**525**	494
Fixed rate notes - listed	**1,075**	-
Fixed rate notes - unlisted	**509**	-
Subordinated notes- listed	**-**	802
Subordinated notes- unlisted	**2,887**	506
	65,004	58,146

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.

11. Derivative financial instruments (continued)

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

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

The Company holds the following derivative instruments:

Options

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy a call option or 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.

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

	Notional principal amounts 2021 $'000	Notional principal amounts 2020 $'000
Australian exchange traded options	**(1,015)**	(1,422)

12. Deferred tax assets

	2021 $'000	2020 $'000
The balance comprises temporary differences attributable to:		
Net unrealised losses of investments	**-**	797
Tax losses	**2,202**	1,653
Other temporary differences	**12**	51
	2,214	2,501
Movements:		
Opening balance:	**2,501**	1,202
Charged/credited:		
- (to)/from deferred tax liabilities	**(797)**	352
- to profit or loss	**510**	947
	2,214	2,501

13. Trade and other payables

	Notes	2021 $'000	2020 $'000
Management fees payable	19(c)	**24**	22
Unsettled purchases		**379**	-
Other payables		**38**	49
		441	71

14. Deferred tax liabilities

		2021 $'000	2020 $'000
The balance comprises temporary differences attributable to:			
Accrued income		**5**	5
Unrealised gains on investments		**1,499**	-
		1,504	5
Movements:			
Opening balance		**5**	357
Charged/credited	- to profit or loss	**2,326**	-
	- (from)/to deferred tax assets	**(797)**	(352)
	- prior year adjustment	**(30)**	-
		1,504	5

15. Issued capital

(a) Issued capital

	30 June 2021 Shares	30 June 2020 Shares	2021 $'000	2020 $'000
Ordinary shares - fully paid	**123,166,545**	123,166,545	**67,374**	67,374

(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 2020	**123,166,545**	**67,374**
	-	**-**
Balance at 30 June 2021	**123,166,545**	**67,374**

15. Issued capital (continued)

(d) Dividend reinvestment plan

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

(e) 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

	2021 $'000	2020 $'000
Final dividend	**-**	1,232
Interim dividends	**1,231**	1,478
	1,231	2,710

Dividends not recognised at the end of the year On 25 August 2021, the Directors declared a final dividend of 1.25 cents per share fully franked payable on 29 September 2021, with a record date of 3 September 2021. The aggregate amount of the proposed final dividend to be paid out of the Profit Reserve at the end of the year but not recognised as a liability is:	**1,540**	-

(b) Dividend franking account

	2021 $'000	2020 $'000
Opening balance of franking account	**7**	237
Franking credits on dividends received	**589**	798
Franking credits on ordinary dividends paid	**(433)**	(1,028)
Closing balance of franking account	**163**	7
Franking credits on dividends received after year end	**63**	15
	63	15
	226	22

16. Dividends (continued)

(c) Dividend rate

	Record Date	Dividend Rate	Total Amount $'000	Date of Payment	% Franked
2021					
Ordinary shares - Final	03/09/2021	1.25cps	$1,540	29/09/2021	100
Ordinary shares - Interim	26/02/2021	1.0cps	$1,231	23/03/2021	100
2020					
Ordinary shares - Final	16/06/2020	1.0cps	$1,231	26/06/2020	100
Ordinary shares – Interim	20/02/2020	1.2cps	$1,478	12/03/2020	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 2021 $'000	30 June 2020 $'000
Audit and other assurance services		
MNSA Pty Ltd - Audit and review of financial statements	**37**	37

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 2021 (2020: nil).

19. Related party transactions

(a) Key management personnel

	2021 $'000	2020 $'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 of 15% is payable for outperformance of the investment portfolio above the benchmark of 1 year swap rate plus 6%. The manager's performance is adjusted to include the value of franking credits received or accrued during a measurement period and after deduction of Management Fees and any applicable GST. A highwater mark is reset every 3 years.

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

	2021 $'000	2020 $'000
Management fees paid or payable	**258**	265

(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 2021 $'000	30 June 2020 $'000
Management fees payable	**24**	22

(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

Other than noted elsewhere in this report, 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

	2021 $'000	2020 $'000
Profit/(loss) for the year	**6,660**	(2,614)
Unrealised (gains)/losses on trading portfolio	**(9,164)**	4,574
Realised losses on trading portfolio	**2,723**	1,870
Distribution reinvestment	**(100)**	(43)
Change in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	**(129)**	209
(Decrease)/increase in trade and other payables	**370**	(816)
- Less increase in trading portfolio payables	**(379)**	-
Increase/(decrease) in tax	**1,786**	(1,650)
Decrease in trading portfolio	**62**	1,516
Net cash inflow from operating activities	**1,829**	3,046

22. Earnings per share

(a) Basic earnings per share

	2021 Cents	2020 Cents
From continuing operations attributable to the ordinary equity holders of the company	**5.41**	(2.12)
Total basic earnings per share attributable to the ordinary equity holders of the company	**5.41**	(2.12)

(b) Diluted earnings per share

	2021 Cents	2020 Cents
From continuing operations attributable to the ordinary equity holders of the company	**5.41**	(2.12)
Total diluted earnings per share attributable to the ordinary equity holders of the company	**5.41**	(2.12)

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

	2021 Number	2020 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	**123,166,545**	123,166,545

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 financial report of Ironbark Capital Limited (the Company), which comprises the statement of financial position as at 30 June 2021, 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, and notes to the financial statements, including a summary of significant accounting policies, 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 2021 and of its performance for the year then ended; 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(a).

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 the Company 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 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 the Company, 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.

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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 for the year ended 30 June 2021. 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
Valuation and Existence of Trading portfolio	
The trading portfolio at 30 June 2021 comprised of listed, unlisted equity investments and exchange traded options of $65 million which constitutes 94% of the Company's total assets. 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.	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 2021, to ensure they are fairly stated. 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. We assessed the disclosure in the financial statements with reference to the requirements of accounting standards. Consideration of Covid-19 impact on fair value at balance date and subsequent event disclosure accurately disclosed on note 3(d) Fair value measurement and note 20 Events occurring after the reporting period.
Revenue from Trading portfolio	
Auditing Standard ASAs presume there are risks of fraud in revenue recognition unless rebutted. We focused on the cut-off, accuracy and completeness of dividend revenue, interest, dividend receivables and interest receivables.	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. 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. 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. 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. Consideration of Covid-19 impact on dividend receivables.

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Other Information

The directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 30 June 2021, 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 accordingly 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 the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2(a), 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.

MNSA Pty Ltd
ABN 59 133 605 400

Level 1, 283 George St
Sydney NSW 2000
GPO Box 2943 Sydney 2001

Tel (02) 9299 0901
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Auditor's Responsibilities for the Audit of the Financial Report

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 the 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 the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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.

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 the 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.

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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 2021.

In our opinion the remuneration report of Ironbark Capital Limited for the year ended 30 June 2021, 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

Mark Schiliro
Director

Sydney
25th August 2021

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