IRONBARK CAPITAL

ABN 89 008 108 227

IRONBARK CAPITAL LIMITED
APPENDIX 4E

PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2010

(previous corresponding period
being the year ended 30 June 2009)

IRONBARK CAPITAL LIMITED

ABN 89 008 108 227

RESULTS FOR ANNOUNCEMENT TO THE MARKET
YEAR ENDED 30 JUNE 2010

	2010 Year $'000	2009 Year $'000	% change prior year	Up / Down
Investment revenue from ordinary activities	8,686	(6,012)	244	Up
Gain/(Loss) before tax for the period attributable to members	7,787	(6,863)	213	Up
Gain/(Loss) from ordinary activities after tax attributable to members (1)	5,931	(3,754)	258	Up
Net Tangible Assets per share (2)*	$0.546	$0.540	1	Up
Net Tangible Assets per share (3)*	$0.535	$0.516	4	Up

DIVIDENDS
The following dividends were paid during the year:

	Dividend Rate	**Total Amount $'000**	**Date of Payment**	**Percentage Franked**
Ordinary	1.2 cps	$1,705	20/08/2009	100%
Ordinary	1.3 cps	$1,848	4/11/2009	100%
Ordinary	1.2 cps	$1,705	12/3/2010	100%

Since the end of the financial year, the directors have declared the following dividend:

	Dividend Rate	**Total Amount $'000**	**Date of Payment**	**Percentage Franked**
Ordinary	2 cps	$2,831	21/09/2010	100%

The record date for determining entitlements to the final dividend is 14th September 2010 (ex date 7th September 2010). The dividend reinvestment plan will not apply to this dividend.
It is the Directors intention to only pay fully franked dividends.

BRIEF EXPLANATION OF ANY OF THE FIGURES REPORTED ABOVE
(1) Net profit/loss after tax increased by $9,685,000 (258%) compared to 30 June 2009.
(2) Net tangible asset backing per share post deferred income tax asset.
(3) Net tangible asset backing per share pre deferred income tax asset on unrealised losses.

IRONBARK CAPITAL LIMITED

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COMMENTARY ON THE RESULTS - PROVIDED BY THE CHAIRMAN

During the financial year to 30 June, 2010 (FY 2010) the massive fiscal stimulus response by the major western economies to the Global Financial Crisis (GFC) gained traction and global economic growth resumed. The OECD estimates that world real GDP growth in calendar year 2010 will be of the order of 4.6%, a strong turnaround on the negative 0.9% in the previous year.

Over the financial year investor confidence remained volatile. A strong rally in global equity markets continued to build on the final quarter turnaround in the previous financial year. The stabilisation of monetary conditions against a rapidly declining interest rate backdrop resulted in a strengthening of investor confidence in equity markets. In the six months to 31 December, 2009 the ASX Accumulation Index increased by 25.7%. However in the second half of the financial year risk aversion returned to erode investor confidence and the ASX 300 Accumulation Index declined 10.1% to 30 June, 2010.

In FY 2010 the Ironbark Capital (IBC) investment portfolio generated good returns on both an absolute and indexed basis. The IBC portfolio lifted 12.4% (before fees) while the benchmark ASX 300 Accumulation Index rose 13.1%. However the volatility of the IBC portfolio was 6.5 compared to ASX Index benchmark of 17.7. In simple terms the IBC portfolio delivered 95% of the increase in the ASX Index but with a risk exposure of just 37% of market volatility.

The IBC portfolio return of 12.4% exceeded the Investment Manager, Kaplan Funds Management target of 1 % per month or 12% pa.

It is important to highlight that the IBC portfolio behaved true to its defensive style when you review the performance in each of the two half yearly periods. In the first half when the ASX 300 Accumulation Index rose very strongly, the IBC portfolio recorded a more modest lift of 13.3% to underperform the ASX 300 Accumulation Index by 12.4%. However when the ASX 300 Accumulation Index fell by over 10% in the second half, the IBC portfolio was almost stable with a small decline of 0.9%.

The sound investment performance of the IBC portfolio resulted in an accounting net profit of $5,931,000 or 4.17 cents per share. In FY 2010 Directors were able to declare three fully franked dividends totaling 3.7 cents out of those profits.

In the current financial year (FY 2011) new corporate legislation will govern the payment of dividends to shareholders. In simple terms the current year profit or retained earnings requirements are replaced by a test that focuses on both the solvency and the fair and reasonable impact of the payment of dividends. The new test for payment of dividends has facilitated the IBC Directors' declaration of a 2 cent fully franked dividend today.

It is the Directors' policy only to pay fully franked dividends. The new test for dividend payments is an important benefit for ASX Listed Investment Companies (LICs) generally and for IBC in particular. As IBC receives fully franked dividends from shares held in its investment portfolio it is anticipated IBC will be able to pay dividends each year. The size of the annual dividend payable will also be influenced by the franking credits generated from the timing and size of payment of corporate tax by IBC on its other investment income, namely share option premiums, unfranked income and net realised gains.

In addition it is the Directors' policy to distribute the majority of franking credits held each year in two dividend payments. Whilst this may result in some variability in the size of dividends between periods the Directors consider this approach is more equitable to shareholders than the dividend smoothing alternative.

The Directors anticipate there will be another dividend announcement and payment in the second half of FY 2011. However the amount of the dividend per share will be less than the 2 cents declared today. The current dividend will distribute approximately 75% of the franking balance as at the end of FY 2010 and IBC's deferred tax asset mean IBC will not be making any tax payments in FY 2011. Thus the second dividend payment will be restricted to the remaining balance of franking credits and franked dividends received in the investment portfolio.

On this basis, we anticipate that the second fully franked dividend in FY 2011 will be no less than 1.5 cents per share.

A number of shareholders have approached the Board to express their concern at the size and continued large discount of the IBC share price to the Net Tangible Asset (NTA). This is an issue not just for IBC but for LICs generally as LIC discounts are currently at higher than average levels. The Directors share this disappointment as they consider that IBC's investment performance has been attractive on a risk return adjusted basis through the GFC, the subsequent equity market rally and the more recent correction.

In the past IBC has used on market share buybacks and a total of over 10% of issued capital has been purchased. However this action was primarily to provide liquidity to investors when IBC was unable to pay a dividend due to corporate regulation.

The Directors are reluctant to buy back shares to narrow the discount. Although it provides liquidity for exiting shareholders and is NTA per share accretive for continuing shareholders, when the buy back stops the discount returns but with less liquidity and a higher management expense ratio.

As part of the Board's policy the IBC share price is formally measured over a quarter against the NTA every two years to test whether the discount exceeds 10%. The next measurement period is the last quarter of calendar year 2010.

The Directors highest priority over the remainder of the calendar year is to identify and implement measures that will reduce the share price discount to NTA. It is hoped that the current declaration of a 2 cent dividend and the higher certainty of future dividend distributions will assist in this regard.

In the event that the discount cannot be reduced to satisfactory levels, the Directors will consider the practicality of alternate capital management actions.

IRONBARK CAPITAL LIMITED

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COMMENTARY ON THE RESULTS - PROVIDED BY KAPLAN FUNDS MANAGEMENT PTY LIMITED (the manager).

Performance

In the year to 30 June 2010, the portfolio recorded a return of 12.4% achieving its absolute return target of 12% and exceeding its low risk target with volatility 60% less than the market. The ASX 300 Index return for the year was only slightly better but with significantly higher risk.

The portfolio demonstrated its defensive nature over the last 6 months of market weakness. The portfolio recorded a return of -0.9% over six months significantly outperforming the ASX 300 Accumulation Index which fell by -10.1%.

Since inception, the Ironbark Capital portfolio recorded a return of 8.4% per annum over the 7.5 year period to 30 June 2010. Our objective is to achieve absolute returns of at least 12% per annum over the medium to long term with approximately half of the risk/volatility of the share market.

The portfolio is structured with an emphasis on income through yield orientated securities and buy & write positions. The buy & write strategy involves buying shares and selling 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 manager's style has delivered outperformance over the past 2, 3 and 5 year periods, through careful stock selection and the judicious use of options to manage risk during a challenging period for equities.

Portfolio volatility/risk has consistently been lower than the ASX 300 Index.

Relative Performance to 30 June 2010

	Inception (31/12/02) % pa	5 Yr % pa	3 Yr % pa	2 Yr % pa	1 Yr %	6 mths %	3 mths %
Ironbark Capital Ltd	**8.42**	**4.51**	**-1.86**	**2.32**	**12.38**	**-0.85**	**-2.65**
ASX 300 Accum Index	9.45	4.49	-8.05	-5.10	13.05	-10.09	-11.20
Relative Performance	-1.03	0.02	6.19	7.42	-0.67	9.24	8.55
Volatility IBC	**7.5**	**8.5**	**10.3**	**10.2**	**6.5**		
Volatility ASX	14.2	16.3	19.1	20.4	17.6		

Absolute Performance

	FY2004 %	FY2005 %	FY2006 %	FY2007 %	FY2008 %	FY2009 %	FY2010 %
Ironbark Capital Ltd	**14.67**	**20.23**	**12.26**	**17.52**	**-9.71**	**-6.84**	**12.38**
Absolute-Return Target	12.00	12.00	12.00	12.00	12.00	12.00	12.00

FY= financial year ended 30 June

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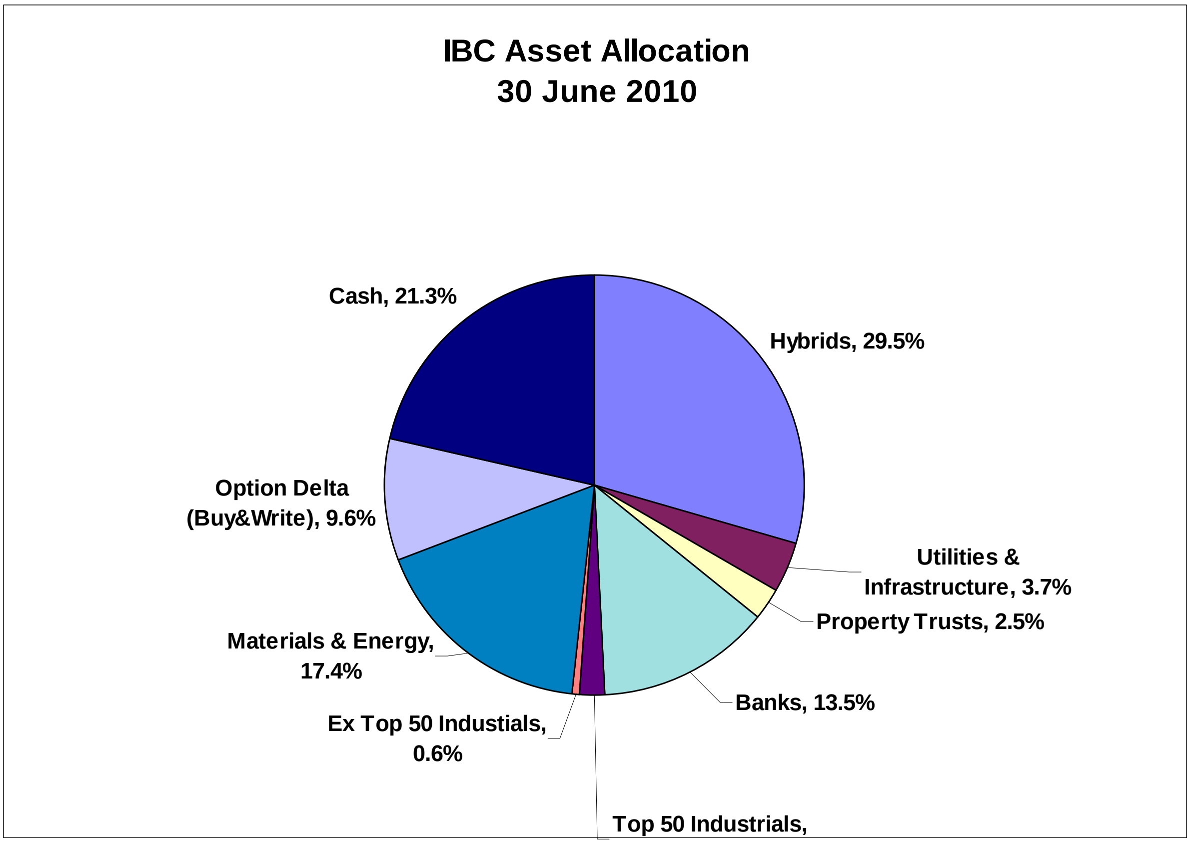

Portfolio commentary for the 3 months to 30th June 2010

The portfolio aims to produce consistent returns with low risk and has a balanced structure consisting of a mix of income and growth assets designed to achieve its objective over the medium to long term. The portfolio is structured with an income bias (Hybrids, Utilities, Property Trusts) overlaid with buy & write positions in BHP and other leading companies.

The portfolio is well diversified with investments in 50 different entities. The Fund's higher risk exposures in: Banks, Industrials and Resources are largely held through buy & write option positions for added protection and income enhancement. Moderately high option volatility continues to provide good standstill returns and reasonable downside protection for the buy & write strategy. The portfolio's hybrid holdings are largely floating rate securities that will benefit from higher interest rates.

During the quarter the manager rebalanced exposures by increasing bank and resource weightings following the marked decline in share prices. Overall cash exposure (cash plus option delta) was reduced by 13%. Lihir Gold and Westpac Office Trust received attractive takeover bids.

The portfolio's running yield rose to 6.3% from 5.8% (inclusive of franking credits) from the previous quarter. A 50bps increase in bank bill rates, which flows through to floating rate hybrid distributions, contributed to the rise in yield. The running yield excludes option premium income which would further increase the yield.

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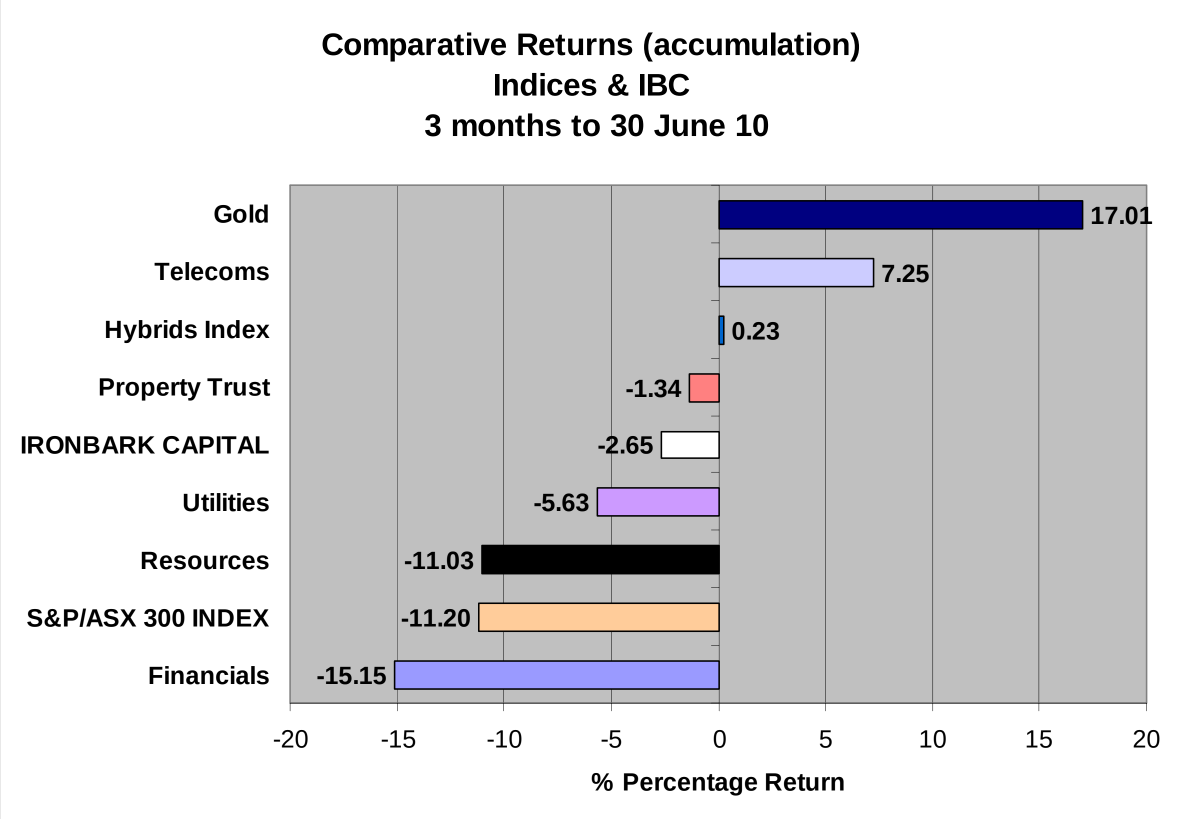

The portfolio recorded a return of -2.7% over the 3 month period to 30 June 2010 compared to a decline of -11.2% by the ASX 300 Accumulation Index over the same period. Option writing and a moderate cash weighting together with positive returns from hybrids, Telstra and gold stocks mitigated the quarterly loss.

FOR ANY QUERIES PLEASE CONTACT:

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Company Secretary
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Ironbark Capital Limited

ABN 89 008 108 227

Financial Statements
For the year ended 30 June 2010

Ironbark Capital Limited
ABN 89 008 108 227
Contents
For the year ended 30 June 2010

Ironbark Capital Limited
ABN 89 008 108 227
Directory

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Level 14, Suite 2
3 Spring Street
Sydney NSW 2000
Telephone: (02) 8917 0300

Directors
Michael J Cole (Chairman)
Ross J Finley
Ian J Hunter

Company Secretary
Peter Roberts

Registered Office
Level 7, 20 Hunter Street
Sydney NSW 2000
Telephone: (02) 8236 7701

Accounting & Administration
White Outsourcing Pty Ltd
Level 7, 20 Hunter Street
Sydney NSW 2000
Telephone: (02) 8236 7701
Fax: (02) 9221 1194

Auditors
MNSA Pty Ltd
Level 2, 333 George Street
Sydney NSW 2001

Share Registrar
Registries Limited
GPO Box 3993
Sydney NSW 2001

Shareholder enquiries telephone: (02) 9290 9600

Company secretarial & all other enquiries
Telephone: (02) 8236 7701
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Ironbark Capital Limited
ABN 89 008 108 227
Directors' Review

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M J Cole
Director

31 August 2010

Ironbark Capital Limited
ABN 89 008 108 227
Corporate Governance Policy Statement

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

Board of Directors and Its Committees

Structure of the Board
The skills, experience and expertise relevant to the position of each director in office at the date of the annual report is included in the Director's Report on page 15. Directors of Ironbark Capital Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgment.

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

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

Name	**Position**
Michael J Cole	Chairman, Non-Executive Director
Ross J Finley	Non-Executive Director
Ian J Hunter	Non-Executive Director

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

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

Name	**Term in office**
Michael J Cole	8 years
Ross J Finley	24 years
Ian J Hunter	8 years

Recommendation 2.3 requires that "the role of the Chair and Chief Executive Officer of the Company should not be exercised by the same individual". The Company does not comply with this recommendation as there is no Chief Executive Officer of the Company (for more information refer "Executive Management" in this Statement).

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

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

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

Composition of the Board
The names of the directors of the Company in office at the date of this Statement are set out in the Directors' Report on page 15.

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

An independent director is considered to be a director:
(a) who is not a member of management;
(b) who has not within the last three years been employed in an executive capacity by the Company or been a principal of a professional adviser or consultant to the Company;
(c) is not a significant supplier to the Company;
(d) has no material contractual relationship with the Company other than as a director; and
(e) is free from any interest or business or other relationship which could materially interfere with the director's ability to act in the best interests of the Company.
Directors have a usual term of two years, and a maximum term of 3 years before standing for re-election.

Performance Evaluation of Directors
The Nomination Committee is responsible for the review of the Board's performance as a whole. An annual performance evaluation of the Board and all Board members is conducted annually. This review took place in August for the 2010 calendar year. Individual directors are subject to continuous review by the Chairman.

Recommendation 1.2 requires the disclosure of the process for evaluating the performance of senior executives. The Company does not comply with this recommendation as there are no senior executive officers of the Company (for more information refer "Executive Management" in this Statement).

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

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

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

In addition, the performance of service providers (JP Morgan, White Outsourcing Pty Limited and Kaplan Funds Management Pty Ltd) is the subject of continuous oversight by the Chairman and the Board as a whole.

The Nomination Committee comprised the following members during the year:

- Michael Cole (Chairman) - Independent Non-Executive
- Ian Hunter - Independent Non-Executive
- Ross Finley - Independent Non-Executive

The Nomination Committee meets annually unless otherwise required. For details on the number of meetings of the Nomination Committee held during the year and the attendees at those meetings, refer to page 16 of the Director's Report.

Director Dealing in Company Shares

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

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

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

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

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

Independent Professional Advice and Access to Company Information

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

Remuneration Committee

The Remuneration Committee reviews and makes recommendations to the Board on remuneration of the directors themselves. The Remuneration Committee meets once a year. Full details on Directors' remuneration are provided in the Directors' Report.

The members of the Remuneration Committee during the year were:

- Michael Cole (Chairman)
- Ian Hunter
- Ross Finley

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

Recommendation 8.2 states that the Company should "clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives". The Company does not comply with this recommendation as there are no executive directors or senior executives.

For details on the number of meetings of the Remuneration Committee held during the year and the attendees at those meetings, refer to page 16 of the Director's Report.

Audit Committee

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

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

The members of the Audit Committee during the year were:

- Ian Hunter (Chairman)
- Ross Finley
- Michael Cole

The responsibilities of the Audit Committee are to ensure that:

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

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

For details on the number of meetings of the Audit Committee held during the year and the attendees at those meetings, refer to page 16 of the Director's Report.

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

Risk Management Policy

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

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

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

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

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

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

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

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

The Company's executive management arrangements have been structured to provide investors with a cost efficient investment vehicle and access to a significant depth of professional resources.

Ethical Standards
The Board expects all non-executive directors to act professionally in their conduct and with the utmost integrity and objectivity. All non-executive directors must comply with the Company's Code of Conduct and Ethics.

Shareholder Rights

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

Shareholder Communications

The Board informs shareholders of all major developments affecting the Company's state of affairs as follows:

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

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

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

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

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

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

Ironbark Capital Limited
ABN 89 008 108 227
Portfolio shareholdings at 30 June 2010

ASX code	Security	Gross Market Value $'000	% of portfolio*
	Banks		
ANZ	ANZ Banking Group Limited	2,069	1.8
CBA	Commonwealth Bank of Australia Limited	4,019	4.6
NAB	National Australia Bank Limited	2,898	3.1
WBC	Westpac Banking Corporation Limited	3,277	4.0
		12,263	13.5
	Hybrids		
ANZPA	ANZ Banking Group Ltd - Convertible Preference Shares	2,034	2.8
AXJHA	AXA AsiaPacific Subordinated Notes	757	1.0
BENPB & PC	Bendigo Bank - Preference Securities	709	1.0
PCAPA	Commonwealth Bank of Australia PERLS III	2,853	3.9
CBAPA	Commonwealth Bank of Australia PERLS V	2,070	2.8
IAGPA	Insurance Australia Group - Reset Convertible Preference Securities	1,054	1.4
FXJPB	John Fairfax Holdings Ltd - Convertible Preference Securities	1,028	1.4
NABHA	National Australia Bank Limited Income Securities	3,473	4.7
ORIPB	Orica Limited - Preference Securities	1,116	1.5
PXUPA	Paperlinx SPS	289	0.4
RHCPA	Ramsay Health Care Ltd - Convertible Equity Securities	1,425	1.9
SVWPA	Seven Group Holdings Limited - Convertible Redeemable Preference Securities	623	0.8
SKAG	Skycity Investments Australia Limited - Exchangeable Securities	247	0.3
SAKHA	SouthernCross Airports Corp. Holdings SKIES	776	1.0
SUNPB	Suncorp Metway Limited Convertible Preference Shares	478	0.6
WCTPA	Westpac Tps Trust Convertible Preferred Securities	695	1.0
WOWHB	Woolworths Limited - Perpetual Notes	2,252	3.0
		21,879	29.5
	Large Industrial (Top 50)		
AXA	AXA Asia Pacific Holdings Limited	27	0.0
FGL	Foster's Group Ltd	113	0.1
IAG	Insurance Australia Group Ltd	228	0.3
NWSLV	News Corporation Inc Common Non-Voting	76	0.1
QBE	QBE Insurance Group Limited	91	0.1
SUN	Suncorp Metway Ltd	28	0.0
TAH	Tabcorp Holdings Limited	68	0.1
TLS	Telstra Corporation Limited	1,223	1.2
		1,854	1.9

ASX code	Security	Gross Market Value $'000	% of portfolio*
	Materials & Energy		
AMC	Amcor Limited	249	0.1
AZZ	Antares Energy Limited	41	0.1
BHP	BHP Billiton Ltd	13,101	13.6
CAZ	Cazaly Resources Limited	33	0.0
CSR	CSR Ltd	39	0.0
LGL	Lihir Gold Limited	857	0.4
MEU	Marmota Energy Limited	32	0.0
NCM	Newcrest Mining Limited	1,089	0.9
NMG	Noble Mineral Resources Limited	46	0.1
ORI	Orica Limited	50	0.1
ORG	Origin Energy Ltd	287	0.3
PLV	Pluton Resources Limited	40	0.1
RIO	Rio Tinto Limited	507	0.7
STO	Santos Limited	1,162	0.9
WHC	Whitehaven Coal Limited	96	0.1
		17,629	17.4
	Property Trusts		
CPA	Commonwealth Property Office Fund	627	0.8
DXS	Dexus Property Group	279	0.4
IOF	ING Office Fund	203	0.3
MGR	Mirvac Group	452	0.6
WOT	Westpac Office Trust	274	0.4
		1,835	2.5
	Utilities & Infrastructure		
CIF	Challenger Infrastructure Fund	580	0.8
DUE	DUET Group Securities & Warrants	1,135	1.8
HDF	Hastings Diversified Utilities Fund	378	0.5
SPN	SP AusNet	96	0.1
SKI	Spark Infrastructure Group	188	0.3
TSI	Transfield Services Infrastructure Fund	177	0.2
		2,554	3.7
	Small Industrial		
AWB	AWB Limited	114	0.2
MIO	Miclyn Express Offshore Limited	76	0.1
TAL	Tower Australia Limited	238	0.3
		428	0.6
	Cash and Term Deposit	15,821	21.3
	Cash equivalent exposure from options and warrants	7,129	9.6
	Total	81,392	100.0

* Net weighting after adjustment for option and warrant exposures

In respect of the financial year ended 30 June 2010, the directors of the Company submit the following report together with the financial report of Ironbark Capital Limited ("the Company").

Directors in office at any time during or since the end of the financial year and up to the date of this report are:

	Period of directorship
M J Cole (Chairman)	Appointed 31/10/2002 to current
R J Finley	Appointed 30/01/1987 to current
I J Hunter	Appointed 31/10/2002 to current

The directors have been in office since the start of the financial year to the date of this report.

Principal Activities

The principal activity of the Company during the year was investment in securities listed on the Australian Stock Exchange.

Dividends Paid or Recommended

Details of dividends in respect of the current year are as follows:

	2010 $'000	**2009 $'000**
Interim Ordinary Dividend of 1.2c per share paid o 12th March 2010	1,705	-
Interim Ordinary Dividend of 1.3c per share paid on 4th November 2009	1,848	-
Interim Ordinary Dividend of 1.2c per share paid on 20th August 2009	1,705	-
Final Ordinary Dividend of 0.75c per share paid on 22nd August 2008	-	1,184

Since the end of the financial year, the directors declared a fully franked dividend of 2 cents per share payable on 21 September 2010.

Operating Results and Review of Operations for the year

Gain/(Loss) before income tax Expense/benefit	7,787	(6,863)
Income tax (Expense)/benefit	(1,856)	3,109
Gain/(Loss) after income tax Expense/benefit	5,931	(3,754)

The net tangible asset backing of the Company as at 30 June 2010 was 53.5 cents per share excluding the deferred tax asset on unrealised investment losses (2009: 51.6 cents per share).

Financial Position

The net assets of the company have increased by $470,000 from 30 June 2009 to $77,504,000 in 2010. This increase has largely resulted from appreciation in the trading portfolio due to general rises in investment markets.

	2010	**2009**
Earnings/(loss) per share		
Basic and diluted gain/(loss) per share (cents per share)	4.17	(2.50)

Significant changes in state of affairs

No significant changes in the Company's state of affairs occurred during the financial year.

After Balance Date Events

No matter or circumstance has arisen since 30 June 2010 to the signing date of this report that has significantly affected, or may significantly affect:

(a) the Company's operations in future financial years; or
(b) the results of those operations in future financial years; or
(c) the Company's state of affairs in future financial years.

Environmental Issues

The Company's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation.

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

Future developments, Prospects and Business Strategies

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

Information on Directors

Director	Experience	Special responsibilities	Particulars of directors' interest in shares of the company
Michael J Cole B.Ec, M.Ec Sydney, F Fin	Investment manager Investment banker	Chairman	7,983,737
Ross J Finley B.Comm NSW	Investment banker Stockbroker		1,400,000
Ian J Hunter B.A, LLB Sydney, MBA MGSM	Banking and finance	Audit Committee Chairman	1,662,448

Other current directorships

Ross J Finley is a Director of Century Australia Investments Ltd.

Ian Hunter is a Director of Rubic Financial Limited formerly known as Ausron.

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

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

Meetings of Directors of the Company

The following table sets out the numbers of meetings of the Company's directors held during the year ended 30 June 2010, and the numbers of meetings attended by each director of the Company:

	Board meetings		Audit Committee meetings	
	Number of meetings held	Meetings attended	Number of meetings held	Meetings attended
Michael J Cole	4	4	2	2
Ross J Finley	4	4	2	2
Ian J Hunter	4	4	2	2

	Remuneration Committee meetings		Nomination Committee meetings	
	Number of meetings held	Meetings attended	Number of meetings held	Meetings attended
Michael J Cole	1	1	1	1
Ross J Finley	1	1	1	1
Ian J Hunter	1	1	1	1

Company Secretary

Mr Peter Roberts is a member of the Institute of Chartered Accountants and is the Company Secretary for a number of Listed Investment Companies.

Remuneration Report and Policy

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

As the Company does not pay performance fees, nor provide share or option schemes to Directors and Executives, remuneration of Executives and Non-executives is not explicitly linked to the Company's performance. Notwithstanding this, Board members and Company executives are subject to ongoing performance monitoring and regular performance reviews.

Directors' benefits

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

Options

No options over issued shares or interests in the Company were granted during the financial year and there were no options outstanding at the end of this report.

Audit committee

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

Company Executives' Remuneration
For the year ended 30 June 2010

Name of directors	Base fee $	Superannuation $	Total $
Ross J Finley	20,000	-	20,000
Michael J Cole (Chairman)	20,000	-	20,000
Ian J Hunter	20,000	-	20,000
	60,000	-	60,000

For the year ended 30 June 2009

Name of directors	Base fee $	Superannuation $	Total $
Ross J Finley	20,000	-	20,000
Michael J Cole (Chairman)	20,000	-	20,000
Ian J Hunter	20,000	-	20,000
	60,000	-	60,000

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

Mr Peter Roberts, Company Secretary, is a shareholder and employee of White Outsourcing Pty Ltd. During the year White Outsourcing Pty Ltd received fees of $65,721 (2009: $78,338) for the management of the Company, out of which costs of accounting, administration and Company Secretarial are paid.

Insurance of directors
During the year ended 30 June 2010, the Company paid liability insurance premiums relating to directors' insurance. The Directors have not included details of the nature of the liabilities covered or the amount of premium paid in respect of the directors' and officers' liability and legal expense's insurance contracts, as such disclosure is prohibited under the terms of the contract.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. No proceedings have been brought against or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Non-Audit Services
The Directors of the Company are satisfied that the general standard of independence for auditors imposed by the Corporations Act 2001 has been met as there has been no provision of non-audit services by the external auditor.

Rounding of amounts
The Company is of a kind referred to in Class Order 98/100 issued by the Australian Securities & Investment Commission, relating to the "rounding off" of amounts in the directors' report and financial statements to the nearest $1,000 or in certain cases to the nearest dollar. Amounts have been rounded off in the directors' report and financial statements in accordance with this class order.

Auditor's Independence Declaration
Independence declaration for the year ended 30 June 2010 has been received and can be found on page 18.

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

M J Cole
Director

Dated at Sydney this 31st August 2010

IRONBARK CAPITAL LIMITED
ABN 89 008 108 227

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2010 there have been:

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

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

MNSA PTY LTD

MNSA PTY LTD

Mark Schiliro
Director

Dated in Sydney, this 31st day of August 2010

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

Ironbark Capital Limited
ABN 89 008 108 227
Statement of comprehensive income
For the year ended 30 June 2010

	Notes	2010 $'000	2009 $'000
Investment income from trading portfolio			
Revenue from trading portfolio	3	3,238	4,470
Net unrealised gains/(loss) in the net fair value of investments		5,545	(3,757)
Realised gains/(loss) on sale of investments		(158)	(6,729)
Total investment income from trading portfolio		8,625	(6,016)
Other income			
Other income		61	4
Total other income		61	4
Total income		8,686	(6,012)
Expenses			
Investment manager's fees		(504)	(488)
Audit fees	4	(28)	(34)
Share registry fees		(67)	(43)
Directors fees		(60)	(60)
ASX listing and other fees		(34)	(28)
Accounting and company secretarial fees		(66)	(78)
Custody fees		(23)	(44)
Mailing fees		-	(7)
Tax fees		(10)	(13)
Legal fees		(5)	(8)
Brokerage expense		(31)	(24)
Futures and options expenses		(46)	(23)
Other (including insurances)		(25)	(1)
Total expenses		(899)	(851)
Profit/(Loss) before income tax expense		7,787	(6,863)
Income tax (expense)/benefit	5(a)	(1,856)	3,109
Profit/(Loss) after income tax (expense)/benefit attributable to members of Ironbark Capital Limited		5,931	(3,754)
Other comprehensive income		-	-
Total comprehensive income		5,931	(3,754)
		Cents	**Cents**
Basic and diluted earnings/(loss) per share	18	4.17	(2.50)

The above Statement of comprehensive income should be read in conjunction with the accompanying notes to the financial statements.

Ironbark Capital Limited
ABN 89 008 108 227
Statement of financial position
As at 30 June 2010

	Notes	2010 $'000	2009 $'000
Current assets			
Cash assets	12(b)	16,236	13,289
Trade and other receivables	6	459	458
Trading portfolio (held for trading)	7	57,543	58,550
Current tax assets	5(f)	17	29
Other	8	19	22
Total current assets		74,274	72,348
Non- current assets			
Deferred tax assets	5(e)	3,341	5,241
Total non-current assets		3,341	5,241
Total assets		77,615	77,589
Current liabilities			
Trade and other payables	9	105	493
Current tax liabilities	5(c)	-	-
Total current liabilities		105	493
Non-current liabilities			
Deferred tax liabilities	5(d)	6	62
Total non-current liabilities		6	62
Total liabilities		111	555
Net assets		77,504	77,034
Equity			
Contributed Equity	10	80,239	80,442
Retained earnings/(Accumulated losses)	11	(2,735)	(3,408)
Total equity		77,504	77,034

The above Statement of financial position should be read in conjunction with the accompanying notes to the financial statements.

Ironbark Capital Limited
ABN 89 008 108 227
Statement of changes in equity
For the year ended 30 June 2010

	Share Capital	Retained Earnings	Total
	$'000	$'000	$'000
Balance at 1 July 2008	**87,145**	**1,530**	**88,675**
Loss for the period	-	(3,754)	(3,754)
Other comprehensive income for the year	-	-	-
Total comprehensive loss for the period	-	(3,754)	(3,754)
Dividends paid			
Issue of shares under Dividend Reinvestment Plan	-	(1,184)	(1,184)
Buy back of shares	(6,703)	-	(6,703)
Balance at 30 June 2009	80,442	(3,408)	77,034
Profit for the period	-	5,931	5,931
Other comprehensive income for the year	-	-	-
Total comprehensive income for the period	-	5,931	5,931
Dividends paid	-	(5,258)	(5,258)
Buy back of shares	(203)	-	(203)
Balance at 30 June 2010	80,239	(2,735)	77,504

The above Statement of changes in equity should be read in conjunction with the accompanying notes to the financial statements.

Ironbark Capital Limited
ABN 89 008 108 227
Statement of cash flows
For the year ended 30 June 2010

	Notes	2010 $'000	2009 $'000
Cash flows from operating activities			
Proceeds from sale of trading portfolio		36,716	56,203
Purchase of trading portfolio		(30,664)	(43,698)
Dividends & trust distributions received		2,929	4,586
Interest received		308	411
Other income received		61	4
Investment manager's fees paid		(503)	(499)
Income tax paid		-	(1,939)
Other expenses paid		(402)	(348)
Net cash provided by/(used in) operating activities	12(a)	8,445	14,720
Cash flows from financing activities			
Share buy back		(240)	(6,703)
Dividends paid		(5,258)	(1,184)
Net cash used in financing activities		(5,498)	(7,887)
Net increase /(decrease) in cash held		2,947	6,833
Cash at the beginning of the financial year		13,289	6,456
Cash at the end of the financial year	12(b)	16,236	13,289
Non-cash financial activities			
Dividends paid by DRP		-	-
		-	-

The above Statement of cash flows should be read in conjunction with the accompanying notes to the financial statements.

1 Reporting Entity

Ironbark Capital Limited is a company domiciled in Australia. The Company's registered office is Level 7, 20 Hunter Street, Sydney NSW, 2000 . The Financial Statements of Ironbark Capital Limited are for the year ended 30 June 2010. The company is primarily involved in making investments and deriving revenue and investment income from listed securities and unit trusts in Australia.

2 Summary of Significant Accounting Policies

(a) Basis of Accounting

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The financial statements cover Ironbark Capital Limited which is a listed public company, incorporated and domiciled in Australia. The financial statements have been prepared on an accruals basis, with the exception of valuation of investments as described in Note 2(b) below.

The Statements are prepared from the records of the Company on an accrual basis and are based on historical costs modified by the revaluation of selected financial assets and financial liabilities for which the fair value basis of accounting has applied. The directors revalue the trading portfolio on a daily basis.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

Adoption of new and revised Accounting Standards

(i) AASB 101 *Presentation of Financial Statements* (as revised in September 2007), AASB 2007-8 *Amendments to Australian Accounting Standards* arising from AASB 101 and AASB 2007-10 *Further Amendments to Australian Accounting Standards* arising from AASB 101

AASB 101 (September 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

(ii) AASB 8 *Operating Segments*

AASB 8 is a disclosure Standard that has not resulted in redesignation of the Company's reportable segments.

(iii) AASB 2009-2 *Amendments to Australian Accounting Standards - Improving Disclosures about Financial Instruments*

The amendments to AASB 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The Company has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.

(b) Trading portfolio

(i) Classification

The trading portfolio comprises securities held for short term trading purposes, including exchange traded option contracts that are entered into, as described in Note 2(c) 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.

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

2 Summary of Significant Accounting Policies (Continued)

(ii) Recognition
Financial instruments incorporating financial assets and financial liabilities are initially measured at fair value on trade date, which excludes transaction costs on trade date, where the related contractual rights or obligations exist. Transaction costs are expensed to the profit and loss immediately. Trade date accounting is adopted for financial assets that are delivered within time frames established by market place conventions. Subsequent to initial recognition these instruments are measured as set out below.

Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the statement of comprehensive income in the period which they arise and are transferred to the asset revaluation reserve net of the potential tax charges that may arise from the future sale of the investments.

(iii) Valuation of Trading Portfolio
Securities are classified as held for trading financial assets as acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB139: Recognition and Measurement of Financial Instruments.

(iv) Valuation of options written portfolio
Options are initially brought to account at the amount received upfront for entering the contract (the premium) and subsequently revalued to current market value. Increments and decrements are taken through the statement of comprehensive income.

(v) Income from holdings of securities
Distributions relating to listed securities are recognised as income when those securities are quoted in the market on an ex-distribution basis unless the distributions are capital returns on ordinary shares in which case the amount of the distribution is treated as an adjustment to the carrying value of the shares.

The realised gain or loss on options written is not recognised until the option expires, is exercised or is repurchased from the holder. All unrealised gains or losses which represents movements in the market value of the options are recognised through the statement of comprehensive income.

Interest revenue on listed securities is recognised on the ex date, taking into account the effective yield on the financial asset. Interest revenue on cash deposits is recognised as it accrues.

(vi) Unrealised gains and losses
The unrealised gains and losses are transferred to the unrealised profits and losses reserve to the extent the Company is in a net unrealised gain position, net of any potential tax charge that may arise from the future sale of trading portfolio. The balance in the unrealised profit and losses reserve is equal to the cumulative after tax unrealised gains on trading portfolio.

(vii) Determination of Fair Value
AIFRS defines fair value for the purpose of valuing holdings of securities that are listed or traded on an exchange to be based on quoted "bid" prices for securities prevailing at the close of business on the balance date. Financial assets should be valued at their fair value without any deduction for transaction costs that may be incurred on sale or other disposal. Certain costs in acquiring investments, such as brokerage and stamp duty are expensed in the statement of comprehensive income.

(c) Current Assets - Trading Portfolio
The Company enters into option contracts in the trading portfolio for the purpose of enhancing returns, offsetting risk or providing opportunities to acquire or sell securities at advantage prices.

As at balance date there were call options outstanding which potentially required the Company, if they were exercised, to deliver securities to the value of $0.8 million (30 June 2009: $2 million) held by the Company in its trading portfolio.

2 Summary of Significant Accounting Policies (Continued)

(d) Income to Pay Dividends

In accordance with the Coporations 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.

(e) Taxation

The income tax expense/(benefit) for the year comprises current income tax expense/(benefit) and deferred tax expense/(benefit).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax assets can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective assets and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Trading Portfolio

A tax provision is made for the unrealised gain or loss on securities valued at fair value through the statement of comprehensive income.

Where the Company disposes of such securities, tax is calculated on gains made according to the particular parcels allocated to the sale for tax purposes offset against any losses carried forward.

2 Summary of Significant Accounting Policies (Continued)

(f) Cash assets

Cash deposits held at call with financial institutions.

For the purposes of the Statement of cash flows, cash includes deposits held at call with financial institutions net of bank overdrafts.

(g) Trade and Other Receivables

Trade and other receivables may include amounts for dividends, interest and securities sold. Dividends and distributions are brought to account when the Company's right to receive a dividend is established. Interest revenue is recognised as it accrues taking into account the effective yield on the financial asset. Amounts received for securities sold are recorded when a sale has occurred. Amounts are generally received within 30 days of being recorded as a receivable.

(h) Revenue Recognition

• Trading Income - profits and losses realised from the sale of investments and unrealised gains and losses on securities held at fair value are included in the statement of comprehensive income in the year they are incurred.
• Dividend Income - dividends and distributions are brought to account when the right to receive a dividend has been established.
• Interest Income - interest revenue on listed securities is recognised on the ex date.
• Other Income - other revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and when the revenue can be reliably measured.

(i) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid at the reporting date. Payables are unsecured and are usually paid within 30 days of recognition.

(j) Derivative Financial Instruments

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.

(k) Earnings/(Loss) per share

Basic and diluted earnings/(loss) per share is determined by dividing the operating result after income tax by the weighted average number of ordinary shares on issue during the financial year, adjusted for any bonus element.

(l) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Balance sheet are shown inclusive of GST. Cash flows are presented in the Statement of cash flows on a gross basis. The GST components of cash flows arising from investing activities which are recoverable from/or payable to the ATO are classified in the cash flows from operating activities.

(m) Contributed Equity

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.

2 Summary of Significant Accounting Policies (Continued)

(n) Adoption of new and revised accounting standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting periods. The Directors' assessment of the impact of these new standards (to the extent relevant to the Company) and interpretations is set out below.

(i) AASB 9 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB* 9 (effective 1 January 2013)

AASB 9 *Financial Instruments* addresses the classification and measurement of financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not traded. Fair value gains and losses on available-for-sale debt investment, for example, will therefore have to be recognised directly in profit or loss. The Company has not yet decided how it would classify its financial assets under this new standard.

(ii) AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 and 139]*

In May 2009 the AASB issued a number of improvements to AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, AASB 8 *Operating Segments*, AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 117 *Leases*, AASB 118 *Revenue*, AASB 136 *Impairment of Assets* and AASB 139 *Financial Instruments, Recognition and Measurement*. The Company will apply the revised Standards from 1 July 2010. The Company does not expect that any adjustments will be necessary as a result of applying the revised rules.

(iii) Revised AASB 124 *Related Party Disclosures* and AASB 2009-12 *Amendments to Australian Accounting Standards* (effective 1 January 2011)

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies and simplifies the definition of a related party. The Company will apply the amended standard from 1 July 2011. When the amendments are applied, the Company would need to disclose any transactions between its subsidiaries and its associates. However, as the Company does not have any subsidiaries and associates, the amendment will not have any effect on the Company's financial statements.

(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) Fair value of Financial Assets and Liabilities

The fair value of cash and cash equivalents, and non-interest bearing monetary financial assets and liabilities of the Company approximates their carrying value. The fair value for assets that are actively traded on market is defined by AASB 139 as 'last bid price'.

(r) Critical accounting estimates and judgements

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

The Company has recognised deferred tax assets relating to carried forward tax losses to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority against which the unused tax losses can be utilised. However, utilisation of the tax losses also depends on the ability of the entity to satisfy certain tests at the time the losses are recouped. There are some concerns that the entity may fail to satisfy the continuity of ownership test and therefore has to rely on the same business test. If the entity fails to satisfy the test, carried forward losses of $191,505 that are currently recognised as deferred tax asset would have to be written off to income tax expense.

		2,010 $'000	2,009 $'000
3	**Revenue from trading portfolio**		
	Dividends and trust distributions	2,928	4,078
	Interest	310	392
		3,238	4,470
4	**Auditor's remuneration**		
	Amounts received and receivable, by the auditor of the company for:		
	MNSA Pty Ltd Auditing or reviewing the accounts	24	27
	PWC Audit report of Custodian statement	4	7
		28	34
5	**Income tax (expense)/benefit**		
(a)	**Income Tax expense/(benefit) recognised in the Statement of comprehensive income**		
	Current income expense/(benefit)	2,336	(2,073)
	Deferred tax (income)/expense relating to the origination and reversal of temporary differences	(480)	(1,036)
	Total income tax expense/(benefit)	1,856	(3,109)
(b)	**Income tax (expense)/benefit**		
	The prima facie income tax (expense)/benefit on pre-tax accounting profit reconciles to income tax (expense)/benefit as follows:		
	Prima facie income tax (expense)/benefit calculated at 30% on the operating profit/(loss)	2,336	(2,059)
	Imputation gross up on dividends received	216	283
	Franking credits on dividends received	(719)	(945)
	Temporary differences	236	(155)
	Under/(over) provision in prior year	-	15
	Realised taxable investment gains/(losses)	(260)	(2,267)
	Realised accounting investment (gains)/losses	47	2,019
	Income tax expense/(benefit)	1,856	(3,109)
	The applicable weighted average effective tax rates are as follows:	23.83%	45.30%
(c)	**Current tax liabilities**		
	Income tax payable	-	-
(d)	**Deferred tax liabilities**		
	Provision for deferred income tax comprises the estimated expense at current income tax rates of 30% on the following items:		
	Dividend and trust distributions	-	51
	Interest	6	11
		6	62
(e)	**Deferred tax assets**		
	Provision for deferred tax assets comprises the estimated benefit at current income tax rates of 30% on the following item:		
	Provision for income tax on unrealised investments	1,487	3,387
	Excess franking credits not deductible in current year	1,663	944
	Carry forward losses	191	910
		3,341	5,241

		2,010 $'000	2,009 $'000
(f)	**Current tax assets**		
	Current tax assets comprises the estimated expense at current income tax rates on the following items:		
	Expenses not deductible in current year	17	29
(g)	**Reconciliation**		
	The overall movement in the deferred tax account is as follow:		
	Opening balance	5,208	2,084
	(Charges)/credit to statement of comprehensive income	44	1,844
	Changes to equity	(1,900)	1,280
	Closing balance	3,352	5,208
6	**Trade and other receivables**		
	Current		
	Accrued interest and dividends	459	458
		459	458

Receivables are non-interest bearing and unsecured.

Outstanding settlements are on the terms operating in the securities industry, which usually require settlement within three days of the date of a transaction.

The credit risk exposure of the Company in relation to receivables is the carrying amount.

7	**Trading portfolio**		
	Listed equities at fair value	50,610	52,615
	Listed property trusts at fair value	1,835	1,365
	Floating rate notes at fair value - listed	5,098	4,570
		57,543	58,550

The fair value of the trading portfolio equals to the market value of the trading portfolio.

Credit risk exposures of the Company arise in relation to floating rate notes to the extent of their carrying values, in the event of a shortfall on winding up the issuing Companies.

Term deposits are held with St George Bank which is rated A -1 by Standard and Poors.

8	**Other Assets**		
	Current		
	GST receivable	15	18
	Prepayments	4	4
		19	22
9	**Trade and other payables**		
	Current		
	Trade creditors	83	124
	Unsettled trades	-	310
	Unsettled on-market share buy back	22	59
		105	493

Payables are non-interest bearing and unsecured.

Unsettled trades are on the terms operating in the securities industry, which usually require settlement within three days of the date of a transaction.

10 Contributed Equity

	2010 No.'000	2010 $'000	2009 No.'000	2009 $'000
(a) Ordinary shares	141,751	80,239	142,223	80,442

(b) Movements in ordinary contributed equity of the company were as follows:

	2010 No.'000	2010 $'000	2009 No.'000	2009 $'000
Opening balance 1 July	142,223	80,442	157,855	87,145
Bought back under on-market share buy back	(472)	(203)	(15,632)	(6,703)
Closing balance	141,751	80,239	142,223	80,442

On market Share Buy Back

For financial year ended 30 June 2010, the Company bought back 472,212 (2009: 15,632,420) shares under an on market share buy back.

Dividend reinvestment plan

Under the Company's dividend reinvestment plan, additional shares are allotted at a price calculated at 97.5% of the weighted average share price. There were no shares issued under the dividend reinvestment plan during the period.

Terms and conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at shareholder meetings, otherwise each member present at a meeting or by proxy has one vote on a show of hands. In the event of winding up the Company ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

(c) Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor and market confidence.

To achieve this the Board of Directors monitor the monthly NTA results, investment performance, the Company's management expense ratio (MER) and share price movements.

There were no additional shares issued during the financial year.

The Company announced to the market in November 2009 the introduction of an on-market share buy-back of approximately 10% of the Company shares, to be conducted over a 12 month period.

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

11 Retained Earnings

	2010 $'000	2009 $'000
Balance at the beginning of the financial year	(3,408)	1,530
Net profit/(loss) for the current year	5,931	(3,754)
	2,523	(2,224)
Dividends paid and payable	(5,258)	(1,184)
Balance at the end of the financial year	(2,735)	(3,408)

		2,010 $'000	2,009 $'000
12	**Statement of cash flows**		
(a)	**Reconciliation of net profit/(loss) from ordinary activities after income tax to net cash utilised in operating activities**		
	Gain/(Loss) from ordinary activities after income tax (expense)/benefit	5,931	(3,754)
	Unrealised (gains)/losses in the net fair value of investments	(5,545)	3,757
	Realised (gains)/losses on sale of investments	158	6,729
	Change in operating assets and liabilities:		
	(Increase)/decrease in accrued interest and dividends	(1)	527
	Decrease in other current assets	3	1
	(Increase)/decrease in trading portfolio	6,084	12,530
	(Decrease) in trade creditors	(41)	(23)
	Increase/(Decrease) in tax liabilities	1,856	(5,047)
	Net cash provided by/(used in) operating activities	8,445	14,720
(b)	**Components of cash**		
	Cash at bank	16,236	13,289

The credit risk of the Company in relation to cash is the carrying amount and any unpaid interest. Cash investments are made with JP Morgan which is rated A -1+ by Standards & Poors.

13	**Dividends**	**Date of payment**	**2010 $'000**	**2009 $'000**
	Interim Dividend - Fully franked	12/03/2010	1,705	-
	Interim Dividend - Fully franked	4/11/2009	1,848	-
	Interim Dividend - Fully franked	20/08/2009	1,705	-
	Final Dividend - Fully franked	22/08/2008	-	1,184

Since the end of the financial year, the directors declared a fully franked dividend of 2 cents per share payable on 21 September 2010.

Franking Account	**2010 $'000**	**2009 $'000**
Franking account balance at the end of the financial year	1,617	3,152
Adjusted for:		
- Franking credits that will arise from the payment of income tax payable as at the end of the financial year	-	-
- Franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date	123	108
Adjusted franking account balance	1,740	3,260
Impact on the franking account of dividends proposed or declared before the financial report is authorised for issue but not recognised as a distribution to equity holders during the year	(1,213)	(731)
	527	2,529

14 Related party information

(a) Key management personnel

The names of the persons who were the key management personnel of the Company during the financial year were:

Michael J Cole (Chairman, Director)
Ross J Finley (Director)
Ian J Hunter (Director)

(b) Key management personnel remuneration

Details of the remuneration of Ironbark Capital key management personnel and their related entities is set out as below:

	Short-term Employee Benefit	Post-Employment Benefit	Other Benefit	
	Cash Salary & Fees	Superannuation	Other	Total
	$	$	$	$
2010	60,000	-	-	60,000
2009	60,000	-	-	60,000

Detailed remuneration disclosures are provided in the remuneration report in the Directors' Report.

The Remuneration Committee of the Board of Directors of Ironbark Capital Ltd is responsible for determining and reviewing compensation arrangements for the directors. The remuneration Committee assesses the appropriateness of the nature and amount of emoluments of each director on a periodic basis by reference to workload and market conditions. The overall objective is to ensure maximum stakeholder benefit from the retention of a high quality board whilst constraining costs.

(c) Shareholdings of key management personnel (and their related entities)

2010	**Balance at 1 July 2009**	**Shares acquired / (disposed)**	**Balance at 30 June 2010**
Ordinary Shares			
Michael J Cole (Chairman)	7,983,737	-	7,983,737
Ross J Finley	1,400,000	-	1,400,000
Ian J Hunter	1,662,448	-	1,662,448
	11,046,185	-	11,046,185

2009	**Balance at 1 July 2008**	**Shares acquired / (disposed)**	**Balance at 30 June 2009**
Ordinary Shares			
Michael J Cole (Chairman)	7,983,737	-	7,983,737
Ross J Finley	1,400,000	-	1,400,000
Ian J Hunter	1,662,448	-	1,662,448
	11,046,185	-	11,046,185

Directors' transactions on ordinary shares are on the same terms and conditions applicable to ordinary members. There were no shares granted during the reporting period as compensation.

15 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 portfolio. Segments identified in accordance with the first time application of AASB 8: *Operating Segments* have not differed from those disclosed under AASB 114: *Segment Reporting* in the annual financial report for the year ended 30 June 2009.

16 Financial risk management

The Company's financial instruments consist mainly of deposits with banks, trading portfolio, accounts receivable and payables. The Company's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk.

(i) 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.

Credit risk is managed as provided in Note 6 with respect to receivables, Note 7 with respect to floating rate note investments and Note 12 with respect to cash assets. None of these assets are over-due or considered to be impaired.

(ii) Liquidity Risk

Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

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

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

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

	Less than 1 month $000	**More than 1 month**	**Total**
At 30 June 2010	$'000	$'000	
Trade and other payables	105		105
Current tax liabilities	-	-	-
Total financial liabilities	105	-	105
At 30 June 2009			
Trade and other payables	493	-	493
Current tax liabilities	-	-	-
Total financial liabilities	493	-	493

The Fund does not have net settled derivative financial instruments in a loss position.

(iii) 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.

Sensitivity analysis - interest rate risk

An increase of 75 basis points in interest rates as at the reporting date (assuming a flat tax rate of 30 per cent) would have increased the Company's equity and revenue from trading portfolio by $37,637 (2009: $69,767). A decrease of 75 basis points would have an equal but opposite effect.

16 Financial risk management (Continued)

(iv) Market risk

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

By its nature as a Listed Investment Company that invests, the Company can never be free of market risk as it invests its capital in securities which are not risk free - the market price of these securities can fluctuate.

A general fall in market prices of 5 per cent and 10 per cent, if spread equally over all assets in the investment portfolio would lead to a reduction in the Company's equity of $2.3 million (2009: $2 million) and $4.7 million (2009: $4 million) respectively, assuming a flat tax-rate of 30 per cent.

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

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

	2010	2009
	%	%
Consumer discretionary	0.67	2.19
Consumer staple	0.38	0.10
Energy	2.82	10.25
Financials	45.25	38.46
Healthcare	2.48	2.37
Industrials	2.50	2.00
Materials	27.35	29.33
Property Trust	3.19	2.33
Telecommunications services	2.06	1.09
Utilities	4.44	4.00
Corporate floating rate notes	8.86	7.88
	100.00	100.00

Securities representing over 5 per cent of the investment portfolio at 30 June 2010 were:

	%
BHP Billiton Ltd	13.60
	13.60

No other security represents over 5 per cent of the Company's trading portfolio.

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

16 Financial risk management (Continued)

(v) Derivative financial instruments

A derivative is a financial contract whose value depends on, or is derived from, underlying assets, liabilities or indices. Derivative transactions include a wide assortment of instruments, such as forwards, futures, options and swaps.
Derivatives are considered to be part of the investment process. The use of derivatives is an essential part of proper portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multi-faceted and includes:

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

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

The Company holds the following derivative instruments:

Options

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

As at 30 June 2010, the notional principal amounts of derivatives held by the Company were as follows:

	Notional principal amounts 2010 $'000	Notional principal amounts 2009 $'000
Australian exchange traded options	843	2,015

Fair value hierarchy

The Company has adopted the amendments to AASB 7, effective 1 July 2009. This requires the Company to classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

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

16 Financial risk management (Continued)

Fair value hierarchy (continued)

The table below sets out the Company's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June 2010. Comparative information has not been provided as permitted by the transitional provisions of the new rules.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Trading portfolio (held for trading)	57,543	-	-	57,543
Total	57,543	-	-	57,543

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities, certain unlisted unit trusts and exchange traded derivatives.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. The Company has no investments that are classified within level 2.

Investments classified within level 3 have significant unobservable inputs, as they are infrequently traded. The Company has no investments that are classified within level 3.

17 Events after the Statement of financial position date

The final dividend as recommended by the directors will be paid subsequent to balance date and is not provided for in the Statement of Financial Position. Other than the share buy back discussed in Note 10(c), no significant events have occurred since the reporting date which would impact on the financial position of the Company as disclosed in the Statement of Financial Position as at 30 June 2010 and the results and cash flows of the Company for the year ended on that date. The financial report was authorised for issue on 30th August 2010 by the board of directors.

18 Earnings per share

	2010	2009
Basic and diluted earnings/(loss) per share (cents per share)	4.17	(2.50)
Weighted average number of ordinary shares outstanding used in the calculation of basic earnings per share	142,100,336	150,230,970

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.

19 Contingent liabilities

The Investment Management Agreement entered into by the company with Kaplan Funds Management states that either party will be entitled to give the other no less than 12 months written notice of termination of the agreement.

No other contingent liabilities existed at 30 June 2010.

20 Other information

Ironbark Capital Limited, incorporated and domiciled in Australia, is publicly listed and limited by shares.

The registered office and principal place of business of the Company is:
Level 7, 20 Hunter Street
Sydney NSW 2000

Telephone (02) 8236 7701

Ironbark Capital Limited
ABN 89 008 108 227
Directors' declaration

The Directors of Ironbark Capital Limited declare that:

1 The financial statements and notes, as set out on page 19 to page 36, are in accordance with the *Corporations Act 2001* , and:

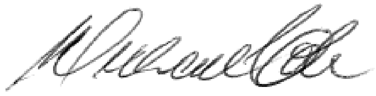
- (a) comply with Accounting Standards in Australia and the *Corporations* Regulations 2001; and
- (b) give a true and fair view of the financial position of the Company as at 30 June 2010 and of its performance for the year ended on that date;

2 On behalf of White Outsourcing Pty Limited, Peter Roberts, as a person who performs the Chief Executive Functions for the purposes of the Act declared that:

- (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
- (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
- (c) the financial statements and notes for the financial year give a true and fair view.

3 At the date of this declaration, in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.



M J Cole
Director

Dated at Sydney this 31st August 2010

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

Report on the Financial Report

We have audited the accompanying financial report of Ironbark Capital Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of Ironbark Capital Limited.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2 the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures included reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by the directors or management

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

MNSA
ABN 59 133 605 400

Level 2, 333 George St
Sydney NSW 2000
GPO Box 2943 Sydney 2001

Tel (02) 9299 0901
Fax (02) 9299 8104
Email admin@mnsa.com.au

Independence

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

Auditor's Opinion

In our opinion:

a. the financial report of Ironbark Capital Limited is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

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

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 17 of the report of the directors for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with s 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 the Australian Auditing Standards.

Auditor's Opinion

In our opinion the remuneration report of Ironbark Capital Limited for the year ended 30 June 2010, complies with s 300A of the Corporations Act 2001.

MNSA PTY LTD

MNSA PTY LTD

Mark Schiliro
Director

Sydney

Dated this 31st day of August 2010

Ironbark Capital Limited
ABN 89 008 108 227
Members Information as at 19 August 2010

1. Shareholding

Substantial holders

Shareholders	Number of shares held
Kaplan Partners Pty Limited	30,679,464
Abtourk (Syd No 415) Pty Ltd <Michael John Cole Psf A/C>	7,983,737
Questor Financial Services Limited	7,429,175

Distribution of securities

(a) Analysis of number of holders by size of holding:

	Number of shareholders	Number of shares held
1 - 1,000	292	115,371
1,001 - 5,000	544	1,608,639
5,001 - 10,000	393	2,994,122
10,001 - 100,000	1,426	44,416,582
100,001 and over	160	92,424,811
	2,815	141,559,525

(b) There were 304 holders of less than a marketable parcel of shares.

(c) The percentage of total holding of the 20 largest holders of ordinary shares currently comes to 44.72%

Twenty largest holders
The names of the 20 largest holders as at 19 August 2010 are listed below:

Name	Number of shares held	%
KAPLAN PARTNERS PTY LIMITED	30,679,464	21.672
ABTOURK (SYD NO 415) PTY LTD <MICHAEL JOHN COLE PSF A/C>	7,983,737	5.640
QUESTOR FINANCIAL SERVICES LIMITED	7,429,175	5.248
MR ANTHONY GEOFFREY HARTNELL & MRS MARYED HARTNELL <HARTNELL RETIREMENT A/C>	2,531,373	1.788
EDSGEAR PTY LIMITED	2,203,672	1.557
SUPENTIAN PTY LIMITED <HUNTER PENSION FUND A/C>	1,541,318	1.089
LIANGROVE MEDIA PTY LIMITED	1,250,000	0.883
BOND STREET CUSTODIANS LIMITED <MCGOL - DR0020 A/C>	1,195,018	0.844
DOWLING TAYLER PTY LTD <COLE SUPERFUND A/C>	1,193,027	0.843
BOND STREET CUSTODIANS LIMITED <MCGOL - I85157 A/C>	1,086,475	0.768
MICHELLE ANN ANG & HENG HOCK ANG <H H ANG SUPER FUND A/C>	973,095	0.687
BOND STREET CUSTODIANS LIMITED <MCGOL - TF0304 A/C>	864,803	0.611
BOND STREET CUSTODIANS LIMITED <MCGOL - I27406 A/C>	847,806	0.599
BOND STREET CUSTODIANS LIMITED <MCGOL - TT0575 A/C>	772,212	0.546
LIANGROVE GROUP PTY LTD	750,000	0.530
COOLAL PTY LTD <FINLEY SUPER FUND A/C>	700,000	0.494
TOLMIN PTY LIMITED	700,000	0.494
MR DAVID STRINGER HILTON	600,000	0.424
NORBERT INVESTMENTS PTY LTD	554,167	0.391
MR PETER JOHN GRENNING	550,845	0.389
	64,406,187	45.50

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

2. The name of the Company Secretary is Mr Peter Roberts

3. The registered office and principal place of business of the Company is:
Level 7
20 Hunter Street
Sydney NSW 2000

Telephone: (02) 8236 7701

4. **Registry**
Share registry functions are maintained by Registries Limited and their details are as follows:

GPO Box 3993
Registries Limited
Sydney NSW 2001
Shareholder enquiries telephone: (02) 9290 9600

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

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

7. The Company commenced a third on-market buy back of up to 14,211,746 shares on 2nd December 2009.

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

9. The company conducted 900 security transactions during the financial year. Brokerage paid during the year net of RITC claimable was $56,074.

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