GARDA CAPITAL LIMITED
ABN 53 095 039 366

AND ITS CONTROLLED ENTITIES
AND GARDA CAPITAL TRUST
ABN 56 488 615 248
ARSN 150 164 720

GARDA
CAPITAL GROUP

CONSOLIDATED ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

CONTENTS

01 DIRECTORS' REPORT

The directors of GARDA Capital Limited (**GCL** or **Company**) and GARDA Funds Management Limited, the responsible entity (**RE**) of GARDA Capital Trust, present their report together with the consolidated financial statements for the year ended 30 June 2018 of both:

- GARDA Capital Limited and its controlled entities and GARDA Capital Trust (**GARDA Capital Group** or **Group**); and
- GARDA Capital Trust (the **Trust**).

GARDA Capital Limited has been deemed the parent entity of GARDA Capital Trust under Australian Accounting Standards and this financial report is prepared on this basis.

The parent entity is a company registered under the *Corporations Act 2001*.

The shares of the Company and units of the Trust are combined and issued as stapled securities in GARDA Capital Group. The shares of the Company and units of the Trust cannot be traded separately and can only be traded as stapled securities.

INFORMATION ON DIRECTORS

The directors of GARDA Capital Limited and GARDA Funds Management Limited, the Responsible Entity of GARDA Capital Trust at any time during or since the end of the financial year and up to the date of this report are:

Mr Matthew Madsen

Executive Chairman (appointed 31 January 2017)
Managing Director (appointed 22 September 2011)

Experience and Special Responsibilities

Matthew has 20 years' experience in the funds management industry, predominantly in director roles.

Matthew also has significant property and property finance experience, acting (including in the GARDA Capital Group) as a finance intermediary focused on larger construction and property investment funding.

As Executive Chairman and a substantial securityholder (through an associate) of the GARDA Capital Group, Matthew has been responsible for the repositioning of the Group as a member of the Board since September 2011.

Matthew is also Chair of the Advisory Board for residential land developer, Trask Development Corporation.

Matthew holds a Diploma in Financial Services, a Diploma in Financial Markets, is an affiliate member of the Securities Institute of Australia, and a member of the Australian Institute of Company Directors.

Mr Mark Hallett

Non-Executive Director (appointed 31 January 2011)
Chair of the Nomination and Remuneration Committee (appointed 1 February 2017)

Experience and Special Responsibilities

Mark has in excess of 30 years' industry and legal experience. A qualified solicitor, Mark has an impressive range of diverse industry experiences across all aspects of corporate litigation, restructuring, and commercial property.

Mark is a former principal and legal practice director of Hallett Legal Pty Ltd which merged with Macpherson Kelley during the year. Mark is currently engaged as a consultant with Macpherson Kelley. Mark has a great depth of skills and experience in business ownership and strategic management.

Mark is active in managing successful property syndicates for business associates and continues to advise the industry on property investment, legal and corporate restructuring.

INFORMATION ON DIRECTORS CONTINUED.

Mr Philip Lee

Non-Executive Director (appointed 21 May 2015)
Chair of Audit and Risk Committee (appointed 22 May 2015)

Experience and Special Responsibilities

Philip has over 30 years' experience in stockbroking, equities research and corporate finance. He joined Morgans in 1986 and has served as a Director of Morgans and joint head of Corporate Finance.

He currently holds the position of Executive Director Corporate Advisory primarily focussed on raising capital for growing companies.

Philip chairs Morgans' Risk and Underwriting Committees. Philip holds a Bachelor of Commerce from the University of Canterbury, is a Member of the Australian Institute of Company Directors, a Master Practitioner Member of the Stockbrokers and Financial Advisers association and is a Senior Fellow of Finsia.

Mr Leylan Neep

Executive Director (appointed 31 July 2014)
Chief Financial Officer (appointed 23 July 2012)

Experience and Special Responsibilities

Leylan has over 20 years' experience in the financial services industry with a strong track record in finance and funds management.

Leylan has worked for a broad range of fund managers and financial institutions including positions as Chief Operating Officer at an ASX listed asset manager, an Associate Director at UBS Investment Bank and as an analyst with GLG Partners, a London based hedge fund. Leylan also has extensive experience in finance roles with several international investment banks.

Leylan holds a Bachelor of Commerce from Bond University and is a qualified Certified Practising Accountant (**CPA**). Leylan is a member of both the Australian Institute of Company Directors and the Governance Institute of Australia.

DIRECTORS' INTERESTS

2018	Ordinary securities	Employee Security Plan securities[1]
Directors		
Matthew Madsen	4,911,879	600,000
Mark Hallett[2]	547,550	-
Philip Lee	97,000	-
Leylan Neep	270,000	300,000
Total	**5,826,429**	**900,000**

1. Under the Australian Accounting Standards, securities issued under the GARDA Capital Group employee security plan are required to be accounted for as options in the financial statements. Refer note 24 for further details.
2. Mark Hallett is a joint trustee of a trust that is a shareholder of M3SIT Pty Ltd, the trustee of a trust which owns 8,512,552 stapled securities (2017: 8,462,552) in GCM at 30 June 2018. TSpan Pty Ltd, a related entity of Mr Hallett's spouse owns 96,111 stapled securities in GCM at 30 June 2018 (2017: 317,000).

DIRECTORSHIPS OF LISTED ENTITIES HELD WITHIN THE LAST THREE YEARS

Directors	Listed entity	Type	Appointed	Resigned
Matthew Madsen	-	-	-	-
Mark Hallett	-	-	-	-
Philip Lee	-	-	-	-
Leylan Neep	-	-	-	-

MEETING OF DIRECTORS

The number of directors' meetings (including meetings of committees of directors) and the number of meetings attended by each of the directors during the financial year were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Mr Matthew Madsen[1]	13	13	3	3	2	2
Mr Mark Hallett	13	13	3	3	2	2
Mr Philip Lee	13	13	3	3	2	2
Mr Leylan Neep[1]	13	13	3	3	2	2

1. Matthew Madsen and Leylan Neep are not committee members of either the Nomination and Remuneration Committee or the Audit and Risk Committee however both attended all meetings by invitation.

COMPANY SECRETARY

The company secretary of GARDA Capital Limited is Mr Lachlan Davidson. Mr Davidson was appointed as company secretary on 28 July 2016. Mr Davidson has been with the Company since January 2014 and is a qualified lawyer with over 20 years' legal experience, and also has compliance, company secretarial and governance experience in the financial services industry.

PRINCIPAL ACTIVITY

The GARDA Capital Group is an integrated real estate business comprising funds management and property investment.

GARDA Capital Limited is the responsible entity of the ASX listed GARDA Diversified Property Fund (**GDF**), while other Group entities undertake the related real estate management and leasing for this portfolio. GARDA Finance Pty Ltd is the Group's debt advisory business, which provides intermediary services to borrowers, and arranges commercial real estate debt facilities for both investors and developers. A Group subsidiary, GARDA Funds Management Limited, is the responsible entity of GARDA Capital Trust which is a registered managed investment scheme and is the primary investment vehicle for the GARDA Capital Group.

The Group invests in real estate through both equity and debt. GARDA Capital Trust currently holds a substantial investment of 18.7 million units in GDF (13.5%). The Trust previously held 10.0 million units and increased its investment during the year by 8.7 million units through its participation in a GDF entitlement offer in December 2017. The Trust took up its entitlement and acquired additional units through a sub-underwriting agreement. A Group subsidiary, GARDA Property Finance Pty Ltd is the vehicle in which the GARDA Capital Group currently invests into real estate via debt positions with third parties.

There were no changes in the nature of the Group's activities during the financial year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs during the financial year that could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

REVIEW AND RESULTS OF OPERATIONS

The performance of the GARDA Capital Group for the year, as represented by the results of operations, was as follows:

	GARDA Capital Group Consolidated		GARDA Capital Trust	
	2018 $000's	2017 $000's	2018 $000's	2017 $000's
Revenue and other income	**7,215**	5,921	**1,920**	1,728
Net profit before tax	**3,289**	2,070	**1,482**	1,554
Net profit after tax	**2,787**	2,509	**1,482**	1,554

REVIEW AND RESULTS OF OPERATIONS CONTINUED.

Operating activities	2018 $000's	2017 $000's
Underlying operating activity earnings before tax	1,601	390
Income tax (expense)/ benefit	(422)	476
Underlying operating activity earnings after tax	**1,179**	**866**
Investment		
Net distributions and interest revenue	1,197	1,072
Fair value movement	630	950
Income tax expense	(80)	(37)
Underlying investment activity earnings after tax	**1,747**	**1,985**
Underlying operating profit after tax	**2,926**	**2,851**
Statutory Profit Reconciliation		
Underlying operating profit after tax	**2,926**	**2,851**
Non-cash expenses	(139)	(342)
Statutory profit after tax	**2,787**	**2,509**

The key financial and operating highlights and achievements for the year ended 30 June 2018 include:

- group net profit after tax of $2.8 million, an 11% increase on the prior year (2017: $2.5 million);
- a 310% increase in underlying operating activity earnings before tax of $1.6 million compared to $0.4 million in prior year;
- a 36% increase in underlying operating activity earnings before tax of $1.2 million compared to $0.9 million in prior year;
- earnings per stapled security of 11.6 cents, up from 10.6 cents in 2017;
- a 51% increase in assets under management (**AUM**) from $188 million (2017) to $284 million in June 2018, increasing to $327 million upon completion of the Botanicca 9 office project;
- average AUM increased 19% from $184 million in FY17 to $219 million in FY18;
- the Trust's holding in GDF totals $21.8 million at June 2018 ASX closing price of $1.165 per unit. The Trust increased the Group's investment in GDF by $10.0 million to now hold 13.5% of issued units, following the GDF entitlement offer in December 2017;
- obtaining a $10.0 million 3 year term loan at a cost of 7% p.a. to enable the Group's increase of its strategic stake in GDF;
- strong underlying investment returns from the Group's co-investment in GDF, receiving distributions of 9.0 cents per unit and a mark-to-market value increase of $0.6 million during the year; and
- total securityholder payments of 5.0 cents for FY18, including a fully franked dividend of 1.128 cents and 3.78 cents trust distributions (97% tax-advantaged), representing a 28% increase on FY17 total distributions.

GARDA CAPITAL GROUP

Revenue and other income of the Group for the year ended 30 June 2018 was $7.21 million, which is an increase of $1.29 million compared to $5.92 million in the prior year.

The net profit after tax of the Group for the year ended 30 June 2018 was $2.8 million, which is an increase of $0.3 million compared to $2.5 million in prior year. Profit before tax of $3.3 million was an increase of $1.2 million from the prior period, due to increases in both funds management revenue and investment income.

The net asset position of the Group as at 30 June 2018 was $19.8 million, which is an increase of $1.6 million compared to $18.2 million as at 30 June 2017.

GARDA CAPITAL TRUST

The primary income of the Trust are the distributions it receives from its co-investment in GDF. Distribution income of the Trust for the year ended 30 June 2018 was $1.29 million (2017: $0.94 million).

Other income of the Trust comprises mark-to-market income from its investments in GDF of $0.58 million (2017: $0.75 million).

DIVIDENDS

The following dividends were paid or declared by the Company during the financial year:

Period	Date Paid / Payable	Cents per Security	Amount Paid / Payable
30 June 2018 financial year	13 July 2018	1.128	$0.271m

REVIEW AND RESULTS OF OPERATIONS CONTINUED.

DISTRIBUTIONS

The following distributions were paid/payable by the Trust during the period:

Period	Date Paid	Cents per Security	Amount Paid
September 2017 Quarter	30 October 2017	0.936	$0.225m
December 2017 Quarter	25 January 2018	0.936	$0.225m
March 2018 Quarter	24 April 2018	1.000	$0.240m
June 2018 Quarter	13 July 2018	1.000	$0.240m

SUBSEQUENT EVENTS

There have been no matters or circumstances that have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial periods.

ROUNDING OF AMOUNTS

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest $1,000, or in certain cases, to the nearest dollar.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Group seeks to create securityholder value from the Group's growing real estate funds management activities and through its real estate (debt and equity) investment. The group generates recurring revenue streams from both of its operating activities and its investment activities in real estate.

The key Group activities include:

Operating Activities:

- The Group's operating activities generate revenues from funds management. Additionally funds management revenues include capital expenditure fees, property and facilities management and other real estate agency functions such as leasing and debt activities.
- GCL is the responsible entity and manager (and holds a 13.5% stake through GCT) of GARDA Diversified Property Fund.
- Funds management revenues are primarily derived from fees based on assets under management (AUM).
- Revenue for the year is driven from the average AUM, so a key metric is the starting AUM in FY19 compared to the average AUM for FY18.

Investment Activities:

- GARDA invests in real estate via both equity and debt positions.
- GARDA's primary equity investment is its 18.7 million units in GDF, representing 13.5% of GDF.
- The directors measure performance having regard to the distributions received, and the fair value movement (increase or decrease in asset values) of its investment in GDF, over each financial period.
- GARDA also invests in property through debt positions. Debt investment generates both fees (accounted for in the operating revenues of the Group) and interest (accounted for in the investing revenues of the Group). Both of these are assessed for when considering a debt investment.
- GARDA is not currently invested in any debt positions. GARDA has $8 million in cash and is actively considering various real estate debt investments.

The key objectives for the 2019 financial year include:

1. Continuing to increase the equity value (NTA/Unit) and scale (AUM) of GDF (GDF continues to seek net AUM growth of approximately $100 million per annum), which is expected to positively impact both the Group's funds management revenues and the Group's equity co-investment in GDF;
2. The Group will focus on the procurement of third party capital to participate in debt opportunities with the Group as fund manager and co-investing its allocated capital.

GARDA will consider further sources of capital when necessary to continue to grow the business in the future.

ENVIRONMENTAL ISSUES

The Group's operations were not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the directors believe that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

OPTIONS

Under the Australian Accounting Standards, securities issued under the GARDA Capital Group employee security plan (ESP) are required to be accounted for as options and therefore are excluded from total issued capital, until such time as securities have vested. Total securities issued under the ESP during the year was 1,200,000 and therefore the total securities issued on the ASX is 25,230,000 compared to the total issued capital for financial statement purposes of 24,030,000.

Securities outstanding at the end of the period have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price	Number of securities 30 June 2018	Number of securities 30 June 2017	Limited recourse loan value 30 June 2018	Limited recourse loan value 30 June 2017
13/11/2017	13/11/2019	$1.00	300,000	-	$300,000	-
13/11/2017	13/11/2020	$1.00	900,000	-	$900,000	-
			1,200,000	-	$1,200,000	-

The security price at grant date was $1.00. There have been no options issued since the end of the financial year.

REMUNERATION REPORT (AUDITED)

The remuneration report outlines remuneration for those people considered to be Key Management Personnel (**KMP**) of the Group during the Reporting Period. KMP are persons having authority and responsibility for planning, directing and controlling the activities of GARDA Capital Group.

KMP consists of:
- Non-executive directors; and
- Executive directors and senior executives.

Directors and Key Management Personnel

Details of the KMP who held office during the reporting period, their roles and appointment dates are illustrated below:

Directors

Mr Matthew Madsen	Executive Chairman Managing Director	Appointed 31 January 2017 Appointed 22 September 2011
Mr Mark Hallett	Non-Executive Director	Appointed 31 January 2011
Mr Philip Lee	Non-Executive Director	Appointed 21 May 2015
Mr Leylan Neep	Executive Director Chief Financial Officer	Appointed 31 July 2014 Appointed 23 July 2012

Senior Executive

Mr Lachlan Davidson	General Counsel Company Secretary	Appointed 13 January 2014 Appointed 28 July 2016

Remuneration Policy

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for securityholders and conforms with market practice for delivery of reward.

The board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to securityholders;
- performance linkage/alignment of executive compensation;
- transparency; and
- capital management.

The Group has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

Executive Chairman and Managing Director remuneration

The Executive Chairman and Managing Director, Matthew Madsen is not an employee of the GARDA Capital Group but rather provides his services to the GARDA Capital Group through a service contract with Madsen Advisory Pty Ltd (**Madsen Advisory**).

The Madsen Advisory agreement contains usual confidentiality and non-competition provisions. It requires that Mr Madsen and Madsen Advisory perform the specified services with due skill and care, in accordance with the reasonable directions of the Board. Madsen Advisory is paid an annual fee of $495,000.

The Madsen Advisory agreement can be terminated by GARDA Capital Group on one years' notice (or immediately for fraud, gross negligence, misconduct or criminal offence), or by Madsen Advisory on six months' notice. There is a restraint on Mr Madsen and Madsen Advisory competing with GCL or its subsidiaries, or interfering with the relationship between the GARDA Capital Group and its staff, customers, suppliers or contractors for six months following termination.

<u>Long-term incentives</u>

Long-term incentives are provided to certain employees including the Executive Chairman and Managing Director through the GARDA Capital Group employee security plan which was approved by securityholders at the Group's 2017 annual general meeting. The ESP is designed to provide long-term incentives to employees including executive directors to deliver long-term securityholder value, alignment with securityholder interests, market competitiveness, recognition of individual performance and experience and recognition for Group performance.

Details on long term incentives granted to the Executive Chairman and Managing Director is set out on page 14.

Non-executive director remuneration

Remuneration to non-executive directors reflects the demands which are made on, and the responsibilities of, the directors. Remuneration is reviewed annually by the board.

The current maximum aggregate sum to be paid as fees to the non-executive directors is $400,000 per annum, as approved at the Group's 2014 annual general meeting.

Executive director and senior executive remuneration

The executive pay and reward framework has three components:

- base pay and non-monetary benefits, including superannuation;
- short-term performance incentives; and
- long-term performance incentives.

The combination of these comprises the executive's total remuneration.

<u>Base pay</u>

Structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion. Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. The Group receives advice to ensure base pay is set to reflect the market for a comparable role. Base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

<u>Benefits</u>

Executives may receive benefits including car parking.

REMUNERATION REPORT (AUDITED) CONTINUED.

Short-term incentives

Executives are entitled to certain bonuses depending on meeting certain expectations as set by the Board which includes leadership contribution and stakeholder and client satisfaction. Incentives are granted at the discretion of the board by way of securities or a cash bonus or a combination of both.

Long-term incentives

Long-term incentives are provided to certain employees including executive directors through the GARDA Capital Group employee security plan (ESP) which was approved by securityholders at the Group's 2017 annual general meeting. The ESP is designed to provide long-term incentives to employees including executive directors to deliver long-term securityholder value, alignment with securityholder interests, market competitiveness, recognition of individual performance and experience and recognition for Group performance.

Details on long term incentives granted to executive directors and senior executives are set out on page 14.

DIRECTORS AND KEY MANAGEMENT PERSONNEL REMUNERATION

2018	Short Term			Post-Employment Services			Security-based Payments		
	Salary & Fees	Bonus	Non-cash benefits	Superannuation	Long-term Benefits	Termination benefits	Options	Total	Performance Related %
Directors									
Matthew Madsen	495,000	-	6,655	-	-	-	13,372	515,027	-
Mark Hallett	75,000	-	-	-	-	-	-	75,000	-
Philip Lee	54,795	-	-	5,205	-	-	-	60,000	-
Leylan Neep	225,743	30,000	6,655	20,482	3,998	-	7,718	294,596	10.2%
Senior Executive									
Lachlan Davidson	170,000	30,000	-	19,000	1,952	-	3,859	224,811	13.3%
	1,020,538	**60,000**	**13,310**	**44,687**	**5,950**	**-**	**24,949**	**1,169,434**	

2017	Short Term			Post-Employment Services			Security-based Payments		
	Salary & Fees	Bonus	Non-cash benefits	Superannuation	Long-term Benefits	Termination benefits	Options	Total	Performance Related %
Directors									
Matthew Madsen	495,000	-	6,571	-	-	-	-	501,571	-
Mark Hallett	75,000	-	-	-	-	-	-	75,000	-
Philip Lee	54,795	-	-	5,205	-	-	-	60,000	-
Leylan Neep	212,307	20,000	6,571	19,615	2,969	-	-	261,462	7.65
Senior Executive									
Lachlan Davidson	170,000	30,000	-	19,000	1,315	-	-	220,315	13.62
Former Director									
David Usasz[1]	70,000	-	-	-	-	-	-	70,000	-
	1,077,102	**50,000**	**13,142**	**43,820**	**4,284**	**-**	**-**	**1,188,348**	

1 Resigned 31 January 2017.

DIRECTORS AND KEY MANAGEMENT PERSONNEL SECURITY HOLDINGS (NUMBER OF SECURITIES)

2018	Held at the beginning of the reporting year	Acquired during the year	Disposals / Security buyback during the year	Held at the end of the reporting year
Directors				
Matthew Madsen	4,863,515	48,364	-	4,911,879
Mark Hallett[1]	301,661	245,889	-	547,550
Philip Lee	77,000	20,000	-	97,000
Leylan Neep	266,661	3,339	-	270,000
Senior Executive				
Lachlan Davidson	133,331	-	-	133,331
Total	**5,642,168**	**317,592**	**-**	**5,959,760**

1. Mark Hallett is a joint trustee of a trust that is a shareholder of M3SIT Pty Ltd, the trustee of a trust which owns 8,512,552 stapled securities (2017: 8,462,552) in GCM at 30 June 2018. TSpan Pty Ltd, a related entity of Mr Hallett's spouse owns 96,111 stapled securities in GCM at 30 June 2018 (2017: 317,000).

No other securities are held by any of the directors or other key management personnel.

DIRECTORS AND KEY MANAGEMENT PERSONNEL SECURITY HOLDINGS (EMPLOYEE SECURITY PLAN SECURITIES)

2018	Held at the beginning of the reporting year	Granted during the year	Disposals / Forfeitures	Held at the end of the reporting year
Directors				
Matthew Madsen	-	600,000	-	600,000
Leylan Neep	-	300,000	-	300,000
Senior executive				
Lachlan Davidson	-	200,000	-	200,000
Total	**-**	**1,100,000**	**-**	**1,100,000**

Details on long term incentives granted to executive directors and senior executives are set out on page 14.

SERVICE AGREEMENTS

It is the Group's policy that service contracts for salaried key management personnel are unlimited in term but capable of termination with notice by either party. The Group retains the right to terminate the contract immediately without notice if the key management personnel is at any time guilty of serious, wilful or persistent misconduct. On termination, salaried key management personnel are entitled to receive their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits. No amount was paid in 2018 or 2017. Unless otherwise stated, service agreements do not provide for pre-determined compensation values or the manner of payment. Compensation is determined in accordance with the general remuneration policy outlined above. The manner of payment is determined on a case by case basis and is generally a mix of cash and non-cash benefits as considered appropriate by the board.

Remuneration and other terms of employment for directors and key management personnel are set by the board. The terms may include fees, salary and provide for the provision of performance-related cash bonuses, other benefits including car parking and participation, in the GARDA Capital Group Employee Security Plan.

Key terms of the appointment of each of the key management personnel are described below:

DIRECTORS AND KEY MANAGEMENT PERSONNEL

Matthew Madsen Executive Chairman and Managing Director

- Term of agreement: no fixed term, on-going.
- Base fee as at 30 June 2018 of $495,000 per annum plus GST, to be reviewed annually.
- Termination notice period is one years' notice.

Mark Hallett Non-Executive Director
Chair of Nomination and Remuneration Committee

- Term of agreement: no fixed term, on-going.
- Base fee as at 30 June 2018 of $75,000 per annum plus GST, with increases for time and scope, to be reviewed annually.
- Termination notice period is 90 days' notice.

Philip Lee Non-Executive Director
Chair of Audit and Risk Committee

- Term of agreement: no fixed term, on-going.
- Base remuneration as at 30 June 2018 of $60,000 per annum (including superannuation), to be reviewed annually.
- Termination notice period is 90 days' notice.

Leylan Neep Executive Director and Chief Financial Officer

- Term of agreement: no fixed term, on-going.
- Base remuneration as at 30 June 2018 of $230,000 per annum (plus superannuation), to be reviewed annually.
- Termination notice period is 4 weeks' notice.

Lachlan Davidson General Counsel and Company Secretary

- Term of agreement: no fixed term, on-going.
- Base remuneration as at 30 June 2018 of $170,000 per annum (plus superannuation), to be reviewed annually.
- Termination notice period is 2 months' notice.

LONG TERM INCENTIVES: EMPLOYEE SECURITY PLAN

The establishment of the GARDA Capital Group employee security plan (ESP) was approved by securityholders at the Group's 2017 annual general meeting. The ESP is designed to provide long-term incentives to employees including executive directors to deliver long-term securityholder value, alignment with securityholder interests, market competitiveness, recognition of individual performance and experience and recognition for Group performance.

Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. The vesting of securities occurs over a two to three-year period, and subject to the participant remaining an employee of the Group.

The employees including executive directors who participated in the issue of securities under the ESP during the year were provided limited recourse loans on the grant date of an amount equal to the application price of the securities being $1.00, which was the equal to the market price per security on grant date.

Interest on the limited recourse loan for any particular year is equal to the Australian Tax Office fringe benefits tax benchmark interest rate. The limited recourse loan for the participants has a term of eight years. The securities issued under the ESP are subject to employee tenure conditions, however the overall ESP terms and conditions are at the discretion of the Board.

The Board believes strongly that alignment of staff with the interests of securityholders is important, and an effective ESP achieves that.

Details of the securities granted as remuneration to KMP are as follows:

	250,000 securities	850,000 securities
Grant date	13 November 2017	13 November 2017
Expiry date/ vesting date	13 November 2019	13 November 2020
Security price at grant date	$1.00	$1.00
Fair value at grant date	$0.11	$0.13
Exercise price at grant date	$1.00	$1.00
Limited recourse loan value	$250,000	$850,000

The fair value at grant date is determined using Black Scholes option pricing model that takes into account the exercise price, the term of the security, the security price at grant date and expected price volatility of the underlying security, the expected dividend yield, the risk-free interest rate for the term of the security and certain probability assumptions.

The terms and conditions relating to securities granted as remuneration during the year to relevant KMP are as follows:

	Grant Date	Number of securities granted	Grant date Value	Fair Value at grant date[1] $	Limited recourse loan balance	Expiry Date for Vesting or Payment
Group KMP						
Matthew Madsen	13/11/2017	600,000	$600,000	$63,998	$600,000	13/11/2020
Leylan Neep	13/11/2017	150,000	$150,000	$13,946	$150,000	13/11/2019
	13/11/2017	150,000	$150,000	$15,999	$150,000	13/11/2020
Lachlan Davidson	13/11/2017	100,000	$100,000	$9,297	$100,000	13/11/2019
	13/11/2017	100,000	$100,000	$10,666	$100,000	13/11/2020
		1,100,000	**$1,100,000**	**$113,906**	**$1,100,000**	

1. The fair value of securities granted as remuneration and as shown in the above has been determined in accordance with Australian Accounting Standards and will be recognised over the relevant vesting period to the extent that conditions necessary for vesting are satisfied.

The plan was established in November 2017 and therefore no securities were issued or granted under the ESP in prior periods.

REMUNERATION: RELATIONSHIP TO SECURITYHOLDER WEALTH

The overall level of key management personnel's compensation takes into account the performance of the Group and in particular the profits derived and dividends paid by the Company. Such performance is considered when determining the level of short term incentives (i.e. bonuses) paid to key management personnel in any given financial year. This policy has been consistently applied over a number of years and takes into consideration:

Measures	2018	2017	2016	2015	2014
Profit/(loss) for the financial year ($)	2,786,771	2,509,056	113,570	483,510	(241,820)
GCM ASX closing price at financial year end ($)	1.25	0.89	n/a	n/a	n/a
Total dividends declared (cents per security)	1.128	-	-	-	-

No short-term incentives have been paid to any of the key management personnel in the current or prior year in respect of purely profit driven performance.

Other transactions with directors

Directors or their related parties, hold positions in other entities that result in them having control or joint control over the financial and operating policies of those entities.

A number of these entities transacted with the Group during the year. The terms and conditions of the transactions with directors and their related parties as disclosed below were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

Hallett Legal Pty Ltd, a law firm in which Mark Hallett was a director, provided legal services to the Group during the year prior to its merger with Macpherson Kelley.

Fees of $11,527 (2017: $9,809) were paid by the Group for these services. These transactions were entered into on normal commercial terms. As at 30 June 2018 the Group did not owe anything (2017: nil) to Hallett Legal Pty Ltd.

As at 30 June 2018, loan facilities exist with M3SIT Pty Ltd as trustee for the M3 Solutions Investment Trust, being a major securityholder in the Company, and Mr Hallett also being a director of M3SIT Pty Ltd. The amount outstanding under the secured facility at 30 June 2018 was $1,970,000 (2017: $2,070,001). The terms of this facility and repayments for the year are disclosed in note 12, interest of $160,953 has been paid during the year including $100,000 which was capitalised in prior year (2017: $212,838 with $43,520 capitalised).

During the period GARDA Finance Pty Ltd received rent of $5,000 (2017: $10,000) from Madsen Advisory Pty Ltd (related entity of Executive Chairman and Managing Director – Mathew Madsen) for sublet office space.

During the period $10.0 million was borrowed to fund the acquisition of a further investment of the Group in GDF. Refer to Note 12 for terms and conditions of this loan. Details of the lenders, who participated and are related parties, and the amounts are detailed in the table below:

Lender	Amount owing 30 June 2018 $	Amount owing 30 June 2017 $	Interest Paid 30 June 2018 $	Interest Paid 30 June 2017 $
M3SIT Pty Ltd as trustee for M3 Solutions Investment Trust	1,000,000	-	38,164	-

END OF REMUNERATION REPORT

TRUST DISCLOSURES

Interests in the Trust

The movement in units on issue in the Trust during the year is disclosed in note 14 of the financial statements.

The value of the Fund's assets and liabilities is disclosed in the statement of financial position and derived using the basis set out in note 2 of the financial statements.

Remuneration disclosure

The senior management and staff of GARDA Capital Group whose actions have a material impact on the risk profile of the Trust are considered to be the key management personnel identified in the remuneration report which is included in this Directors' Report.

The amount of the aggregate remuneration paid by GARDA Capital Group to those key management personnel in respect of the financial year ended 30 June 2018 was $1,169,434 (2017: $1,188,348).

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITOR

The Group has agreed to indemnify current and former directors against all liabilities to another person (other than the Group or related entity) that may arise from their position of directors of the Group, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Group will meet the full amount of any such liabilities, including costs and expenses.

In addition, the Group has agreed to indemnify certain key officers against all liabilities to another person (other than the Group or related entity) that may arise from their position in the Group, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Group will meet the full amount of any such liabilities, including costs and expenses.

The indemnities were limited as required under the *Corporations Act 2001*.

The Group has paid premiums in respect of their officers for liability and legal expenses for the year ended 30 June 2018. Such insurance contracts insure against certain liability (subject to specified exclusions) for persons who are or have been officers of the Group. Details of the nature of the liabilities covered or the amount of the premium paid has not been included as such disclosure is prohibited under the terms of the contract.

The Group has not indemnified its auditor.

PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purposes of taking responsibility on behalf of the Group for all or any part of those proceedings.

Under the Group's complaints handling procedures there have been no complaints during the year.

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 18 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor, is compatible with general standard of independence for auditors imposed by the *Corporations Act 2001*.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration forms part of the Director's Report and can be found on page 18.

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

Mr Matthew Madsen

Executive Chairman

23 August 2018

02 AUDITOR'S INDEPENDENCE DECLARATION

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DECLARATION OF INDEPENDENCE BY T R MANN TO THE DIRECTORS OF GARDA CAPITAL LIMITED AND THE DIRECTORS OF GARDA FUNDS MANAGEMENT LIMITED AS RESPONSIBLE ENTITY OF GARDA CAPITAL TRUST

As lead auditor of GARDA Capital Group for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of GARDA Capital Group which comprises both GARDA Capital Limited and the entities it controlled during the period and GARDA Capital Trust.

T R Mann
Director

BDO Audit Pty Ltd

Brisbane, 23 August 2018

03 CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	Note	GARDA Capital Group		GARDA Capital Trust	
		2018 $000's	2017 $000's	2018 $000's	2017 $000's
Revenue	4	6,585	4,971	1,339	978
Other income	4	630	950	581	750
Employee benefits expense		(1,460)	(1,530)	-	-
Professional costs		(975)	(900)	(14)	(144)
Facilities management costs		(77)	(109)	-	-
Depreciation		(21)	(19)	-	-
Amortisation of intangible assets		(89)	(103)	-	-
Insurance		(128)	(112)	-	-
Occupancy costs		(269)	(266)	-	-
Finance costs		(546)	(296)	(385)	-
Security based payments expense	24	(29)	-	(29)	-
Other expenses		(332)	(296)	(10)	(30)
Impairment of intangible assets	10	-	(220)	-	-
Profit before income tax		**3,289**	**2,070**	**1,482**	**1,554**
Income tax (expense) / benefit	6	(502)	439	-	-
Profit after income tax		**2,787**	**2,509**	**1,482**	**1,554**
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive income for the year		**2,787**	**2,509**	**1,482**	**1,554**
Total profit and total comprehensive income for the year attributable to:					
Members of GARDA Capital Limited		1,305	800	-	-
Unitholders of GARDA Capital Trust		1,482	1,709	1,482	1,554
Profit and total comprehensive income for the year		2,787	2,509	1,482	1,554
Earnings per stapled security:					
Basic and diluted earnings per stapled security (cents)	23	**11.6**	10.6	**n/a**	n/a
Basic and diluted earnings per unit (cents)	23	**n/a**	n/a	**6.2**	6.6

The above consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

04 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2018

		GARDA Capital Group		GARDA Capital Trust	
	Note	2018 $000's	2017 $000's	2018 $000's	2017 $000's
ASSETS					
Current assets					
Cash and cash equivalents	22	8,547	5,947	2,807	2,780
Trade and other receivables	7	1,133	1,942	425	300
Total current assets		**9,680**	**7,889**	**3,232**	**3,080**
Non-current assets					
Property, plant and equipment		84	70	-	-
Financial assets	9	21,786	11,205	21,786	11,205
Investment properties	8	1,250	1,201	-	-
Intangible assets	10	326	415	-	-
Deferred tax asset	6	-	343	-	-
Total non-current assets		**23,446**	**13,234**	**21,786**	**11,205**
Total assets		**33,126**	**21,123**	**25,018**	**14,285**
LIABILITIES					
Current liabilities					
Trade and other payables	11	1,153	797	425	251
Borrowings	12	-	-	566	557
Provisions	13	20	20	-	-
Current tax liability	6	102	-	-	-
Total current liabilities		**1,275**	**817**	**991**	**808**
Non-current liabilities					
Deferred tax liability	6	57	-	-	-
Borrowings	12	11,970	2,070	10,000	-
Provisions	13	22	13	-	-
Total non-current liabilities		**12,049**	**2,083**	**10,000**	**-**
Total liabilities		**13,324**	**2,900**	**10,991**	**808**
Net assets		**19,802**	**18,223**	**14,027**	**13,477**
EQUITY					
Equity attributable to members of the Company					
Contributed equity	14	4,539	4,544	-	-
Retained earnings		1,081	47	-	-
		5,620	**4,591**	**-**	**-**
Equity attributable to unitholders of the Trust					
Contributed equity	14	12,832	12,863	12,832	12,863
Security based payments reserve	24	29	-	29	-
Retained earnings		1,321	769	1,166	614
		14,182	**13,632**	**14,027**	**13,477**
Total equity		**19,802**	**18,223**	**14,027**	**13,477**

The above consolidated Statements of Financial Position should be read in conjunction with the Notes to the Financial Statements.

05 STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

GARDA Capital Group Consolidated	Attributable to Members of the Company			Attributable to Unitholders of the Trust			Total	Total Equity
	Contributed equity	Retained earnings	Total	Contributed equity	Security based payments reserve	Retained earnings		
	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's
Balance at 1 July 2016	**1,943**	**(753)**	**1,190**	**-**	**-**	**-**	**-**	**1,190**
Profit for the year	-	800	800	-	-	1,709	1,709	2,509
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	800	800	-	-	1,709	1,709	2,509
Transactions with owners in their capacity as owners								
Security issue	2,725	-	2,725	13,305	-	-	13,305	16,030
Security issue transaction costs	(124)	-	(124)	(442)	-	-	(442)	(566)
Dividends paid and payable	-	-	-	-	-	-	-	-
Distributions paid and payable	-	-	-	-	-	(940)	(940)	(940)
Total transaction with owners in their capacity as owners	2,601	-	2,601	12,863	-	(940)	11,923	14,524
Balance at 30 June 2017	**4,544**	**47**	**4,591**	**12,863**	**-**	**769**	**13,632**	**18,223**

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

05 STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

GARDA Capital Group Consolidated	Attributable to Members of the Company			Attributable to Unitholders of the Trust				
	Contributed equity	Retained earnings	Total	Contributed equity	Security based payments reserve	Retained earnings	Total	Total Equity
	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's
Balance at 1 July 2017	4,544	47	4,591	12,863	-	769	13,632	18,223
Profit for the year	-	1,305	1,305	-	-	1,482	1,482	2,787
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	1,305	1,305	-	-	1,482	1,482	2,787
Transactions with owners in their capacity as owners								
Security issue transaction costs	(5)	-	(5)	(31)	-	-	(31)	(36)
Issue of employee securities	-	-	-	-	29	-	29	29
Dividends paid and payable		(271)	(271)	-	-	-	-	(271)
Distributions paid and payable	-	-	-	-	-	(930)	(930)	(930)
Total transaction with owners in their capacity as owners	(5)	(271)	(276)	(31)	29	(930)	(932)	(1,208)
Balance at 30 June 2018	**4,539**	**1,081**	**5,620**	**12,832**	**29**	**1,321**	**14,182**	**19,802**

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

05 STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

GARDA CAPITAL TRUST	CONTRIBUTED EQUITY $000's	SECURITY BASED PAYMENTS RESERVE $000's	RETAINED EARNINGS $000's	TOTAL $000's
Balance at 1 July 2016	-	-	-	-
Profit for the year	-	-	1,554	1,554
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	1,554	1,554
Transactions with owners				
Unit Issue	13,305	-	-	13,305
Unit issue transaction costs	(442)	-	-	(442)
Distributions paid and payable	-	-	(940)	(940)
Total transactions with owners in their capacity as owners	12,863	-	(940)	11,923
Balance at 30 June 2017	**12,863**	**-**	**614**	**13,477**
Balance at 1 July 2017	**12,863**	**-**	**614**	**13,477**
Profit for the year	-	-	1,482	1,482
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	1,482	1,482
Transactions with owners				
Unit issue transaction costs	(31)	-	-	(31)
Security based payments reserve	-	29	-	29
Distributions paid and payable	-	-	(930)	(930)
Total transactions with owners in their capacity as owners	(31)	29	(930)	(932)
Balance at 30 June 2018	**12,832**	**29**	**1,166**	**14,027**

The above Statements of Changes in Equity should be read in conjunction with the notes to the Financial Statements.

06 CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Note	GARDA Capital Group		GARDA Capital Trust	
		2018 $000's	2017 $000's	2018 $000's	2017 $000's
Cash flows from operating activities					
Receipts from customers		5,109	4,129	-	-
Cash payments in the course of operations		(3,491)	(3,607)	(7)	(8)
Interest received		106	147	47	33
Distributions received		1,106	930	1,106	705
Interest paid		(371)	(479)	(210)	-
Income tax paid		-	(252)	-	-
GST paid		(317)	(117)	23	-
Net cash provided by operating activities	22	2,142	751	959	730
Cash flows from investing activities					
Payments for property, plant and equipment		(37)	(53)	-	-
Funds transferred for wind up expenses	13	-	27	-	-
Wind up expenses paid	13	-	(173)	-	-
Payments for acquisition of financial assets		(10,000)	-	(10,000)	-
Repayment of loan receivable from external parties		1,877	2,000	-	-
Loan advances to external parties		(350)	(960)	-	-
Net cash (used in) provided by investing activities		(8,510)	841	(10,000)	-
Cash flows from financing activities					
Proceeds from secured syndicate borrowings		10,000	-	10,000	-
Repayment of securityholder loan (capitalised interest)		(100)	-	-	-
Repayment of unsecured loans		-	(500)	-	-
Repayment of securityholder loans		-	(2,430)	-	-
Proceeds from security issue		-	6,680	-	2,750
Payment of security issue costs		-	(374)	-	-
Distributions paid		(932)	(700)	(932)	(700)
Net cash provided by (used in) financing activities		8,968	2,676	9,068	2,050
Net increase in cash held		2,600	4,268	27	2,780
Cash at the beginning of the financial year		5,947	1,679	2,780	-
Cash at the end of the financial year	**22**	**8,547**	**5,947**	**2,807**	**2,780**

The above consolidated Statements of Cash Flows should be read in conjunction with the Notes to the Financial Statements.

07 NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL REPORT

NOTE 1 GENERAL INFORMATION

Listed Group

The GARDA Capital Group is listed on the Australian Securities Exchange (**ASX**). The listed GARDA Capital Group is a stapled security structure comprising GARDA Capital Limited (**Company** or **GCL**) and its subsidiaries and the GARDA Capital Trust (**Trust** or **GCT**) (**GARDA Capital Group** or **Group**). Each unit in GARDA Capital Trust is stapled to one share in GARDA Capital Limited, and they cannot be traded separately.

The financial statements includes separate financial statements for GARDA Capital Group and GARDA Capital Trust as a stand-alone entity. GARDA Capital Limited has been deemed the parent entity of the Trust.

GARDA Capital Group has presented consolidated financial statements in accordance with Class Order 13/1050.

Operations and principal activities

The GARDA Capital Group is an integrated real estate business comprising funds management and property investment.

GARDA Capital Limited is the responsible entity of the ASX listed GARDA Diversified Property Fund (**GDF**), while other Group entities undertake the related real estate management and leasing for this portfolio. GARDA Finance Pty Ltd is the Group's debt advisory business, which provides intermediary services to borrowers, and arranges commercial real estate debt facilities for both investors and developers. A Group subsidiary, GARDA Funds Management Limited, is the responsible entity of GARDA Capital Trust which is a registered managed investment scheme and is the primary investment vehicle for the GARDA Capital Group.

The Group invests in real estate through both equity and debt. GARDA Capital Trust currently holds a substantial investment of 18.7 million units in GDF (13.5%). The Trust previously held 10.0 million units and increased its investment during the year by 8.7 million units through its participation in a GDF entitlement offer in December 2017. The Trust took up its entitlement and acquired additional units through a sub-underwriting agreement. A Group subsidiary, GARDA Property Finance Pty Ltd is the vehicle in which the GARDA Capital Group currently invests into real estate via debt positions with third parties.

Currency and rounding

The financial report is presented in Australian dollars. The financial report is rounded to the nearest dollar. The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest $1,000 or in certain cases, to the nearest dollar.

Registered office

The registered office and principal place of business of the Group is situated at Level 21, 12 Creek Street, Brisbane QLD 4000.

Authorisation of financial report

The financial report was authorised for issue on 23 August 2018 in accordance with a resolution of the directors.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Compliance with IFRS

The financial statements also comply with International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board.

Historical cost convention

The financial statements have been prepared on a historical cost basis, except for investment properties and financial assets which are measured at fair value.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED.

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on historical experiences and the best available current information on current trends and economic data, obtained both externally and within the Group. These estimates and judgements assume a reasonable expectation of future events, but actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period and future periods if the revision affects both current and future periods.

Key estimates and judgements – goodwill

The Group carried out an annual assessment of goodwill for any impairment by comparing the recoverable value of the cash generating unit to which the goodwill was allocated to against its carrying value. External and internal sources of information for indicators of impairment were also considered.

Based on the annual assessment of impairment of goodwill by the Group, an impairment charge of $nil (2017: $220,000) was recognised against the carrying value goodwill. Refer note 10 for the basis of determining recoverable value and key assumptions used.

Key assumptions – investment property valuation

The Group makes key assumptions in determining the fair value of its investment property as at the balance date. The assumptions thought to bear the most significant impact on the adopted fair value of investment property is disclosed in note 8, together with the carrying amount of the investment property asset measured at fair value.

Accounting policies

a. Consolidation

Following the successful capital raising as part of the Group's initial public offering (**IPO**), on 13 July 2016, GARDA Capital Group was admitted to the official list of the Australian Securities Exchange and on 14 July 2016, GARDA Capital Group began trading on the ASX. The listed GARDA Capital Group is a stapled security structure comprising the company and its subsidiaries and the Trust, and their respective subsidiaries (GARDA Capital Group or Group). Each unit in GARDA Capital Trust is stapled to one share in GARDA Capital Limited, and they cannot be traded separately.

The consolidated financial statements incorporate the assets, liabilities and results of all subsidiaries of GARDA Capital Limited at the end of the reporting period. Subsidiaries are all entities, including special purpose entities, over which GARDA Capital Limited has control. The Group has control over an entity when it is exposed to, or has rights to, variable returns from its involvement in the entity, and has the ability to use its power to affect these returns. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The Group not only has to consider its holdings and rights but also the holdings and rights of other securityholders in order to determine whether it has the necessary power for consolidation purposes. The existence and effect of potential voting rights where the Group has the practical ability to exercise them are considered when assessing whether the Group controls another entity.

Where subsidiaries have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in note 21 to the financial statements. In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of GARDA Capital Limited. When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss.

The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or available for sale financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED.

b. Income Tax

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

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are 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 unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside 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 and 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 asset 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) a legally enforceable right of set-off exists; and (b) 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 asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

The charge for current income tax expense is based on the profit/(loss) for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Tax Consolidation

GARDA Capital Limited and its wholly owned Australian subsidiaries (excluding GARDA Capital Trust) have implemented the tax consolidation legislation.

The head entity, GARDA Capital Limited, and its subsidiaries in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right. In addition to its own current and deferred tax amounts, GARDA Capital Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly owned subsidiaries fully compensate GARDA Capital Limited for any current tax payable assumed and are compensated by GARDA Capital Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to GARDA Capital Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED.

Income tax for Trusts

Under the current income tax legislation, the Trust is not liable for Australian income tax, provided their taxable income and taxable realised gain are fully distributed to securityholders each financial year. The Trust distributes its distributable income, calculated in accordance with its Constitution and the applicable taxation legislation, to securityholders who are presently entitled to the income under the Constitution.

c. Segment reporting

The Chief Operating Decision Maker (**CODM**) has been identified as the Executive Chairman as he is responsible for the strategic decision making within the Group. The Group's operating segments have been identified based on financial information reviewed by the CODM in order to monitor performance across the Group and appropriately allocate resources. Refer to note 26 for segment disclosures.

d. Finance costs

Finance costs include interest, amortisation of discounts or premiums relating to borrowings and amortisation of ancillary costs incurred in connection with arrangements of borrowings.

Interest payments in respect of financial instruments classified as liabilities are included in finance costs.

Loan establishment costs are offset against financial liabilities in accordance with the effective interest method and amortised over the term of the facility to which they relate.

e. Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

Provision of services

Revenue from providing services is recognised in the profit or loss in proportion to the stage of completion of the service to be performed at the reporting date. Invoices raised for services not yet completed are recognised as deferred income on the Statement of Financial Position.

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (**GST**).

Interest income

Interest income is recognised using the effective interest method.

Distributions

Distribution income is recognised as revenue when the right to receive payment is established.

f. Financial Instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost less impairment. Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period. Trade receivables are recognised at original invoice amounts less any provision for impairment and are generally due for settlement within 30 days.

(ii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

(iii) Designation at fair value through profit or loss

The Group has designated financial assets and financial liabilities at fair value through profit or loss in either of the following circumstances:

- The assets and liabilities are managed, evaluated and reported internally on the fair value basis.
- The designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.
- Note 9 sets out the amount of each class of financial asset that has been designated at fair value through profit or loss. A description of the basis for each designation is set out in the note for the relevant asset class.

Impairment

A financial asset is assessed for impairment at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have a negative effect on the estimated future cash flows of that asset. In the case of available for sale financial assets, a significant or prolonged decline in the value of the instrument below cost is considered to determine whether an impairment has arisen.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted as the original effective interest rate. An impairment loss in respect of an available for sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of available for sale financial assets recognised previously in equity is reclassified to profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available for sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available for sale financial assets that are equity securities, the reversal is recognised directly in other comprehensive income.

The carrying amount of receivables is reduced by the use of an allowance account where there is objective evidence that the entity will not be able to recover all amounts due. Evidence of impairment may include indications that the customer is experiencing significant financial difficulty. Where debt collection procedures have been commenced; there is a fair probability that the customer will be put into administration or liquidation.

The amount of the provision is the difference between the carrying amount of the receivable and the present value of the estimated future cash flows, discounted at the effective interest rate.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED.

When receivables for which impairment has previously been recognised are determined to be uncollectible, they are written off against the allowance account. If no provision for impairment was previously recognised, the impairment is written off against the receivable directly. Impairment losses arising from the use of allowance accounts or bad debts are recognised in the profit or loss.

Receivables are determined to be uncollectible only when there is no expectation of recovering any additional cash. This may occur when a final distribution has been made from administrators / liquidators, or where unsuccessful attempts have been made to recover the debt through legal actions or debt collection agencies and the prospect of recovering any additional cash is remote.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

g. Impairment of Non-Financial Assets

At each reporting date, the Group reviews the carrying values of its non-financial assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit or loss. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

h. Fair Values

Fair values may be used for financial and non-financial asset and liability measurement as well as sundry disclosures.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is based on the presumption that the transaction takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market. The principal or most advantageous market must be accessible to, or by, the Group.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The fair value measurement of a non-financial asset takes into account the market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.

In measuring fair value, the group uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

i. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED.

j. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation 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 Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flow on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

k. Investment Properties

Investment properties held for indefinite future use or long-term capital appreciation are initially measured at cost including transaction costs. Subsequent to initial recognition, investment properties are carried at fair value, which is measured using the direct comparison approach as the primary valuation method. Gains and losses arising from changes in fair values of investment properties are included in profit or loss as part of other income in the year in which they arise.

l. Operating Leases

Operating leases payments, net of any incentives from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

m. Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period.

Short-term employee benefits

Liabilities for wages, annual leave and bonuses that are expected to be settled wholly within twelve months of the end of the reporting period are recognised in Other Liabilities in respect of employee services provided to the end of the reporting period and are measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Long-term employee benefits

Liabilities for long service leave are recognised as provisions for employee benefits and are measured at the present value of the expected future payments to be made in respect of services provided to the end of the reporting period using the projected unit credit method. Consideration is given to expected future salary and wage increases, experience of employee departures and periods of service. Regardless of when settlement is expected to occur, liabilities for long service leave and annual leave are presented as current liabilities in the Statement of Financial Position if the entity does not have an unconditional right to defer settlement for at least twelve months after the end of the reporting period. Contributions are made by the Group to employee superannuation funds and are recognised in profit or loss when incurred.

Retirement benefit obligations

All employees can direct the Group to make contributions to a defined contribution plan of their choice.

n. Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

o. Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be requested to settle the obligation.

p. Intangibles

Procurement and trail fees

Procurement and trail fees are classified as intangible assets with a finite life. They are recorded at cost and amortised on a straight-line basis over the expected useful life of the fees being 1 to 5 years.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED.

Goodwill

Goodwill on acquisitions of subsidiaries is included in goodwill as intangible assets. Goodwill is not amortised but is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Impairment losses on goodwill cannot be reversed.

q. Contributed Equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary securities are recognised directly in equity as a reduction of the security proceeds received.

Ordinary units in GARDA Capital Trust are classified as unitholders funds. Incremental costs directly attributable to the issue of new units are shown in equity as a deduction from the proceeds received.

r. Earnings per security

Basic earnings per security

Basic earnings per security is calculated by dividing the profit attributable to the owners of GARDA Capital Limited, excluding any costs of servicing equity other than ordinary securities, by the weighted average number of ordinary securities outstanding during the financial year.

Diluted earnings per security

Diluted earnings per security adjusts the figures used in the determination of basic earnings per security to take into account the impact of dilutive potential securities.

s. Security based payments expense

The GARDA Capital Group employee security plan (**ESP**) was approved at the Group's 2017 annual general meeting. On 13 November 2017, securities were issued to executive directors and certain senior management personnel and therefore the Group has applied an accounting policy for measurement and recognition of security based payments expense have been applied.

The cost of equity-settled transactions including loan funded security issues are determined by the fair value at the date when the grant is made, using the Black Scholes option pricing model and is recognised as security based payments expense proportionately over the vesting period with the corresponding increase in Security based payments reserve in equity.

No expense is recognised for securities that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting conditions are satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled securities are modified, the minimum expense recognised is the expense had the terms not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the security based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

When an equity-settled security is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the security is recognised immediately. This includes any security where non-vesting conditions within the control of either the entity or the employee are not met.

t. Comparative Figures

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

u. Adoption of New and Revised Accounting Standards and Interpretations

The Group applied, for the first time, certain standards and amendments which are effective for annual periods beginning on or after 1 July 2017. The nature and the impact of each new standard and/or amendment was not significant.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED.

v. New and Amended Accounting Standards and Interpretations Not Yet Adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

New/revised pronouncements	Nature of change	Application date to the Group	Impact to the Group
AASB 9 Financial Instruments (December 2014)	The AASB has issued the complete AASB 9. The new standard includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, and supplements the new general hedge accounting requirements previously published.	30 June 2019	The Group does not foresee any significant impact to the net profit and net assets as a result of applying this new accounting standard.
AASB 15 Revenue from Contracts with Customers	The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time.	30 June 2019	The Group does not foresee any significant impact to the net profit and net assets as a result of applying this new accounting standard.
AASB 16 Leases (issued February 2016)	AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its balance sheet in a similar way to how existing finance leases are treated under AASB 117.	30 June 2020	To the extent that the entity, as lessee, has significant operating leases outstanding at the date of initial application, 1 July 2019, right-of-use assets will be recognised for the amount of the unamortised portion of the useful life, and lease liabilities will be recognised at the present value of the outstanding lease payments. Thereafter, earnings before interest, depreciation, amortisation and tax (EBITDA) will increase because operating lease expenses currently included in EBITDA will be recognised instead as amortisation of the right-of-use asset, and interest expense on the lease liability.

NOTE 3 DIVIDENDS AND DISTRIBUTIONS PAID AND PAYABLE TO SECURITYHOLDERS

	2018 $000's	2017 $000's
Dividends paid or provided for by the Company during the year were:		
Year ended 30 June 2018, 1.128 cents per unit (2017: nil cents)	271	-
	271	**-**
Distributions paid or provided for by the Trust during the year were:		
Quarter ended 30 September 2017, 0.936 cents per unit (2017: 0.978 cents)	225	235
Quarter ended 31 December 2017, 0.936 cents per unit (2017: 0.978 cents)	225	235
Quarter ended 31 March 2018, 1.000 cents per unit (2017: 0.978 cents)	240	235
Quarter ended 30 June 2018, 1.000 cents per unit (2017: 0.978 cents)	240	235
	930	**940**

Dividends and Distributions declared for the year/quarter ended 30 June 2018, but not paid until after year end, have been provided for.

NOTE 4 REVENUE AND OTHER INCOME

	GARDA Capital Group		GARDA Capital Trust	
	2018 $000's	2017 $000's	2018 $000's	2017 $000's
Operating revenue				
Management fees – responsible entity	1,489	1,238	-	-
Management fees – property management	522	589	-	-
Management fees – facilities management	161	157	-	-
Projects income	136	155	-	-
Real estate commission	-	345	-	-
Leasing fees	437	275	-	-
Recovery of professional fees	601	271	-	-
Registry costs	-	13	-	-
Capital works fee	540	282	-	-
Interest	290	128	-	-
Sub underwriting and commitment fees	200	-	-	-
Procurement fees	506	150	-	-
Trail fees	291	326	-	-
Total Operating Revenue	5,173	3,929	-	-
Non-Operating revenue				
Interest	106	78	47	38
Distributions received	1,292	940	1,292	940
Sundry income	14	24	-	-
Total Non-Operating Revenue	1,412	1,042	1,339	978
Total Revenue	**6,585**	**4,971**	**1,339**	**978**
Other income				
Fair value gain on financial assets	581	950	581	750
Fair value gain on investment property	49	-	-	-
Total Other income	630	950	581	750
Total Revenue and Other Income	**7,215**	**5,921**	**1,920**	**1,728**

NOTE 5 PROFIT BEFORE INCOME TAX

	GARDA Capital Group		GARDA Capital Trust	
	2018 $000's	2017 $000's	2018 $000's	2017 $000's
Profit before tax include the following specific expense:				
Employee benefits expense: Contributions to Superannuation Funds	119	115	-	-
Minimum Lease Payments	269	266	-	-

NOTE 6 INCOME TAX

	GARDA Capital Group		GARDA Capital Trust	
	2018 $000's	2017 $000's	2018 $000's	2017 $000's
The components of income tax expense/benefit comprise:				
Current tax (expense)/ benefit	(102)	108	-	-
Deferred tax (expense)/ benefit	(400)	331	-	-
Income tax benefit/(expense)	**(502)**	**439**	**-**	**-**

The income tax benefit of $0.44 million arose in the prior year as a result of the utilisation of available capital losses against capital gains arising during that year. The capital gains arose as a result of certain capital transactions of the GARDA Capital Group which were completed immediately following the listing of the Group in July 2017.

GARDA Capital Group was also eligible for a small business entity tax rate of 27.5% during the year.

The prima facie tax on profit before income tax is reconciled to income tax as follows:

Profit before income tax	3,289	2,070	1,482	1,554
Prima facie tax payable at 27.5% (2017: 27.5%)	(904)	(569)	408	427
Non-assessable net trust income	408	427	(408)	(427)
Entertainment	(6)	(3)	-	-
Non-deductible recognition of goodwill	-	(55)	-	-
Capital losses utilised	-	620	-	-
Change in income tax rates	-	11	-	-
Other non-deductible items	-	8	-	-
	(502)	**439**	**-**	**-**

Composition of deferred tax balances

Tax losses	-	393	-	-
Provision for employee benefits	13	11	-	-
Accrued expenses	42	52	-	-
Lease incentive liability	10	13	-	-
Legal fees (blackhole) expensed	-	5	-	-
Entry cost base adjustment – intangibles	(92)	(92)	-	-
Entry cost base adjustment – PP&E	(3)	(3)	-	-
Amortisation of intangibles	82	54	-	-
Legal fees (cost base)	8	14	-	-
Capital raising costs	27	34	-	-
Revaluation of investment property	(150)	(138)	-	-
Deferred tax asset (liability)	**(57)**	**343**	**-**	**-**

NOTE 6 INCOME TAX CONTINUED.

GARDA CAPITAL GROUP – MOVEMENTS IN DEFERRED TAX BALANCES

2018	Opening balance	Charged to income statement	Charged to equity	Closing balance
	$000's	$000's	$000's	$000's
Tax losses	393	(393)	-	-
Provision for employee benefits	11	2	-	13
Accrued expenses	52	(10)	-	42
Lease incentives	13	(3)	-	10
Legal fees (blackhole) expensed	5	(5)	-	-
Entry cost base adjustment – intangibles	(92)	-	-	(92)
Entry cost base adjustment – PP&E	(3)	-	-	(3)
Amortisation of intangibles	54	27	-	82
Legal fees (cost base)	14	(6)	-	8
Capital raising costs	34	(7)	-	27
Revaluation of investment property	(138)	(12)	-	(150)
Deferred tax (liability) / asset	**343**	**(400)**	**-**	**(57)**

2017 opening balances were adjusted as a result of GARDA Capital Group being eligible for a small business entity tax rate of 27.5% during prior year compared to 30% tax rate in preceding years.

2017	Opening balance	Adjusted Opening balance	Charged to income statement	Charged to equity	Closing balance
	$000's	$000's	$000's	$000's	$000's
Tax losses	186	171	222	-	393
Provision for employee benefits	10	9	2	-	11
Accrued expenses	22	20	32	-	52
Lease incentives	14	13	-	-	13
Trademarks	1	1	(1)	-	-
Legal fees (blackhole) expensed	5	5	-	-	5
Entry cost base adjustment – intangibles	(100)	(92)	-	-	(92)
Entry cost base adjustment – goodwill	(83)	(76)	76	-	-
Entry cost base adjustment – PP&E	(3)	(3)	-	-	(3)
Amortisation of intangibles	105	96	(42)	-	54
Legal fees (cost base)	15	14	-	-	14
Capital raising costs	37	34	(39)	39	34
Other liabilities	2	2	(2)	-	-
Revaluation of investment property	(150)	(138)	-	-	(138)
Deferred component on distributions	(121)	(111)	111	-	-
Unrealised revaluation of units	(75)	(69)	69	-	-
Deferred tax (liability) / asset	**(135)**	**(124)**	**428**	**39**	**343**

NOTE 6 INCOME TAX CONTINUED.

There is no movement in deferred tax balances for GARDA Capital Trust.

Franking Credits

	GARDA Capital Group		GARDA Capital Trust	
	2018 $000's	2017 $000's	2018 $000's	2017 $000's
Franking credits available	3,795	3,678	-	-

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

(a) franking credits that will arise from the payment of the amount of the provision for income tax;

(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and

(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

NOTE 7 TRADE AND OTHER RECEIVABLES

	GARDA Capital Group		GARDA Capital Trust	
	2018 $000's	2017 $000's	2018 $000's	2017 $000's
Trade receivables	486	430	4	-
Prepayments	115	68	-	-
Distribution receivable	421	235	421	235
Sundry receivables	111	172	-	65
Loan to external parties (secured)	-	1,037	-	-
	1,133	**1,942**	**425**	**300**

A loan advance of $1.2 million provided to an external party was repaid during the year. Funds totalling $1.877 million (including interest charged of $0.367 million) were repaid. The loan was secured by a first registered mortgage and a general security agreement. Interest on the loan was capitalised and repayment of the full debt occurred on 29 March 2018. All other receivables are non-interest bearing.

NOTE 8 INVESTMENT PROPERTIES

	GARDA Capital Group		GARDA Capital Trust	
	2018 $000's	2017 $000's	2018 $000's	2017 $000's
Land at Palmer Street, Townsville	1,250	1,201	-	-
Total investment properties	**1,250**	**1,201**	**-**	**-**
Movements during the period				
Balance at beginning of year	1,201	1,201	-	-
Fair value movement	49	-	-	-
Balance at end of year	**1,250**	**1,201**	**-**	**-**

The land was independently valued on 14 December 2017 at $1,250,000. The valuation was based on independent assessments made by qualified and suitably experienced certified practicing external valuers using a direct comparison approach as the primary valuation method. Direct comparison valuation methodology primarily analyses historical sales of similar properties to determine rate per square metre of total land and ultimately an appropriate value is determined. The basis of the valuation is fair value, being the amounts for which the property could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market.

NOTE 9 FINANCIAL ASSETS

	GARDA Capital Group		GARDA Capital Trust	
	2018 $000's	2017 $000's	2018 $000's	2017 $000's
Financial assets measured at fair value through profit or loss				
Units in GARDA Diversified Property Fund	21,786	11,205	21,786	11,205
Total Financial Assets	**21,786**	**11,205**	**21,786**	**11,205**
Movements during the period				
Balance at beginning of year	11,205	10,255	11,205	-
Acquisition of units in GARDA Diversified Property Fund	10,000	-	10,000	-
Transfers from GARDA REIT Holdings Unit Trust	-	-	-	10,455
Fair value movement	581	950	581	750
Balance at end of year	**21,786**	**11,205**	**21,786**	**11,205**

In December 2017, the Trust acquired a further 8,695,653 units in GDF at $1.15 totalling $10.0 million through participation in a GDF entitlement offer, by taking up all its entitlement and acquiring additional units through a sub-underwriting agreement.

A 2.0% sub-underwriting/commitment fee was received by the Group as a result of its participation.

NOTE 10 INTANGIBLE ASSETS

	GARDA Capital Group		GARDA Capital Trust	
	2018 $000's	2017 $000's	2018 $000's	2017 $000's
Trail and procurement rights	582	582	-	-
Accumulated amortisation	(543)	(454)	-	-
Identifiable intangibles	**39**	**128**	**-**	**-**
Goodwill	287	287	-	-
Total intangible assets	**326**	**415**	**-**	**-**

	Trail and Procurement Rights	Goodwill	Total
	$000's	$000's	$000's
Movement during the period			
Balance at 1 July 2016	231	507	738
Amortisation expense	(103)	-	(103)
Impairment of intangible assets	-	(220)	(220)
Balance at 30 June 2017	**128**	**287**	**415**
Balance at 1 July 2017	128	287	415
Amortisation expense	(89)	-	(89)
Balance at 30 June 2018	**39**	**287**	**326**

NOTE 10 INTANGIBLE ASSETS CONTINUED.

IMPAIRMENT ASSESSMENT OF GOODWILL

Impairment testing for Cash Generating Unit Containing Goodwill

Goodwill of $0.64 million was generated through the acquisition of GARDA Finance Pty Ltd (formerly Madsen Finance Pty Ltd) in September 2014. For the purposes of annual impairment testing of goodwill, GARDA Finance Pty Ltd has been identified as a separate cash generating unit (**CGU**).

Impairment exists when the carrying amount of the CGU containing goodwill exceeds its recoverable amount. The recoverable amount is the higher of the fair value or value in use. Management has adopted a fair value or enterprise value approach in determining the recoverable amount considering this was the basis adopted for valuation of GARDA Finance Pty Ltd by the Independent Experts for acquisition purposes in a prior period. The fair value adopted for acquisition purposes principally comprised of goodwill and trail and procurement fee rights.

Key assumptions used in determining fair value is as follows:

- EBITDA for the financial years 2017 and 2018 and forecast EBITDA for the 2019 financial year;
- a normalised weighted EBITDA adopted for enterprise value calculations calculated in a consistent manner with the maintainable EBITDA used by the Independent Experts for acquisition purposes in a preceding period; and
- EBITDA multiple with a range of 1.75 to 2.25 as used by the Independent Experts for acquisition purposes in a preceding period.

The directors have also considered the following qualitative factors or triggering events in their assessment of impairment of goodwill:

- any significant adverse change in macroeconomic conditions such as deterioration in general economic conditions and developments in equity and credit markets; and
- any significant adverse change in legal, regulatory, competitive environment, political or economic conditions directly or indirectly affecting a debt advisory business.

In calculating a fair value based on normalised weighted EBITDA and applying a low (1.75), mid (2.00), and high (2.25) range multiples as above, there existed a surplus between enterprise value (recoverable amount) and the carrying amount of the CGU goodwill from $0.16 million to $0.30 million.

Based on the above considerations, no impairment loss is required for the 2018 financial year. In 2017, $0.22 million was recognised as impairment expense against the goodwill.

NOTE 11 TRADE AND OTHER PAYABLES

	GARDA Capital Group		GARDA Capital Trust	
	2018 $000's	2017 $000's	2018 $000's	2017 $000's
Trade creditors	5	38	-	-
Sundry creditors and accruals	394	446	9	12
Interest payable on syndicate loan	175	-	175	-
Distribution payable	242	239	241	239
Dividend payable	271	-	-	-
Annual leave payable	29	29	-	-
Rent incentive liability	37	45	-	-
	1,153	**797**	**425**	**251**

NOTE 12 BORROWINGS

	GARDA Capital Group		GARDA Capital Trust	
	2018 $000's	2017 $000's	2018 $000's	2017 $000's
Current				
Loan from GARDA Capital Limited	-	-	111	102
Loan from GARDA REIT Holdings Unit Trust	-	-	455	455
	-	**-**	**566**	**557**
Non-Current				
Securityholder loan (secured)	1,970	2,070	-	-
Syndicate loan (secured)	10,000	-	10,000	-
	11,970	**2,070**	**10,000**	**-**
TOTAL BORROWINGS	**11,970**	**2,070**	**10,566**	**557**

The approximate fair value of financial liabilities is determined to be the carrying value as the effect of discounting does not have a material impact.

Securityholder Loan

This loan facility has been advanced to the Group by the major securityholder, M3SIT Pty Ltd as trustee for the M3 Solutions Investment Trust. Interest is payable at 8 per cent per annum, and the current expiry date of the loan is 31 December 2019. Repayment of capitalised interest of $100,000 was made during the year.

The securityholder loan is fully drawn and secured by a registered fixed and floating charge over all the assets of GARDA Capital Group. There are no financial covenants imposed.

Syndicate Loan

This loan facility was advanced to the Group in December 2017 by a syndicate of lenders, some of which are related parties or substantial securityholders in the Group. Interest is payable at 7 per cent per annum, and the current expiry date of the loan is 15 December 2020. The syndicate loan is fully drawn and secured by all property of GARDA Capital Trust. There are no financial covenants imposed.

The Group used the proceeds of the loan to participate in the GARDA Diversified Property Fund entitlement offer by taking up all its entitlement and to acquire additional units through a sub-underwriting agreement. As a result, the Group acquired 8,695,653 units at $1.15 for $10.0 million (refer to note 9 for details).

NOTE 13 PROVISIONS

	GARDA Capital Group		GARDA Capital Trust	
	2018 $000's	2017 $000's	2018 $000's	2017 $000's
Current				
Provision for wind up costs	20	20	-	-
	20	**20**	**-**	**-**
Non-Current				
Provision for employee entitlements	22	13	-	-
	22	**13**	**-**	**-**
Movements in provision for windup costs				
Opening balance at beginning of year	20	166	-	-
Funds transferred for wind up expenses	-	27	-	-
Wind up expenses paid	-	(173)	-	-
Balance at end of year	**20**	**20**	**-**	**-**

A provision for wind up costs has been recognised to reflect costs associated with the windup of the trusts for which GARDA Capital Limited is the responsible entity for. These costs are based on an estimate of the costs to wind up the remaining trusts.

NOTE 14 CONTRIBUTED EQUITY

	GARDA Capital Group		GARDA Capital Trust	
	2018 $000's	2017 $000's	2018 $000's	2017 $000's
Ordinary stapled securities – fully paid	17,371	17,407	12,832	12,863

Year ended 30 June 2018	GARDA Capital Group		GARDA Capital Trust	
	Number	$000's	Number	$000's
During the year the following movements in ordinary issued securities occurred:				
Contributed equity attributable to members of the Company				
On issue at 1 July 2017	24,030,000	4,544	-	-
Security issue transaction costs	-	(5)	-	-
On issue at 30 June 2018	**24,030,000**	**4,539**	**-**	**-**
Contributed equity attributable to members of the Trust				
On issue at 1 July 2017	24,030,000	12,863	24,030,000	12,863
Security issue transaction costs	-	(31)	-	(31)
On issue at 30 June 2018	**24,030,000**	**12,832**	**24,030,000**	**12,832**

RECONCILIATION OF ISSUED CAPITAL TO ASX SECURITIES

There were no movements in the issued capital of the Group during the year for financial statement purposes. Under the Australian Accounting Standards, securities issued under the GARDA Capital Group employee security plan are required to be accounted for as options and therefore are excluded from total issued capital, until such time as securities have vested. Total securities issued under the ESP during the year was 1,200,000 and therefore the total securities issued on the ASX is 25,230,000 compared to the total issued capital for financial statement purposes of 24,030,000.

NOTE 14 CONTRIBUTED EQUITY CONTINUED.

Year ended 30 June 2017	GARDA Capital Group		GARDA Capital Trust	
	Number	$000's	Number	$000's
During the year the following movements in ordinary issued securities occurred:				
Contributed equity attributable to members of the Company				
On issue at 1 July 2016	8,000,000	1,943	-	-
Security issue*	16,030,000	2,725	-	-
Security issue transaction costs	-	(124)	-	-
On issue at 30 June 2017	**24,030,000**	**4,544**	**-**	**-**
Contributed equity attributable to members of the Trust				
On issue at 1 July 2016	-	-	-	-
Security issue*	16,030,000	13,305	16,030,000	13,305
Bonus security issue**	8,000,000	-	8,000,000	-
Security issue transaction costs	-	(442)	-	(442)
On issue at 30 June 2017	**24,030,000**	**12,863**	**24,030,000**	**12,863**

* On 11 July 2016 16,030,000 stapled securities were issued as part of the Group's IPO, resulting in a current total issued capital of 24,030,000 stapled securities. Refer note 1 for further details.

**Relates to bonus issue of units prior to stapling, issued at nil consideration to members of the Trust.

Ordinary Securities

All ordinary securities are fully paid and did not have a par value.

Ordinary securities entitle the holder to participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of and amounts paid on the securities held.

On a show of hands every holder of ordinary securities present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each security is entitled to one vote.

Capital Risk Management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for securityholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital and meet external capital requirements such as its Australian financial services licence (**AFSL**).

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. The board's policy is to maintain a strong capital base so as to ensure compliance with the requirements of its AFSL and the *Corporations Act 2001*.

The Company is required under the terms of its AFSL to meet the base level financial requirements. That is, the licensee must:

a. be able to pay all its debts as and when they become due and payable; and

b. either:

(i) have total assets that exceed total liabilities as shown in the licensee's most recent balance sheet lodged with ASIC and have no reason to suspect that the licensee's total assets would currently not exceed its total liabilities; or

(ii) have adjusted assets that exceed adjusted liabilities calculated at the balance date shown in the licensee's most recent balance sheet lodged with ASIC and have no reason to suspect that the licensee's adjusted assets would currently not exceed its adjusted liabilities.

Under the *Corporations Act 2001*, GCL as a responsible entity must also meet minimum net tangible asset cash needs requirements. GARDA Capital Limited complies with all of these requirements.

NOTE 14 CONTRIBUTED EQUITY CONTINUED.

The board and management effectively manage the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to securityholders, if any, and security issues.

The Group monitors capital on the combination of a number of factors. These include:

a. AFSL requirements;

b. responsible entity requirements under the *Corporations Act 2001*; and

c. cash flow requirements.

NOTE 15 FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans to and from related parties, investments in unit trusts, bank loans and securityholder loans.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	GARDA Capital Group		GARDA Capital Trust	
		2018 $000's	2017 $000's	2018 $000's	2017 $000's
Financial assets					
Cash and cash equivalents	22	8,547	5,947	2,807	2,780
Trade and other receivables	7	1,133	1,942	425	300
Financial assets	9	21,786	11,205	21,786	11,205
Total financial assets		**31,466**	**19,094**	**25,018**	**14,285**
Financial liabilities					
Trade and other payables	11	1,153	797	425	251
Borrowings	12	11,970	2,070	10,000	-
Related party loans	12	-	-	566	557
Total financial liabilities		**13,123**	**2,867**	**10,991**	**808**

Financial Risk Management Policies

The directors' overall risk management strategy seeks to assist the company in meeting its financial targets, while minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the board of directors on a regular basis. These include the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for company operations. The Group does not have any derivative instruments at 30 June 2018.

The board and senior executives of the Group meet on a regular basis to analyse financial risk exposure. The overall risk management strategy seeks to assist the Group in meeting its financial targets, while minimising potential adverse effects of financial performance.

Specific Financial Risk Exposures and Management

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk relating to interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk and maturity analysis for liquidity risk.

The board have overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the board's objectives, policies and processes for managing or measuring the risks from the previous period. Further details regarding these policies are set out below:

NOTE 15 FINANCIAL RISK MANAGEMENT CONTINUED.

a. Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when trade and other receivables fail to settle their obligations owing to the Group.

Credit risk is reviewed regularly by the board of GCL. Credit risk is managed through maintaining procedures ensuring, to the extent possible, that customers and counterparties to transactions are of sound credit worthiness and includes the regular monitoring of the financial stability of significant customers and counterparties. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Group, credit terms are generally 30 days from the date of invoice.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating. Where the Group is unable to ascertain a satisfactory credit risk profile in relations to a customer or counterparty, the risk may be further managed through obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of default. For details on collateral held on receivables, refer to note 7.

The credit quality of cash and cash equivalents is considered strong. The counterparty to these financial assets is large financial institutions with strong credit ratings. Credit risk related to balances with banks is managed by management in accordance with approved board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's (**S&P**) rating of at least AA-. All cash and cash equivalents are currently with AA- rated banks.

Credit risk exposures

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. They are summarised below:

	Note	GARDA Capital Group		GARDA Capital Trust	
		2018 $000's	2017 $000's	2018 $000's	2017 $000's
Cash and cash equivalents	22	8,547	5,947	2,807	2,780
Trade and other receivables	7	1,133	1,942	425	300
		9,680	**7,889**	**3,232**	**3,080**

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and detailed below. The secured loan receivable of $1.877 million was settled during the year (2017: $1.037m). The following table details the Group's trade and other receivables exposed to credit risk with ageing analysis and impairment provided for thereon.

Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the Group and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the below table) are considered to be of high credit quality.

Ageing of receivables	GARDA Capital Group		GARDA Capital Trust	
	2018 $000's	2017 $000's	2018 $000's	2017 $000's
Not past due	1,133	1,942	425	300
Past due 31-60 days	-	-	-	-
Past due >60 days	-	-	-	-
Impaired	-	-	-	-
	1,133	**1,942**	**425**	**300**

NOTE 15 FINANCIAL RISK MANAGEMENT CONTINUED.

b. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operational, investing and financing activities;
- monitoring undrawn credit facilities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The Group did not have any financing facilities available at the balance date.

The table below reflects the contractual maturity of fixed and floating rate financial liabilities. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing at 30 June 2018. The amounts disclosed represent undiscounted cash flows.

The remaining contractual maturities of the financial liabilities are:

	Note	GARDA Capital Group		GARDA Capital Trust	
		2018 $000's	2017 $000's	2018 $000's	2017 $000's
Less than one year					
Trade and other payables	11	1,153	797	425	251
Related party loans	12	-	-	566	557
Interest on loans		858	166	700	-
		2,011	**963**	**1,691**	**808**
Between one and five years					
Interest bearing loans		10,000	-	10,000	-
Securityholder loan	12	1,970	2,070	-	-
Interest on loans		1,103	83	1,021	-
		13,073	**2,153**	**11,021**	**-**

c. Market Risk

Market risk arises from the use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

The financial instruments which primarily expose the Group to interest rate risk are cash equivalents as all borrowings have fixed interest rates.

NOTE 15 FINANCIAL RISK MANAGEMENT CONTINUED.

Ageing of receivables	GARDA Capital Group 2018 $000's	GARDA Capital Group 2017 $000's	GARDA Capital Trust 2018 $000's	GARDA Capital Trust 2017 $000's
Cash and cash equivalents	8,547	5,947	2,807	2,780
	8,547	**5,947**	**2,807**	**2,780**

Interest rate risk is managed by constant monitoring of interest rates.

Interest rates over the 12-month period were analysed and sensitivity determined to show the effect on profit and equity if the interest rates at reporting date had been 100 basis points higher or lower, with all other variables held constant. This level of sensitivity was considered reasonable given the current level of both short-term and long-term Australian interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance date, namely variable rate cash holdings and borrowings.

At 30 June 2018, if interest rates had moved, as illustrated in the table below, with all other variables held constant, profit and equity would have been affected as follows:

GARDA Capital Group	Profit Higher/(Lower)		Equity Higher/(Lower)	
Judgments of reasonably possible movements:	**2018 $000's**	**2017 $000's**	**2018 $000's**	**2017 $000's**
+1.00% (100 basis points)	85	59	85	59
-1.00% (100 basis points)	(85)	(59)	(85)	(59)

GARDA Capital Trust	Profit Higher/(Lower)		Equity Higher/(Lower)	
Judgments of reasonably possible movements:	**2018 $000's**	**2017 $000's**	**2018 $000's**	**2017 $000's**
+1.00% (100 basis points)	28	28	28	28
-1.00% (100 basis points)	(28)	(28)	(28)	(28)

Price Risk

Price risk is the risk that the value of investments will fluctuate because of changes in market prices (other than those arising from interest rate and currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Any investment and borrowing decisions must be approved by the board. To limit its price risk, the board makes investment and borrowing decisions on advice from professional advisors.

The financial instruments which primarily expose the Group to price risk are financial assets held at fair value through profit or loss and financial liabilities held at fair value through profit or loss.

Floating rate instruments	GARDA Capital Group 2018 $000's	GARDA Capital Group 2017 $000's	GARDA Capital Trust 2018 $000's	GARDA Capital Trust 2017 $000's
Financial assets held at fair value through profit or loss	21,786	11,205	21,786	11,205

NOTE 15 FINANCIAL RISK MANAGEMENT CONTINUED.

At 30 June 2018, if the security price had moved, as illustrated in the table below, with all other variables held constant, profit and equity would have been affected as follows:

GARDA Capital Group	Profit Higher/(Lower)		Equity Higher/(Lower)	
Judgments of reasonably possible movements:	2018 $000's	2017 $000's	2018 $000's	2017 $000's
+1.00% (100 basis points)	218	112	218	112
-1.00% (100 basis points)	(218)	(112)	(218)	(112)

GARDA Capital Trust	Profit Higher/(Lower)		Equity Higher/(Lower)	
Judgments of reasonably possible movements:	2018 $000's	2017 $000's	2018 $000's	2017 $000's
+1.00% (100 basis points)	218	112	218	112
-1.00% (100 basis points)	(218)	(112)	(218)	(112)

NOTE 16 FAIR VALUE MEASUREMENT

The following assets and liabilities are recognised and measured at fair value on a recurring basis:

- financial assets held at fair value through profit or loss (FVTPL); and
- investment properties

There are various methods used in estimating the fair value of assets and liabilities. The methods comprise:

Level 1 the fair value is calculated using quoted prices in active markets.

Level 2 the fair value is estimated using inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

Due to their short-term nature, the net fair values of other financial assets and liabilities approximate their carrying value as disclosed in the statement of financial position. No financial assets or liabilities are readily traded on organised markets in standardised form.

GARDA Capital Group and GARDA Capital Trust	Level 1 $000's	Level 2 $000's	Level 3 $000's	Total $000's
30 June 2018				
Assets				
Financial assets held at fair value through profit or loss	21,786	-	-	21,786
Investment property	-	-	1,250	1,250
	21,786	**-**	**1,250**	**23,036**
30 June 2017				
Assets				
Financial assets held at fair value through profit or loss	11,205	-	-	11,205
Investment property	-	-	1,201	1,201
	11,205	**-**	**1,201**	**12,406**

NOTE 16 FAIR VALUE MEASUREMENT CONTINUED.

There were no transfers during the period between Level 1 and Level 3 for recurring fair value measurements.

Disclosed fair values

Due to their short-term nature, the carrying amount of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial assets held at fair value through profit or loss as disclosed in note 9 were determined by reference to share price in an active market (Level 1).

The following table sets out the valuation techniques used to measure fair value within Level 3, including details of the significant unobservable inputs used and the relationship between unobservable inputs and fair value (also refer to note 8).

Description	Valuation approach	Unobservable inputs	Range of inputs	Relationship between unobservable inputs and fair value
Investment property	Direct comparison approach	Historical sales of similar properties to determine rate per square metre	$600/m^2 to $625/m^2	The higher the rate per square metre, the higher the investment value.

NOTE 17 RELATED PARTY TRANSACTIONS

The related parties that exist are key management personnel, entities which GARDA Capital Limited acts as the responsible entity for and other related parties, which includes entities over which key management personnel have significant influence over. Key management personnel receive compensation in the form of short term employee benefits, post-employment benefits and security based payments.

Key management personnel compensation

Key management personnel receive compensation in the form of short term employee benefits, post-employment benefits, long-term benefits, termination benefits and security based payments.

The aggregate remuneration paid to Key Management Personnel of the Group is set out below:

	GARDA Capital Group		GARDA Capital Trust	
	2018 $	2017 $	2018 $	2017 $
Short-term benefits	1,093,848	1,140,244	-	-
Post-employment benefits	44,687	43,820	-	-
Long-term benefits	5,950	4,284	-	-
Termination benefits	-	-	-	-
Security based payments	24,949	-	-	-
	1,169,434	**1,188,348**	**-**	**-**

Entities for which GARDA Capital Limited is the responsible entity

Billings are made to the funds and trusts that GARDA Capital Limited acts as the responsible entity for on an arm's length basis. Repayment terms are on normal terms and conditions being payment within 30 days with no interest being charged. Transactions between related parties are on normal terms and conditions no more favourable than those available to other parties unless otherwise stated.

NOTE 17 RELATED PARTY TRANSACTIONS CONTINUED.

	GARDA Capital Group		GARDA Capital Trust	
	2018 $	2017 $	2018 $	2017 $
Amounts receivable				
Trade and other receivables	403,872	270,054	-	-
	403,872	**270,054**	**-**	**-**
Transactions with related parties				
Responsible entity fees	1,489,397	1,237,595	-	-
Property management fees	510,120	588,946	-	-
Facility management fees	162,027	157,308	-	-
Project management fees	135,864	154,734	-	-
Real estate commission	-	345,000	-	-
Leasing commissions	436,572	274,833	-	-
Reimbursement of expenses incurred on behalf of the funds	140,973	156,365	-	-
Recovery of expenses	601,252	271,774	-	-
Registry costs	-	12,500	-	-
Capital works fee	540,152	282,304	-	-
Procurement fees	125,963	-	-	-
Investment income	1,291,728	940,443	1,291,728	940,443
	5,434,048	**4,421,802**	**1,291,728**	**940,443**

Registered charges

In its capacity as responsible entity the Group has entered into a number of registered charges in relation to borrowings of the funds. The liability in relation to these charges is limited and enforceable to the extent to which it can be satisfied out of the property of the scheme to which the charge relates.

Other related parties

Hallett Legal Pty Ltd, a law firm in which Mark Hallett was a director, provided legal services to the Group during the year prior to its merger with Macpherson Kelley.

Fees of $11,527 (2017: $9,809) were paid by the Group for these services. These transactions were entered into on normal commercial terms. As at 30 June 2018 the Group did not owe anything (2017: nil) to Hallett Legal Pty Ltd.

As at 30 June 2018, loan facilities exist with M3SIT Pty Ltd as trustee for the M3 Solutions Investment Trust, being a major securityholder in the Company, and Mr Hallett also being a director of M3SIT Pty Ltd. The amount outstanding under the secured facility at 30 June 2018 was $1,970,000 (2017: $2,070,001). The terms of this facility and repayments for the year are disclosed in note 12, interest of $160,953 has been paid during the year including $100,000 which was capitalised in prior year (2017: $212,838 with $43,520 capitalised).

NOTE 17 RELATED PARTY TRANSACTIONS CONTINUED.

During the period GARDA Finance Pty Ltd received rent of $5,000 (2017: $10,000) from Madsen Advisory Pty Ltd (related entity of Executive Chairman and Managing Director – Matthew Madsen) for sublet office space.

During the period $10.0 million was borrowed to fund the acquisition of a further investment of the Group in GDF. Refer to Note 12 for terms and conditions of this loan. Details of the lenders, who participated and are related parties, and the amounts are detailed in the table below:

Lender	Amount owing 30 June 2018 $	Amount owing 30 June 2017 $	Interest Paid 30 June 2018 $	Interest Paid 30 June 2017 $
M3SIT Pty Ltd as trustee for M3 Solutions Investment Trust	1,000,000	-	38,164	-

NOTE 18 AUDITOR'S REMUNERATION

	GARDA Capital Group		GARDA Capital Trust	
	2018 $	2017 $	2018 $	2017 $
Audit and review services				
Audit and review of the financial report	67,500	65,000	-	-
Non-audit services				
Market research information	2,309	-	-	-
	69,809	**65,000**	**-**	**-**

NOTE 19 COMMITMENTS

	GARDA Capital Group		GARDA Capital Trust	
	2018 $	2017 $	2018 $	2017 $
Operating leases				
Future minimum lease payments payable				
Within one year	262	262	-	-
One year to five years	262	523	-	-
Later than five years	-	-	-	-
	524	**785**	**-**	**-**

Operating leases relate to the rental of office premises. The lease expires July 2020.

NOTE 20 CONTINGENT ASSETS AND LIABILITIES

There are no material contingent assets and liabilities as at 30 June 2018 or 30 June 2017 for the Group, the Trust and GARDA Capital Limited.

NOTE 21 PARENT ENTITY INFORMATION

The Parent Entity of the Group is GARDA Capital Limited.

Parent Entity Financial Information	2018 $000's	2017 $000's
ASSETS		
Current assets	5,792	3,283
Non-current assets	2,802	4,192
Total assets	**8,594**	**7,475**
LIABILITIES		
Current liabilities	545	212
Non-current liabilities	1,970	2,070
Total liabilities	**2,515**	**2,282**
Net assets	**6,079**	**5,193**
EQUITY		
Contributed equity	4,539	4,544
Retained earnings	1,540	649
Total equity	**6,079**	**5,193**
Profit after income tax	1,162	1,331
Other comprehensive income	-	-
Total comprehensive income	**1,162**	**1,331**

Controlled Entities of the Parent Entity	Percentage Owned		Country of Incorporation
	2018	2017	
GARDA Property Services Pty Ltd	100%	100%	Australia
GARDA Real Estate Services Pty Ltd	100%	100%	Australia
GARDA Facilities Management Pty Ltd	100%	100%	Australia
GARDA Services Pty Ltd	100%	100%	Australia
GARDA Funds Management Limited	100%	100%	Australia
GARDA Finance Pty Ltd	100%	100%	Australia
GARDA TSV Pty Ltd ATF GARDA TSV Unit Trust	100%	100%	Australia
GARDA Property Finance Pty Ltd	100%	100%	Australia
GARDA REIT Holdings Pty Ltd ATF GARDA REIT Holdings Unit Trust	100%	100%	Australia
GARDA Capital RE Limited	100%	-	Australia
GARDA Property Funds Limited	100%	-	Australia

The financial information for the Parent Entity has been prepared on the same basis as the consolidated financial statements.

GARDA Capital Limited has no commitments for expenditure.

NOTE 22 CASH FLOW INFORMATION

	GARDA Capital Group		GARDA Capital Trust	
	2018 $000's	2017 $000's	2018 $000's	2017 $000's
Reconciliation of cash flow from operations with profit				
Profit	2,787	2,509	1,482	1,554
Non-cash items in profit				
Security based payments expense	29	-	29	-
Impairment of intangible assets	-	220	-	-
Amortisation of borrowing costs	-	85	-	-
Depreciation	21	19	-	-
Amortisation of intangible assets	89	103	-	-
Capitalisation of interest revenue	-	(77)	-	-
Capitalisation of procurement fees	-	-	-	-
Fair value gain on financial assets held fair value through profit or loss	(581)	(950)	(581)	(750)
Fair value gain on investment properties through the profit and loss	(49)	-	-	-
Movements in assets and liabilities				
Trade and other receivables	(753)	(296)	(125)	(74)
Securityholder loans	-	(44)	-	-
Provisions	10	140	-	-
Current tax liability	102	(252)	-	-
Deferred tax balances	400	(435)	-	-
Trade and other payables	87	(271)	154	-
	2,142	**751**	**959**	**730**

Cash and Non-Cash Movements in Liabilities arising from Financing Activities

The following table reconciles the cash and non-cash movements in liabilities arising from financing activities.

GARDA Capital Group			Non-cash transactions	
	2017 $000's	Cash flows $000's	Capitalisation of Interest $000's	2018 $000's
Long-term borrowings				
Syndicate Loan	-	10,000	-	10,000
Securityholder Loan	2,070	(100)	-	1,970
	2,070	**9,900**	**-**	**11,970**

NOTE 22 CASH FLOW INFORMATION CONTINUED.

GARDA Capital Trust	Non-cash transactions			
	2017 $000's	Cash flows $000's	Capitalisation of Interest $000's	2018 $000's
Long-term borrowings				
Syndicate Loan	-	10,000	-	10,000
	-	**10,000**	**-**	**10,000**

NOTE 23 EARNINGS PER STAPLED SECURITY

	GARDA Capital Group		GARDA Capital Trust	
	2018 $000's	2017 $000's	2018 $000's	2017 $000's
Earnings used in calculating earnings per stapled security				
Net profit after tax attributable to securityholders	**2,787**	2,509	**1,482**	1,554

	Number 000's	Number 000's	Number 000's	Number 000's
Weighted average number of ordinary securities used in the calculation of basic and diluted earnings per security	**24,030**	23,591	**24,030**	23,591
Basic and diluted earnings per stapled security/unit (cents per security)	**11.6**	10.6	**6.2**	6.6

On 13 November 2017, 1,200,000 securities were granted to employees under the GARDA Capital Group Employee Securities Plan. These ESP securities are considered anti-dilutive under the Australian Accounting Standards and therefore do not impact the weighted average number of ordinary securities used in the calculation of earnings per security.

Further information on ESP is provided in note 24.

NOTE 24 SECURITY BASED PAYMENTS EXPENSE

The establishment of the GARDA Capital Group employee security plan was approved by securityholders at the Group's 2017 annual general meeting. The ESP is designed to provide long-term incentives to employees including executive directors to deliver long-term securityholder value, alignment with securityholder interests, market competitiveness, recognition of individual performance and experience and recognition for Group performance.

Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. The vesting of securities occurs over a two to three-year period, and subject to the participant remaining an employee of the Group.

The employees including executive directors who participated in the issue of securities under the ESP during the year were provided limited recourse loans on the grant date of an amount equal to the application price of the securities being $1.00 which was the equal to the market price per security on grant date.

Interest on the limited recourse loan for any particular year is equal to the Australian Tax Office FBT benchmark interest rate. The limited recourse loan for the participants has a term of eight years. The securities issued under the ESP are subject to employee tenure conditions however the overall ESP terms and conditions are at the discretion of the Board.

The total non-cash expense arising from security based payment transactions for the period was as follows:

	GARDA Capital Group		GARDA Capital Trust	
	2018 $000's	2017 $000's	2018 $000's	2017 $000's
Securities issued under employee security plan	**29**	-	**29**	-

NOTE 24 SECURITY BASED PAYMENTS EXPENSE CONTINUED.

Set out below is a summary of the stapled securities granted under the ESP:

	30 June 2018		30 June 2017	
	Number of securities	Exercise price per security	Number of securities	Exercise price per security
As at 1 July 2017	-	-	-	-
Granted during the period	1,200,000	$1.00	-	-
Vested and exercisable	-	-	-	-
As at 30 June 2018	**1,200,000**	**$1.00**	**-**	**-**

Security outstanding at the end of the period have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price	Number of securities 30 June 2018	Number of securities 30 June 2017	Limited recourse loan value 30 June 2018	Limited recourse loan value 30 June 2017
13/11/2017	13/11/2019	$1.00	300,000	-	300,000	-
13/11/2017	13/11/2020	$1.00	900,000	-	900,000	-
			1,200,000	**-**	**1,200,000**	**-**

No securities expired during the periods covered by the above tables. The weighted average exercise price of securities granted during the year was $1.00. The weighted average remaining contractual life of options outstanding at end of period was 2.12 years.

Fair value of securities granted

The assessed fair value at grant date of securities issued during the year ended 30 June 2018 was $0.11 to $0.13 per security. The fair value at grant date is determined using Black Scholes option pricing model that takes into account the exercise price, the term of the security, the security price at grant date and expected price volatility of the underlying security, the expected dividend yield, the risk-free interest rate for the term of the security and certain probability assumptions.

The model inputs for securities granted during the year ended 30 June 2018 included:

	300,000 securities	900,000 securities
Grant date	13 November 2017	13 November 2017
Expiry date	13 November 2019	13 November 2020
Exercise price	$1.00	$1.00
Security price at grant date	$1.00	$1.00
Expected volatility	25%	25%
Distribution yield	4%	4%
Risk-free interest rate	2%	2%

The expected price volatility is based on the historic average volatility of peer group entities or similar entities compared to the GARDA Capital Group, adjusted for any expected changes to future volatility due to publicly available information.

NOTE 25 EVENTS AFTER THE REPORTING PERIOD

There have been no matters or circumstances that have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial periods.

NOTE 26 SEGMENT REPORTING

Segment information is presented in respect of the Group's operating segments, which are the primary basis of segment reporting. Operating segments are distinct business activities from which the Group earns revenues and incurs expenses, are subject to risks and returns that are different to those of other operating segments, and the results and performance of which are regularly reviewed by the chief operating decision maker (CODM).

GARDA Capital Group has identified two core operating segments which are regularly reviewed by the Managing Director, who is the CODM, in order to make decisions about resource allocation and to assess the performance of the GARDA Capital Group.

The number of operating segments reported in prior years has reduced from four to two primarily as a result of the CODM's measures of performance focus on the returns from these core operating segments in order to deliver returns and value to securityholders. The Group management and internal reporting structure was changed during the year to reflect the results of these two core operating segments. Comparative information to segment results reported has been changed to reflect the two core operating segments.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The Accounting policies of the reporting segments are the same as the GARDA Capital Group's accounting policies.

Management currently identifies that GARDA Capital Trust has only one reportable segment, being equity co-investment in managed funds, providing income through distributions and capital growth in equity values. The financial results from this segment are equivalent to the financial statements of GARDA Capital Trust. There have been no changes in the operating segment of GARDA Capital Trust during the year.

GARDA Capital Group comprises of the following two core operating segments:

Core Operating Segments	Business Activity
Funds Management	Fund management includes establishment and management of real estate funds, facility management, leasing and project management. Also, the arrangement of commercial debt for real estate funds managed and for external property investors and developers.
Investment	Equity and debt investments in real estate including co-investment in managed funds, providing income through distributions and finance revenue and capital growth in equity values.

Segment Results for the year ended 30 June 2018

	Funds Management	Investment	Total
	$000's	$000's	$000's
Segment Revenue and other Income			
Responsible entity fees	1,489	-	1,489
Property management fees	522	-	522
Facilities management fees	161	-	161
Projects income	136	-	136
Leasing fee	437	-	437
Recovery of expenses	601	-	601
Capital works fee	540	-	540
Sub-underwriting and commitment fees	200	-	200
Procurement fees	506	-	506
Trail fees	291	-	291
Interest	106	290	396
Distributions	-	1,292	1,292
Other revenue	14	-	14
Total segment revenue	**5,003**	**1,582**	**6,585**
Total segment expense	**(639)**	**(408)**	**(1,047)**
Segment profit	**4,364**	**1,174**	**5,538**

NOTE 26 SEGMENT REPORTING CONTINUED.

Segment profit excludes specific non-cash expenses including fair value adjustments, security based payments expense, depreciation and amortisation, and any impairment adjustments. Corporate expenses incurred for management of the Group on an overall basis are also not allocated to core operation segments.

These non-cash and corporate expenses form part of unallocated revenue and expenses in the reconciliation of segment profit to profit before income tax.

Segment Results for the year ended 30 June 2017

	Funds Management	Investment	Total
	$000's	$000's	$000's
Segment Revenue and other Income			
Responsible entity fees	1,238	-	1,238
Property management fees	589	-	589
Facilities management fees	157	-	157
Projects income	155	-	155
Real estate commission	345	-	345
Leasing fee	275	-	275
Recovery of expenses	271	-	271
Registry costs	13	-	13
Capital works fee	282	-	282
Procurement fees	150	-	150
Trail fees	326	-	326
Interest	39	167	206
Distributions	-	940	940
Other revenue	24	-	24
Total segment revenue	**3,863**	**1,107**	**4,971**
Total segment expense	**(756)**	**(71)**	**(827)**
Segment profit	**3,108**	**1,036**	**4,144**

Segment profit excludes specific non-cash expenses including fair value adjustments, security based payments expense, depreciation and amortisation, and any impairment adjustments. Corporate expenses incurred for management of the Group on an overall basis are also not allocated to core operation segments.

These non-cash and corporate expenses form part of unallocated revenue and expenses in the reconciliation of segment profit to profit before income tax.

Reconciliation of reportable segment revenues and profit become income tax

	2018 $000's	2017 $000's
Total revenue for reportable segments	6,585	4,971
Unallocated amounts		
Fair value gain on financial assets	581	950
Fair value gain on investment property	49	-
Total revenue (Note 4)	7,215	5,921

NOTE 26 SEGMENT REPORTING CONTINUED.

Major Customers

The Group generates the majority of its revenue from the management (as responsibly entity) of GARDA Diversified Property Fund.

GARDA Capital Trust generates majority of its revenue from distributions received on its investments in the units of GARDA Diversified Property Fund.

Geographical information

All of GARDA Capital Group's segments operate within Australia

Reconciliation of reportable segment profit before income tax to profit before tax

	2018 $000's	2017 $000's
Reportable segment profit before income tax	**5,538**	**4,144**
Unallocated amounts		
Fair value gain on financial assets	581	950
Fair value gain on investment properties	49	-
Depreciation and amortisation of intangible assets	(111)	(122)
Employee benefit expense	(1,460)	(1,530)
Professional costs	(803)	(691)
Occupancy costs	(269)	(266)
Other expenses	(207)	(195)
Security based payments expense	(29)	-
Impairment of intangible assets	-	(220)
Profit before income tax	**3,289**	**2,070**

Segment assets and liabilities as at 30 June 2018

	Funds Management $000's	Investment $000's	Total $000's
Segment Assets	3,088	28,210	31,298
Segment Liabilities	(2,486)	(10,425)	(12,911)
Net Assets	**602**	**17,785**	**18,387**

Segment assets and liabilities as at 30 June 2017

	Funds Management $000's	Investment $000's	Total $000's
Segment Assets	2,359	16,618	18,977
Segment Liabilities	(2,347)	(251)	(2,598)
Net Assets	**12**	**16,367**	**16,379**

NOTE 26 SEGMENT REPORTING CONTINUED.

Reconciliation of reportable segment assets

	2018 $000's	2017 $000's
Reportable segment assets	**31,298**	**18,977**
Unallocated amounts		
Investment properties	1,250	1,201
Other receivables	169	117
Corporate fixed assets	84	70
Intangible assets	325	415
Deferred tax assets	-	343
Total assets	**33,126**	**21,123**

Reconciliation of reportable segment liabilities

	2018 $000's	2017 $000's
Reportable segment liabilities	**12,911**	**2,598**
Unallocated amounts		
Trade and other payables	231	290
Provisions	23	12
Provision for income tax	102	-
Deferred tax liabilities	57	-
Total liabilities	**13,324**	**2,900**

08 CORPORATE GOVERNANCE STATEMENT

YEAR ENDED 30 JUNE 2018

The Board and Management of the GARDA Capital Group considers that it is crucial to the long term performance and sustainability of the GARDA Capital Group and to protect and enhance the interests of GCM's securityholders and other stakeholders, that it adopts an appropriate corporate governance framework pursuant to which the GARDA Capital Group will conduct its operations in Australia with integrity, accountability and in a transparent and open manner.

The GARDA Capital Group regularly reviews its governance arrangements as well as developments in market practice, expectations and regulation. The governance arrangements were reviewed and updated in August 2018.

The Corporate Governance Statement has been approved by the Boards of GARDA Capital Limited and GARDA Funds Management Limited, and explain how the GARDA Capital Group addresses the requirements of the *Corporations Act 2001*, the ASX Listing Rules and the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations - 3rd Edition' (the 'ASX Principles and Recommendations') and is current as at 30 June 2018.

The GARDA Capital Group's ASX Appendix 4G, which is a checklist cross-referencing the ASX Principles and Recommendations to the relevant disclosures in this statement, the 2018 Annual Report of the GARDA Capital Group and other relevance governance documents and materials on the GARDA Capital Group's website (together the 'ASX Appendix 4G'), is provided in the corporate governance section of our website at:

http://investors.gardacapital.com.au/Home/?page=Corporate-Governance

The Corporate Governance Statement together with the ASX Appendix 4G and this Annual Report, were also lodged with the ASX on the same date as this Annual Report.

The Board strives to meet the highest standards of corporate governance, but recognises that it is also crucial that the governance framework of the GARDA Capital Group reflects the current size, operations and industry in which GCM and its related entities operates.

The GARDA Capital Group has complied with the majority of recommendations of the ASX Principles and Recommendations with the exception of a few. The Board believes the areas of non-conformance, which are explained in the Corporate Governance Statement and the ASX Appendix 4G do not materially impact on the ability of the GARDA Capital Group to achieve the highest standards of corporate governance, whilst at the same time ensuring that GCM is able to achieve the expectations of its securityholders and other stakeholders.

09 EQUITY SECURITYHOLDER INFORMATION

The securityholder information set out below was applicable as at 21 August 2018.

a. Distribution of Equity Securities

Range	Securities	Total securities	No. of holders
1 to 1,000	16,417	0.07%	38
1,001 to 5,000	214,536	0.89%	65
5,001 to 10,000	310,521	1.29%	35
10,001 to 100,000	1,955,969	8.14%	58
100,001 and Over	21,532,557	89.61%	19
Total	**24,030,000**	**100%**	**215**

The number of securityholdings held in less than marketable parcels of 500 is 20.

b. Equity Securityholders

The names of the twenty largest securityholders of quoted equity securities are listed below:

Name	Number held	Percentage of issued securities
M3SIT PTY LTD	6,985,341	29.07%
MADSEN NOMINEES PTY LTD	4,596,849	19.13%
HGT INVESTMENTS PTY LTD	2,919,642	12.15%
M3SIT PTY LTD	1,477,211	6.15%
JJG EQUITIES PTY LTD	1,000,000	4.16%
MSW SERVICES PTY LTD	875,000	3.64%
ARDNAW PTY LTD	625,000	2.60%
J P MORGAN NOMINEES AUSTRALIA LIMITED	574,773	2.39%
HALLETT S/F PTY LTD	522,550	2.17%
W W B INVESTMENTS PTY LTD	300,000	1.25%
MR MATTHEW BRADLEY MADSEN & MRS PETA MADSEN	266,666	1.11%
PERRINS RAP PTY LTD	250,000	1.04%
AJT HOLDINGS PTY LTD	230,000	0.96%
GREENWICH PROSPERITY PTY LTD	200,000	0.83%
MSW SERVICES PTY LTD	167,500	0.70%
MR DOUGAL MALCOLM HENDERSON	150,000	0.62%
FIRST NZ CAPITAL SCRIP LIMITED	141,694	0.59%
MR LACHLAN DAVIDSON	133,331	0.55%
BLIND WELFARE PTY LTD	117,000	0.49%
WILLYAMA ASSET MANAGEMENT PTY LTD	100,000	0.42%
Total	**21,632,557**	**90.02%**

EQUITY SECURITYHOLDER INFORMATION CONTINUED.

c. Substantial Holders

The names of the substantial securityholders listed in the holding register are:

Beneficial holdings as at 21 August 2018	Number held	Percentage
M3SIT PTY LTD	6,985,341	29.07%
MADSEN NOMINEES PTY LTD	4,596,849	19.13%
HGT INVESTMENTS PTY LTD	2,919,642	12.15%
M3SIT PTY LTD	1,477,211	6.15%
	15,979,043	**66.50%**

d. Voting Rights

Refer to note 14 for voting rights attached to ordinary securities.

10 DIRECTORS' DECLARATION

The Directors of GARDA Capital Limited and GARDA Funds Management Limited as Responsible Entity for GARDA Capital Trust declare that they are of the opinion that:

(a) the attached financial statements, comprising the Statements of Profit or Loss and Other Comprehensive Income, Statements of Financial Position, Statements of Changes in Equity and Statements of Cash Flows, and accompanying notes, comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(b) the attached financial statements and accompanying notes give a true and fair view of the GARDA Capital Group's and the Trust's financial position as at 30 June 2018 and of their performance for the year ended on that date; and

(c) there are reasonable grounds to believe that GARDA Capital Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolutions of the Boards of Directors of GARDA Capital Limited and GARDA Funds Management Limited made pursuant to section 295(5) of the *Corporations Act 2001*.

Mr Matthew Madsen

Executive Chairman

23 August 2018

11 INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the members of GARDA Capital Group

Report on the Audit of the Financial Report

Opinion

GARDA Capital Group comprises both GARDA Capital Limited ('The Parent') and the entities it controlled during the financial year, and GARDA Capital Trust ('The Trust').

We have audited the financial report of GARDA Capital Group, which comprises the statements of financial position as at 30 June 2018, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration of both GARDA Capital Limited and GARDA Funds Management Limited as Responsible Entity of GARDA Capital Trust.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

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

Key audit matters

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

Classification and carrying value of financial assets at fair value through profit or loss

Key audit matter	*How the matter was addressed in our audit*
The Group carries investments in listed shares, consisting of units in GARDA Diversified Property Fund (GDF) as disclosed in Note 9 to the financial statements. The investment has been classified as non-current as they are not expected to be settled within 12 months. During the year the Group significantly increased its investment in listed shares by acquiring a further 8,695,653 units in GDF at $1.15 totalling $10.0 million. The Group continues to account for the investment in GDF as financial asset at fair value through profit or loss on the basis that it has neither significant influence or control over GDF. The carrying value of the financial assets is a key audit matter due to the significance of the total balance.	Our audit procedures included, but were not limited to the following: • Agreeing the investment in GDF as at 30 June 2018 to supporting documentation • Assessing whether the Group's investment in GDF, combined with GARDA Capital Limited's role as Responsible Entity for GDF, would result in the Group having significant influence or control over GDF • Agreeing a sample of the additions during the year to supporting documentation • Reviewing managements' assessment of the fair value of the investments by reference to quoted prices in active markets and that all gains and losses have been treated appropriately • Reviewing the adequacy of the disclosures of investments, including the fair value disclosures, by comparing these disclosures to our understanding of the nature of the investment and the applicable accounting standards

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 15 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of GARDA Capital Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the GARDA Capital Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

TMann

T R Mann
Director

Brisbane, 23 August 2018

12 CORPORATE DIRECTORY

DIRECTORS

Matthew Madsen
Executive Chairman

Mark Hallett
Non-executive Director

Philip Lee
Non-executive Director

Leylan Neep
Executive Director

COMPANY SECRETARY

Lachlan Davidson

General Counsel and Company Secretary

REGISTERED OFFICE

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AUDITORS

BDO Audit Pty Ltd
Level 10, 12 Creek St
Brisbane QLD 4000

SHARE REGISTRY

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

STOCK EXCHANGE LISTING

The Company and the Trust is listed on the Australian Securities Exchange Limited as a staple security (ASX: GCM)

ACN: 095 039 366
AFSL: 246714
ARSN: 105 164 720

GARDA
CAPITAL GROUP