

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



CONSOLIDATED INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED
31 DECEMBER 2018

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by GARDA Capital Limited and GARDA Capital Trust during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Releases, financial reports and other information are available on our website: www.gardacapital.com.au

The financial statements were approved by the Board of Directors on 20 February 2019.

01 DIRECTORS' REPORT

The directors of GARDA Capital Limited (**GCL** or the **Company**) and GARDA Funds Management Limited, the responsible entity of GARDA Capital Trust, present their report together with the consolidated financial statements and the auditor's review report thereon for the half year ended 31 December 2018 of both:

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

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

DIRECTORS

The following persons were directors of both GARDA Capital Limited and GARDA Funds Management Limited during the half year and up to the date of this report:

Mr Matthew Madsen	Executive Chairman and Managing Director
Mr Mark Hallett	Non-Executive Director
Mr Philip Lee	Non-Executive Director
Mr Morgan Parker	Non-Executive Director (Appointed 13 December 2018)
Mr Leylan Neep	Executive Director and Chief Financial Officer

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 21.9 million units in GDF (13.8%). The Trust previously held 18.7 million units and increased its investment during the period by 3.2 million units through its participation in a GDF placement in November 2018. The Trust acquired the additional units through a placement 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 half 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 half year, as represented by the results of operations, was as follows:

	GARDA Capital Group Consolidated		GARDA Capital Trust	
	31 December 2018 \$000's	31 December 2017 \$000's	31 December 2018 \$000's	31 December 2017 \$000's
Revenue and other income	7,505	4,018	4,054	1,337
Statutory profit before tax	5,212	2,237	3,648	1,286
Statutory profit after tax	4,776	1,974	3,648	1,286

DIRECTORS' REPORT CONTINUED.

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

Operating activities	31 December 2018 \$000's	31 December 2017 \$000's
Underlying operating activity earnings before tax	1,510	783
Income tax expense	(414)	(213)
Underlying operating activity earnings after tax¹	1,096	570
Investment		
Net distributions and interest revenue	638	600
Fair value movement	3,122	911
Income tax expense	(21)	(50)
Underlying investment activity earnings after tax¹	3,739	1,461
Underlying operating profit after tax	4,835	2,031
Statutory Profit Reconciliation		
Underlying operating profit after tax	4,835	2,031
Non-cash expenses	(59)	(57)
Statutory profit after tax¹	4,776	1,974

The key financial and operating highlights and achievements for the half year ended 31 December 2018 include:

- underlying operating activity earnings after tax of \$1.1 million, a \$0.5 million or 92% increase on the prior half year (2017: \$0.6 million);
- an 8% increase in assets under management (AUM) from \$284 million in June 2018 to \$307 million² in December 2018, increasing to \$330 million upon completion of the Botanicca 9 office project;
- an increase in the Trust's holding in GDF by \$4.0 million to now hold 13.8% of issued units, following the GDF placement in October 2018. The value of the Trust's investment totals \$28.9 million at the 31 December 2018 ASX closing price of \$1.32 per unit;
- strong underlying investment returns from the Group's co-investment in GDF, receiving distributions of 4.5 cents per unit and a mark-to-market value increase of \$3.1 million during the half year;
- further investment in debt positions with the advancement of two new loans by the Group to third parties totalling \$2.0 million; and
- total securityholder payments of 3.375 cents for the half year, including a fully franked dividend of 1.125 cents and 2.25 cents trust distributions, compared to total securityholder payments of 1.872 cents in the prior half year.

Revenue and other income of the Group for the half year ended 31 December 2018 was \$7.5 million which is an increase of \$3.5 million compared to \$4.0 million in the prior period.

The Group achieved a statutory net profit after tax for the period of \$4.8 million, a \$2.8 million or 142% increase on the prior half year (2017: \$2.0 million).

The increases in revenue, other income and profits was largely due to the fair value uplift in the units held in GDF (\$3.1 million), as well as increased funds management revenue from the growth in AUM, and the capital works fee increase from the properties under construction in the GDF portfolio.

The net asset position of the Group as at 31 December 2018 was \$23.8 million, a \$4.0 million increase from \$19.8 million as at 30 June 2018.

Basic earnings per stapled security of 19.9 cents, up from 8.2 cents in the prior half year.

¹ Underlying profit reflects statutory profit as adjusted to reflect the Directors' assessment of the results for the different activities of the Group. Underlying profit has not been audited.

² Including properties under construction and current unconditional contract acquisitions.

DIRECTORS' REPORT CONTINUED.

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

GARDA CAPITAL TRUST

The primary income of the Trust is the distributions it receives from its co-investment in GDF. Distribution income of the Trust for the half year ended 31 December 2018 was \$0.9 million (2017: \$0.45 million).

Other income of the Trust comprises mark-to-market adjustments of its investment in GDF of \$3.1 million (2017: \$0.9 million).

DIVIDENDS

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

Period	Date Paid / Payable	Cents per share	Amount Paid / Payable
December 2018 half year	24 January 2019	1.125	\$0.270 million

DISTRIBUTIONS

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

Period	Date Paid / Payable	Cents per unit	Amount Paid / Payable
September 2018 quarter	26 October 2018	1.000	\$0.240 million
December 2018 quarter	24 January 2019	1.250	\$0.301 million

EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

There are no significant matters or circumstances that have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future periods.

ROUNDING OF AMOUNTS

The Fund 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.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

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



Mr Matthew Madsen

Executive Chairman

20 February 2019

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 for the review of GARDA Capital Group for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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.

A handwritten signature in dark ink, appearing to read 'T R Mann', with a long horizontal flourish extending to the right.

T R Mann
Director

BDO Audit Pty Ltd

Brisbane, 20 February 2019

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03 CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Notes	GARDA Capital Group		GARDA Capital Trust	
		31 Dec 2018 \$000's	31 Dec 2017 \$000's	31 Dec 2018 \$000's	31 Dec 2017 \$000's
Revenue	3(a)	4,363	3,107	932	475
Other income	3(b)	3,142	911	3,122	862
Employee benefits expense		(940)	(691)	-	-
Professional costs		(454)	(507)	-	-
Facilities management costs		(32)	(46)	-	-
Depreciation		(18)	(10)	-	-
Amortisation of intangibles		(19)	(41)	-	-
Insurance		(57)	(65)	-	-
Occupancy costs		(139)	(133)	-	-
Finance costs		(432)	(116)	(353)	(33)
Security based payments expense		(23)	(6)	(23)	(6)
Other expenses		(179)	(166)	(30)	(12)
Profit before income tax		5,212	2,237	3,648	1,286
Income tax expense		(436)	(263)	-	-
Profit after income tax for the half year		4,776	1,974	3,648	1,286
Other comprehensive income for the half year, net of tax		-	-	-	-
Total comprehensive income for the half year		4,776	1,974	3,648	1,286
Total profit and total comprehensive income for the half year attributable to:					
Members of GARDA Capital Limited		1,111	688	-	-
Unitholders of GARDA Capital Trust		3,665	1,286	3,648	1,286
Profit and total comprehensive income for the half year		4,776	1,974	3,648	1,286
Earnings per stapled security:					
Basic earnings per stapled security (cents)	4	19.9	8.2	n/a	n/a
Diluted earnings per stapled security (cents)	4	19.6	8.2	n/a	n/a
Basic earnings per unit (cents)	4	n/a	n/a	15.2	5.4
Diluted earnings per unit (cents)	4	n/a	n/a	15.0	5.4

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

04 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

		GARDA Capital Group		GARDA Capital Trust	
	Notes	31 Dec 2018 \$000's	30 June 2018 \$000's	31 Dec 2018 \$000's	30 June 2018 \$000's
ASSETS					
Current assets					
Cash and cash equivalents		3,459	8,547	40	2,807
Trade and other receivables	5	3,538	1,133	494	425
Total current assets		6,997	9,680	534	3,232
Non-current assets					
Property, plant and equipment		76	84	-	-
Financial assets	7	28,908	21,786	28,908	21,786
Investment properties	6	1,250	1,250	-	-
Intangible assets		307	326	-	-
Total non-current assets		30,541	23,446	28,908	21,786
Total assets		37,538	33,126	29,442	25,018
LIABILITIES					
Current liabilities					
Trade and other payables		1,152	1,153	484	425
Borrowings	8	-	-	1,801	566
Provisions		-	20	-	-
Current tax liability		507	102	-	-
Total current liabilities		1,659	1,275	2,285	991
Non current liabilities					
Deferred tax liability		88	57	-	-
Borrowings	8	11,970	11,970	10,000	10,000
Provisions		31	22	-	-
Total non current liabilities		12,089	12,049	10,000	10,000
Total liabilities		13,748	13,324	12,285	10,991
Net assets		23,790	19,802	17,157	14,027
EQUITY					
Equity attributable to members of the Company					
Contributed equity	9	4,539	4,539	-	-
Retained earnings		1,922	1,081	-	-
		6,461	5,620		
Equity attributable to unitholders of the Trust					
Contributed equity	9	12,832	12,832	12,832	12,832
Security based payments reserve		52	29	52	29
Retained earnings		4,445	1,321	4,273	1,166
		17,329	14,182	17,157	14,027
Total equity		23,790	19,802	17,157	14,027

The above consolidated Statements of Financial Position should be read in conjunction with the accompanying notes.

05 STATEMENTS OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

GARDA Capital Group Consolidated	Attributable to Members of the Company			Attributable to Unitholders of the Trust			Total equity
	Contributed equity	Retained earnings	Total	Contributed equity	Security based payments reserve	Retained earnings	Total
Balance at 1 July 2017	4,544	47	4,591	12,863	-	769	13,632
Profit for the half year	-	688	688	-	-	1,286	1,286
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the half year	-	688	688	-	-	1,286	1,286
Transactions with owners in their capacity as owners							
Security issue	(5)	-	(5)	(31)	-	-	(31)
Security issue transaction costs	-	-	-	-	6	-	6
Distributions paid and payable	-	-	-	-	-	(450)	(450)
Total transaction with owners in their capacity as owners	(5)	-	(5)	(31)	6	(450)	(480)
Balance at 31 December 2017	4,539	735	5,274	12,832	6	1,605	14,443
							19,717

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

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

GARDA Capital Group Consolidated	Attributable to Members of The Company			Attributable to Unitholders of The Trust			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
Balance at 1 July 2018	4,539	1,081	5,620	12,832	29	1,321	19,802
Profit for the half year	-	1,111	1,111	-	-	3,665	4,776
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the half year	-	1,111	1,111	-	-	3,665	4,776
Transactions with owners in their capacity as owners							
Issue of employee securities	-	-	-	-	23	-	23
Distributions paid and payable	-	(270)	(270)	-	-	(541)	(811)
Total transaction with owners in their capacity as owners	-	(270)	(270)	-	23	(541)	(788)
Balance at 31 December 2018	4,539	1,922	6,461	12,832	52	4,445	23,790

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

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

GARDA Capital Trust	CONTRIBUTED EQUITY	SECURITY BASED PAYMENTS RESERVE	RETAINED EARNINGS	TOTAL
	\$000's	\$000's	\$000's	\$000's
Balance at 1 July 2017	12,863	-	614	13,477
Profit for the half year	-	-	1,286	1,286
Other comprehensive income	-	-	-	-
Total comprehensive income for the half year	-	-	1,286	1,286
Transactions with owners in their capacity as owners				
Unit issue	(31)	-	-	(31)
Unit issue transaction costs	-	6	-	6
Distributions paid and payable	-	-	(450)	(450)
Total transaction with owners in their capacity as owners	(31)	6	(450)	(475)
Balance at 31 December 2017	12,832	6	1,450	14,288
Balance at 1 July 2018	12,832	29	1,166	14,027
Profit for the half year	-	-	3,648	3,648
Other comprehensive income	-	-	-	-
Total comprehensive income for the half year	-	-	3,648	3,648
Transactions with owners in their capacity as owners				
Security based payments reserve	-	23	-	23
Distributions paid and payable	-	-	(541)	(541)
Total transaction with owners in their capacity as owners	-	23	(541)	(518)
Balance at 31 December 2018	12,832	52	4,273	17,157

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

06 STATEMENTS OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	GARDA Capital Group		GARDA Capital Trust	
	31 Dec 2018 \$000's	31 Dec 2017 \$000's	31 Dec 2018 \$000's	31 Dec 2017 \$000's
Cash flows from operating activities				
Receipts from customers	3,585	2,290	-	-
Cash payments in the course of operations	(2,190)	(1,840)	(3)	(2)
Interest received	60	87	23	23
Distributions received	842	460	842	460
Interest paid	(432)	(217)	(353)	-
GST paid	(203)	(182)	1	18
Net cash provided by operating activities	1,662	598	510	499
Cash flows from investing activities				
Payments for property, plant and equipment	(10)	(5)	-	-
Payments for acquisition of financial assets	(4,000)	(10,000)	(4,000)	(10,000)
Loan advances to external parties	(1,988)	(349)	-	-
Net cash used in investing activities	(5,998)	(10,354)	(4,000)	(10,000)
Cash flows from financing activities				
Proceeds from secured syndicate borrowings	-	10,000	-	10,000
Proceeds from GARDA Capital Limited	-	-	1,204	-
Dividends paid	(271)	-	-	-
Distributions paid	(481)	(460)	(481)	(460)
Net cash (used in) provided by financing activities	(762)	9,540	723	9,540
Net (decrease) / increase in cash held	(5,088)	(216)	(2,767)	39
Cash at beginning of the half year	8,547	5,947	2,807	2,780
Cash at end of the half year	3,459	5,731	40	2,819

The above consolidated Statements of Cash Flows should be read in conjunction with the accompanying notes.

07 NOTES TO THE INTERIM FINANCIAL REPORT

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Group Structure

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 the GARDA Capital Trust (**Trust**), and their respective subsidiaries (**GARDA Capital Group** or **Group**). One unit in GARDA Capital Trust is stapled to one share in GARDA Capital Limited and they cannot be traded separately.

The half year 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.

Statement of Compliance

These general purpose financial statements for the half year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

These half year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the GARDA Capital Group as the full financial statements.

Accordingly, these half year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2018 and any public announcements made by GARDA Capital Group and GARDA Capital Trust during the half year in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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.

Basis of Preparation of half year report

The same accounting policies and methods of computation have generally been followed in these half year financial statements as compared with the most recent annual financial statements except for the adoption of new and amended standards as set out below.

New Accounting Standards and Impact on Accounting Policies

The Group has adopted AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers* at 1 July 2018 (applicable for reporting periods commencing from 1 January 2018). AASB 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities. AASB 15 contains a single model that applies to contracts with customers and primarily two approaches to recognising revenue: at a point in time, or over time.

There have been no significant changes to the Group's financial performance and position as a result of the adoption of the new and other amended accounting standards and interpretations effective for reporting periods beginning on or after 1 January 2018.

New accounting standards and interpretations that are not mandatory for the interim reporting period have not been early adopted. The Group had performed an assessment of AASB 16 *Leases* (applicable for the reporting period ending 30 June 2020) and disclosed the impact in the 30 June 2018 annual financial report. There have been no changes to the impact already disclosed in the 30 June 2018 annual financial report at 31 December 2018.

AASB 9 Financial Instruments

The nature and effect of the key changes to Group's accounting policies resulting from the adoption of AASB 9 are summarised below.

i) Classification and measurement of financial assets and financial liabilities

The adoption of AASB 9 has not impacted carrying value of financial assets but has resulted in classification changes on initial application at 1 July 2018 whereby trade receivables, other receivables and other assets are to be classified under AASB 9 as financial assets at amortised cost. The Group holds these financial assets in order to collect contractual cash flows, and the contractual terms are solely payments of outstanding principal and interest on the principal amount outstanding.

Financial assets which are investments in equity instruments will continue to be classified and measured at fair value through profit or loss required by AASB 9.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB requires that all financial liabilities are to be subsequently classified at amortised cost or at fair value through profit or loss. The application of AASB 9 has not resulted in any change to the classification of payables and borrowings on adoption.

ii) Impairment of financial assets

AASB 9 replaces the “incurred loss” model in AASB 139 with an “expected credit loss” (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at fair value through comprehensive income (FVOCI), but not to investments in equity instruments.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are “credit-impaired”. A financial asset is “credit-impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

iii) Accounting policies

AASB 9 contains three principal classification categories for financial assets:

- measured at amortised cost;
- fair value through other comprehensive income (FVOCI); and
- fair value through profit or loss (FVTPL).

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets at amortised cost

Loans and receivables

Loans and receivables are initially recognised at fair value, and subsequently at amortised cost, using the effective interest rate method less any allowance under the ECL model.

All loans and receivables with maturities greater than 12 months after the balance date are classified as non-current assets.

Recoverability of loans and receivables

At each reporting date, the Group assesses whether financial assets carried at amortised cost are ‘credit-impaired’. A financial asset is ‘credit impaired’ when one or more events that have detrimental impact on the estimated future cash flows of the financial asset have occurred.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of loan and other receivables and are a probability-weighted estimate of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that group expects to receive).

The Group analyses the current observable data as a means to estimate lifetime ECL. The current observable data may include:

- financial difficulties of a counterparty, or probability that a counterparty will default on payment or will enter bankruptcy; and
- conditions specific to the asset to which the receivable relates.

Debts that are known to be uncollectable are provided for or written off when identified.

NOTES TO THE INTERIM FINANCIAL REPORT CONTINUED.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 15 Revenue from Contracts with Customers

The requirements of AASB 15 replace AASB 118 *Revenue* and AASB 111 *Construction Contracts*. AASB 15 is based on the principle that revenue is recognised when control of a good or services is transferred to a customer. It contains a single model that applies to contracts with customers and primarily two approaches to recognising revenue: at a point in time, or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. It applies to all contracts with customers except leases, financial instruments and insurance contracts.

i) Classification and measurement of revenue

Revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits as the entity performs;
- the customer controls the asset as the entity creates or enhances it; or
- the seller's performance does not create an asset for which the seller has an alternative use and there is a right to payment for performance to date.

Where the above criteria is not met, revenue is recognised at a point in time based on the standalone selling price.

From the Group's assessment of when performance obligations are satisfied under AASB 15, there is no change in the timing of revenue recognition when comparing the previous accounting policies disclosed in the annual financial statements for the year ended 30 June 2018 to those now required under AASB 15.

Significant Judgments and Accounting Estimates

The significant judgements made by management in applying Group accounting policies were same as those applied to the annual financial report for the year ended 30 June 2018.

NOTE 2 DIVIDENDS AND DISTRIBUTIONS PAID AND PAYABLE TO SECURITY HOLDERS

	31 Dec 2018 \$000's	31 Dec 2017 \$000's
Dividends paid or provided for by the Company during the period were:		
Half year ended 31 December 2018, 1.125 cents per unit (2017: nil cents)	270	-
	270	-
Distributions paid or provided for by the Trust during the period were:		
Quarter ended 30 September 2018, 1.000 cents per unit (2017: 0.936 cents)	240	225
Quarter ended 31 December 2018, 1.250 cents per unit (2017: 0.936 cents)	301	225
	541	450

Distributions declared for the quarter ended 31 December 2018, but not paid until after half year end, have been provided for.

NOTES TO THE INTERIM FINANCIAL REPORT CONTINUED.

NOTE 3(a) REVENUE

	GARDA Capital Group		GARDA Capital Trust	
	31 Dec 2018 \$000's	31 Dec 2017 \$000's	31 Dec 2018 \$000's	31 Dec 2017 \$000's
Operating revenue				
Management fees - responsible entity	997	680	-	-
Management fees - property management	345	258	-	-
Management fees - facilities management	97	83	-	-
Projects income	73	36		
Leasing fees	289	204	-	-
Recovery of professional expenses	220	356	-	-
Capital works fee	812	216	-	-
Interest	78	183	-	-
Sub underwriting and commitment fees	80	200	-	-
Procurement fees	257	226	-	-
Trail fees	137	158	-	-
	3,385	2,600	-	-
Non-operating revenue				
Interest	57	46	18	25
Distributions received	914	450	914	450
Sundry Income	7	11	-	-
	978	507	932	475
Total Revenue	4,363	3,107	932	475

NOTE 3(b) OTHER INCOME

	GARDA Capital Group		GARDA Capital Trust	
	31 Dec 2018 \$000's	31 Dec 2017 \$000's	31 Dec 2018 \$000's	31 Dec 2017 \$000's
Fair value gain on financial assets	3,122	862	3,122	862
Fair value gain on investments properties	-	49	-	-
Write back of provision for windup costs	20	-	-	-
Total other income	3,142	911	3,122	862
Total Revenue and Other Income	7,505	4,018	4,054	1,336

NOTES TO THE INTERIM FINANCIAL REPORT CONTINUED.

NOTE 4 EARNINGS PER STAPLED SECURITY

	GARDA Capital Group		GARDA Capital Trust	
	31 Dec 2018 \$000's	31 Dec 2017 \$000's	31 Dec 2018 \$000's	31 Dec 2017 \$000's
Earnings used in calculating earnings per stapled security				
Net profit after tax attributable to securityholders	4,776	1,974	3,648	1,286
	Number	Number	Number	Number
Basic earnings				
Weighted average number of ordinary securities used in the calculation of basic earnings per security	24,030,000	24,030,000	24,030,000	24,030,000
Basic earnings per stapled security/unit (cents per security)	19.9	8.2	15.2	5.4
Dilutive earnings				
Weighted average number of ordinary securities used in the calculation of diluted earnings per security	24,349,052	24,030,000	24,349,052	24,030,000
Dilutive earnings per stapled security/unit (cents per security)	19.6	8.2	15.0	5.4

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 dilutive for the current half year and therefore impacted the weighted average number of ordinary securities used in the calculation of earnings per security. For the prior half year, these ESP securities were considered non-dilutive and therefore did not impact the weighted average number of ordinary securities used in the calculation of dilutive earnings per security.

NOTE 5 TRADE AND OTHER RECEIVABLES

	GARDA Capital Group		GARDA Capital Trust	
	31 Dec 2018 \$000's	30 June 2018 \$000's	31 Dec 2018 \$000's	30 June 2018 \$000's
Trade receivables	586	486	-	4
Prepayments	260	115	-	-
Distribution receivable	493	421	493	421
Sundry receivables	112	111	1	-
Loan to external parties (secured)	2,087	-	-	-
	3,538	1,133	494	425

Two loans were advanced totalling \$2.0 million to external parties during the half year. Interest charged and other costs charged of \$0.1 million have been capitalised to the loans. The loans are each secured by a first registered mortgage and a general security agreement.

All other receivables are non-interest bearing.

NOTES TO THE INTERIM FINANCIAL REPORT CONTINUED.

NOTE 6 INVESTMENT PROPERTIES

	GARDA Capital Group		GARDA Capital Trust	
	31 Dec 2018 \$000's	30 June 2018 \$000's	31 Dec 2018 \$000's	30 June 2018 \$000's
Land at Palmer Street, Townsville	1,250	1,250	-	-
Total Investment properties	1,250	1,250	-	-
Movements during the period				
Balance at beginning of year	1,250	1,201	-	-
Fair value movement	-	49	-	-
Balance at end of half year	1,250	1,250	-	-

Fair value as at 31 December 2018 is based on the directors continuing to adopt the independent valuation undertaken in December 2017.

NOTE 7 FINANCIAL ASSETS

	GARDA Capital Group		GARDA Capital Trust	
	31 Dec 2018 \$000's	30 June 2018 \$000's	31 Dec 2018 \$000's	30 June 2018 \$000's
Financial assets at fair value through profit or loss				
Units in GARDA Diversified Property Fund	28,908	21,786	28,908	21,786
Movements during the half year				
Balance at beginning of year	21,786	11,205	21,786	11,205
Acquisition of units in GARDA Diversified Property Fund	4,000	10,000	4,000	10,000
Fair value movement	3,122	581	3,122	581
Balance at end of half year	28,908	21,786	28,908	21,786

In November 2018, GARDA Capital Trust acquired a further 3.2 million units in GARDA Diversified Property Fund (GDF) at \$1.25 totalling \$4.0 million, through participation in a GDF institutional placement, which was approved by GDF members.

A 2.0% placement fee was received by the Group as part of its participation.

NOTE 8 BORROWINGS

	GARDA Capital Group		GARDA Capital Trust	
	31 Dec 2018 \$000's	30 June 2018 \$000's	31 Dec 2018 \$000's	30 June 2018 \$000's
Current				
Loan from GARDA Capital Limited	-	-	1,346	111
Loan from GARDA REIT Holdings Unit Trust	-	-	455	455
	-	-	1,801	566
Non-Current				
Securityholder loan (secured)	1,970	1,970	-	-
Syndicate loan (secured)	10,000	10,000	10,000	10,000
	11,970	11,970	10,000	10,000

The approximate fair value of financial liabilities is determined to be the carrying value.

NOTES TO THE INTERIM FINANCIAL REPORT CONTINUED.

NOTE 8 BORROWINGS (CONTINUED)

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. In December 2018, the loan expiry was extended from 31 December 2019 to the new expiry date of 31 December 2020.

The securityholder loan is fully drawn and secured by a 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 securityholder loan is fully drawn and secured by all property of GARDA Capital Trust. There are no financial covenants imposed.

NOTE 9 CONTRIBUTED EQUITY

	GARDA Capital Group		GARDA Capital Trust	
	31 Dec 2018 \$000's	30 June 2018 \$000's	31 Dec 2018 \$000's	30 June 2018 \$000's
Ordinary stapled securities – fully paid	17,371	17,371	12,832	12,832

Half year ended 31 December 2018	GARDA Capital Group		GARDA Capital Trust	
	Number	\$000's	Number	\$000's

During the half year the following movements in ordinary issued securities occurred:

Contributed equity attributable to members of the Company

On issue at 1 July 2018	24,030,000	4,539	-	-
On issue at 31 December 2018	24,030,000	4,539	-	-

Contributed equity attributable to members of the Trust

On issue at 1 July 2018	24,030,000	12,832	24,030,000	12,832
On issue at 31 December 2018	24,030,000	12,832	24,030,000	12,832

Half year ended 31 December 2017	GARDA Capital Group		GARDA Capital Trust	
	Number	\$000's	Number	\$000's

During the prior half 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 31 December 2017	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 31 December 2017	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 half 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 prior 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.

NOTES TO THE INTERIM FINANCIAL REPORT CONTINUED.

NOTE 10 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.

Entities for which GARDA Capital Limited is the responsible entity

Billings are made to the fund and trust 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.

	GARDA Capital Group		GARDA Capital Trust	
	31 Dec 2018 \$	30 June 2018 \$	31 Dec 2018 \$	30 June 2018 \$

Amounts receivable

Trade and other receivables	548,832	403,872	-	-
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	GARDA Capital Group		GARDA Capital Trust	
	31 Dec 2018 \$	31 Dec 2017 \$	31 Dec 2018 \$	31 Dec 2017 \$

Transactions with related parties

Responsible entity fees	997,343	679,841	-	-
Property management fees	335,203	258,063	-	-
Facility management fees	97,378	81,014	-	-
Project management fees	73,088	35,714	-	-
Leasing commissions	289,313	204,071	-	-
Reimbursement of expenses incurred on behalf of the funds	88,728	77,495	-	-
Recovery of professional expenses	220,083	356,052	-	-
Capital works fee	811,998	215,760	-	-
Investment income	913,516	450,212	913,516	450,212
	3,826,650	2,358,222	913,516	450,212

Registered charges

In its capacity as responsible entity, GARDA Capital Limited has entered into a number of registered charges in relation to borrowings of the trusts/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 is a Director, provided legal services to the GARDA Capital Group prior to its merger with Macpherson Kelly. Fees of \$nil (31 December 2017: \$11,527) were paid for these services. As at 31 December 2018 the Group did not owe anything (30 June 2018: \$nil) to Hallett Legal Pty Ltd.

As at 31 December 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 31 December 2018 was \$1,970,000 (30 June 2018: \$1,970,000). Interest of \$79,448 has been paid (2017: \$182,801 including capitalised interest of \$100,000) during the half year. The terms of this facility and repayments for the year are disclosed in Note 8.

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

NOTES TO THE INTERIM FINANCIAL REPORT CONTINUED.

NOTE 10 RELATED PARTY TRANSACTIONS (CONTINUED)

During the year ended 30 June 2018, \$10.0 million was borrowed to fund the acquisition of a further investment of the Group in GDF. Refer to Note 8 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 31 Dec 2018	Amount owing 30 June 2018	Interest Paid 31 Dec 2018	Interest Paid 31 Dec 2017
	\$	\$	\$	\$
M3SIT Pty Ltd as trustee for M3 Solutions Investment Trust	1,000,000	1,000,000	35,288	3,452

NOTE 11 FAIR VALUE MEASUREMENT

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

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

There are various methods used in estimating the fair values of a financial instrument. 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.

	Level 1	Level 2	Level 3	Total
	\$000's	\$000's	\$000's	\$000's
31 December 2018				
Assets				
Financial assets held at fair value through profit or loss	28,908	-	-	28,908
Investment property	-	-	1,250	1,250
	28,908	-	1,250	30,158
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

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 and other receivables and payables are assumed to approximate their fair values.

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

NOTES TO THE INTERIM FINANCIAL REPORT CONTINUED.

NOTE 11 FAIR VALUE MEASUREMENT (CONTINUED)

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.

Description	Valuation approach	Unobservable inputs	Range of inputs	Relationship between unobservable inputs and fair value
Investment property	Direct comparison approach	Historical sale 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 12 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 an entity 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.

There have been no changes in the operating segment of GARDA Capital Group during the half year.

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 half 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.

NOTES TO THE INTERIM FINANCIAL REPORT CONTINUED.

NOTE 12 SEGMENT REPORTING (CONTINUED)

SEGMENT RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

	Funds Management	Investment	Total
	\$000's	\$000's	\$000's
Segment revenue and other Income			
Responsible entity fees	997	-	997
Property management fees	345	-	345
Facilities management fees	97	-	97
Projects income	73	-	73
Leasing fee	289	-	289
Recovery of expenses	220	-	220
Capital works fee	812	-	812
Sub underwriting and commitment fees	80	-	80
Procurement fees	257	-	257
Trail fees	137	-	137
Interest	57	78	135
Distributions	-	914	914
Other revenue	7	-	7
Total segment revenue	3,371	992	4,363
Total segment expense	297	383	680
Segment profit	3,074	609	3,683

SEGMENT RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

	Funds Management	Investment	Total
	\$000's	\$000's	\$000's
Segment revenue and other Income			
Responsible entity fees	680	-	680
Property management fees	258	-	258
Facilities management fees	83	-	83
Projects income	36	-	36
Leasing fee	204	-	204
Recovery of professional expenses	356	-	356
Capital works fee	216	-	216
Procurement fees	226	-	226
Trail fees	158	-	158
Sub underwriting and commitment fees	200	-	200
Interest	22	208	229
Distributions	-	450	450
Other revenue	10	-	10
Total segment revenue	2,449	658	3,107
Total segment expense	323	45	368
Segment profit	2,126	613	2,739

NOTES TO THE INTERIM FINANCIAL REPORT CONTINUED.

NOTE 12 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.

Reconciliation of reportable segment revenues and profit before income tax

	31 Dec 2018 \$000's	31 Dec 2017 \$000's
Total revenue for reportable segments	4,363	3,107
Unallocated amounts		
Write back of provision for windup costs	20	-
Fair value gain on financial assets	3,122	862
Fair value gain on investment property	-	49
Total revenue (Note 3)	7,505	4,018

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 the majority of its revenue from the distributions received on its investment in 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 income tax

	31 Dec 2018 \$000's	31 Dec 2017 \$000's
Reportable segment profit before income tax	3,683	2,739
Unallocated amounts		
Fair value gain on financial assets	3,122	862
Fair value gain on investment properties	-	49
Depreciation and amortisation of intangible assets	(37)	(51)
Employee benefit expense	(940)	(691)
Professional costs	(454)	(425)
Occupancy costs	(139)	(133)
Other expenses	-	(107)
Employee security plan expense	(23)	(6)
Profit before income tax	5,212	2,237

Segment assets and liabilities as at 31 December 2018

	Funds Management \$000's	Investment \$000's	Total \$000's
Segment Assets	3,903	31,764	35,667
Segment Liabilities	(2,415)	(10,485)	(12,900)
Net Assets	1,488	21,279	22,767

NOTES TO THE INTERIM FINANCIAL REPORT CONTINUED.

NOTE 12 SEGMENT REPORTING (CONTINUED)

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

Reconciliation of reportable segment assets

	31 Dec 2018 \$000's	30 June 2018 \$000's
Reportable segment assets	35,667	31,298
Unallocated amounts		
Investment properties	1,250	1,250
Other receivables	238	169
Corporate fixed assets	76	84
Intangible assets	307	325
Total assets	37,538	33,126

Reconciliation of reportable segment liabilities

	31 Dec 2018 \$000's	30 June 2018 \$000's
Reportable segment liabilities	12,900	12,911
Unallocated amounts		
Trade and other payables	222	231
Provisions	31	23
Provision for income tax	507	102
Deferred tax liabilities	88	57
Total liabilities	13,748	13,324

NOTE 13 CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or contingent liabilities as at 31 December 2018.

NOTE 14 EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

There are no significant matters or circumstances that have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future periods.

08 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*, Accounting Standard AASB 134 'Interim Financial Reporting', the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- (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 31 December 2018 and of their performance for the half 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 resolutions of the Boards of Directors of GARDA Capital Limited and GARDA Funds Management Limited made pursuant to section 303(5) of the *Corporations Act 2001*.



Mr Matthew Madsen

Executive Chairman

20 February 2019

31 DECEMBER 2018



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of GARDA Capital Group

Report on the Half-Year Financial Report

Conclusion

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

We have reviewed the half-year financial report of GARDA Capital Group, which comprises the consolidated statements of financial position as at 31 December 2018, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of both GARDA Capital Limited and GARDA Funds Management Limited as Responsible Entity of GARDA Capital Trust.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group and the Trust's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the Half-Year Financial Report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group and the Trust's financial position as at 31 December 2018 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group and the Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of both GARDA Capital Limited and GARDA Funds Management Limited as Responsible Entity of GARDA Capital Trust, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit Pty Ltd

A handwritten signature in dark ink, appearing to read 'T R Mann', written over a faint, stylized 'BDO' watermark.

T R Mann
Director

Brisbane, 20 February 2019

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10 CORPORATE DIRECTORY

DIRECTORS

Matthew Madsen

Executive Chairman and Managing Director

Mark Hallett

Non-executive Director

Philip Lee

Non-executive Director

Morgan Parker

Non-executive Director

Leylan Neep

Executive Director and Chief Financial Officer

COMPANY SECRETARY

Lachlan Davidson

General Counsel and Company Secretary

REGISTERED OFFICE

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STOCK EXCHANGE LISTING

The Group is listed on the
Australian Securities Exchange Limited

ASX: GCM

ACN: 095 039 366

AFSL: 246714

ARSN: 105 164 720



