GARDA

GARDA CAPITAL GROUP

Annual Financial Report 2019

GARDA Capital Limited

ABN 53 09 039 366

AND ITS CONTROLLED ENTITIES AND GARDA CAPITAL TRUST

ABN 56 488 615 248
ARSN 150 164 720

Contents

01

Directors’ Report

Directors' Report

The directors of GARDA Capital Limited (the **Company**) and GARDA Funds Management Limited, the responsible entity of GARDA Capital Trust (the ***Trust***), present their report together with the consolidated financial statements for the year ended 30 June 2019 of:

— the Company, its controlled entities and the Trust (collectively, **GARDA Capital Group** or the **Group**); and

— the Trust.

The Company has been deemed the parent entity of the 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 the units of the Trust are combined and issued as stapled securities in GARDA Capital Group. The shares of the Company and the units of the Trust cannot be traded separately and may only be traded as stapled securities.

Information on directors

The directors of the Company and GARDA Funds Management Limited at any time during, or since the end of the financial year and up to the date of this report were:

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

Experience and Special Responsibilities

Matthew has more than 20 years' experience in the funds management industry, predominantly in director and management roles. He also has significant property and property finance experience, acting (including in his role for the GARDA Capital Group) as a finance intermediary focused on larger construction and property investment funding.

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.

Matthew was appointed to the Board in September 2011.

Mr Morgan Parker
Independent Director (appointed 13 December 2018)
Member of the Audit and Risk Committee and Nomination and Remuneration Committee

Experience and Special Responsibilities

Morgan has 25 years' experience as a real estate investor, developer and banker.

Morgan is currently a non-executive director at SunCentral, the government-owned company responsible for development of Maroochydore City Centre on Queensland's Sunshine Coast, and Newcastle Airport. He has previously worked for Morgan Stanley, Lendlease and Macquarie Group and his most recent executive role was as Chief Operating Officer at Dubai Holding.

Morgan was appointed to the Board in December 2018.

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, he has considerable experience in corporate litigation, restructuring, and commercial property generally.

Mark was principal and legal practice director of Hallett Legal and, following a merger in 2018, is now a consultant at Macpherson Kelley. Mark has managed successful property syndicates for business associates and continues to advise participants in the industry on property investment, legal and corporate restructuring.

Mark was appointed to the Board in January 2011.

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 32 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. Philip currently holds the position of Executive Director Corporate Advisory, primarily focussed on raising capital for growing companies, and 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 and is a Senior Fellow of Finsia and is a Master Practitioner Member of the Stockbrokers and Financial Advisers Association.

Philip was appointed to the Board in May 2015.

Mr Leylan Neep
Executive Director (appointed 31 July 2014, resigned from Board 18 March 2019)
Chief Financial Officer (July 2012 to March 2019)

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. Leylan is a member of both the Australian Institute of Company Directors and the Governance Institute of Australia.

Directors' Interests

2019	ORDINARY SECURITIES	ESP SECURITIES[1]
Directors		
Matthew Madsen	4,926,879	600,000
Mark Hallett[2]	552,550	–
Philip Lee	97,000	–
Morgan Parker	–	–
Former Director		
Leylan Neep[3]	270,000	–
Total	**5,846,429**	**600,000**

1 Under Australian Accounting Standards, securities issued under the GARDA Capital Group Employee Security Plan (ESP) are required to be accounted for as options in the financial statements. Refer note 24 for further details.

2 These securities are held by Hallett SF Pty Ltd as trustee for MHTH Superfund. In addition, TSpan Pty Ltd, a related entity of Mr Hallett's spouse, owns 101,111 stapled securities in GCM (2018: 96,111). Mark Hallett is also joint trustee of a shareholder of M3SIT Pty Ltd which owns 50,000 (2018: 50,000) in its own name and 8,462,552 (2018: 8,512,552) securities as trustee of the M3 Solutions Investment Trust.

3 In accordance with the ESP, 300,000 ESP securities issued to Mr Neep were bought back and cancelled following his resignation from the Board on 18 March 2019. He held 270,000 ordinary securities as at the date of his resignation.

Directorships of listed entities held within the last three years

DIRECTORS	LISTED ENTITY	TYPE	APPOINTED	RESIGNED
Matthew Madsen	–	–	–	–
Morgan Parker	–	–	–	–
Mark Hallett	–	–	–	–
Philip Lee	–	–	–	–
Leylan Neep[1]	–	–	–	–

1 Resigned from Board on 18 March 2019.

Meetings of directors

	FULL BOARD		NOMINATION AND REMUNERATION COMMITTEE		AUDIT AND RISK COMMITTEE	
DIRECTORS	ATTENDED	HELD	ATTENDED	HELD	ATTENDED	HELD
Matthew Madsen[1]	15	16	2	2	2	2
Morgan Parker	10	10	1	1	1	1
Mark Hallett	16	16	2	2	2	2
Philip Lee	16	16	2	2	2	2
Leylan Neep[1]	10	11	2	2	2	2

1 Matthew Madsen and Leylan Neep were not committee members of the Nomination and Remuneration Committee or the Audit and Risk Committee however both attended meetings by invitation. Leylan Neep resigned from the Board on 18 March 2019.

Company Secretary

The Company Secretary is 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, compliance, company secretarial and governance experience.

Principal Activity

The GARDA Capital Group (comprising the Company, its subsidiaries and the Trust) is an integrated real estate business comprising funds management and property investment.

The Company is the responsible entity of the ASX listed GARDA Diversified Property Fund (GDF), while other Company subsidiaries undertake real estate management and leasing for GDF. GARDA Finance Pty Ltd is the Company's debt advisory business, providing intermediary services to borrowers and arranging commercial real estate debt facilities for investors and developers. GARDA Property Finance Pty Ltd is the subsidiary through which the Group invests into real estate via debt positions in conjunction with third parties.

GARDA Funds Management Limited, is the responsible entity of the Trust which is a registered managed investment scheme and the primary investment vehicle for the Group. The Trust currently holds a substantial equity investment of 21.9 million units in GDF (13.5%), increasing its investment by 3.2 million units in November 2018 through participation in a GDF placement.

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

Review and Results of Operations

The key financial and operating highlights and achievements for the year ended 30 June 2019 include:

NET PROFIT

$8.4m

△ **$5.6 million**

NET ASSETS

$25.8m

△ **$6.0 million**

— Group statutory net profit after tax of $8.4 million, a $5.6 million or 200% increase on the prior year (2018: $2.8 million);

— Underlying operating activity earnings after tax of $2.2 million, a $1.0 million or 120% increase on the prior year (2018: $1.2 million);

— Underlying investment activity earnings after tax of $6.2 million, a $4.5m or 265% increase on the prior year (2018: $1.7 million);

— Earnings per stapled security of 34.8 cents, up from 11.6 cents in the prior year;

— A $49.0 million or 17% increase in assets under management (AUM) from $284 million in June 2018 to $335 million in June 2019;

— A $4.0 million increased investment in GDF to 13.8%[1] of issued units and a $4.9 million mark-to-market increase in the value of the investment (2018: $0.6 million);

— Further increase in debt investments with the advancement of new loans totalling $2.0 million; and

— Total securityholder distributions of 9.875 cents per security for the year, including fully franked dividends of 5.125 cents and trust distributions of 4.75 cents, compared to total securityholder distributions of 5.0 cents per security in the prior year.

The net asset position of the Group as at 30 June 2019 was $25.8 million, an increase of $6.0 million on the net assets of $19.8 million at 30 June 2018.

The financial performance of the GARDA Capital Group during the year was as follows:

	GARDA CAPITAL GROUP CONSOLIDATED		GARDA CAPITAL TRUST	
	2019 $000	2018 $000	2019 $000	2018 $000
Revenue and other income	**14,271**	7,215	**6,792**	1,920
Statutory profit before tax	**9,256**	3,289	**5,998**	1,482
Statutory profit after tax	**8,356**	2,787	**5,998**	1,482

1 The Trust's interest in GDF was diluted to 13.5% after 30 June 2019 following the issue of scrip as partial consideration to acquire properties at Acacia Ridge and Archerfield

The relative contribution of each Group activity to this financial performance is summarised below:

OPERATING ACTIVITIES	2019 $000	2018 $000
Underlying operating activity earnings before tax	3,033	1,601
Income tax expense	(833)	(422)
Underlying operating activity earnings after tax[1]	**2,200**	**1,179**

INVESTMENT		
Net distributions and interest revenue	1,440	1,197
Fair value movement	4,874	630
Income tax expense	(67)	(80)
Underlying investment activity earnings after tax[1]	**6,247**	**1,747**
Underlying operating profit after tax[1]	**8,447**	**2,926**

STATUTORY PROFIT RECONCILIATION		
Underlying operating profit after tax[1]	**8,447**	**2,926**
Non-cash expenses	(91)	(139)
Statutory profit after tax	**8,356**	**2,787**

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.

Dividends

The following dividends were paid by the Company in respect of the year ended 30 June 2019:

DIVIDEND	DATE PAID	CENTS PER SECURITY	AMOUNT PAID
Interim	24 January 2019	1.125	$0.270 million
Final	19 June 2019	4.000	$0.961 million

Distributions

The following distributions were paid/payable by the Trust in respect of the year ended 30 June 2019:

PERIOD	DATE PAID	CENTS PER SECURITY	AMOUNT PAID
September 2018 Quarter	26 October 2018	1.000	$0.240 million
December 2018 Quarter	24 January 2019	1.250	$0.301 million
March 2019 Quarter	18 April 2019	1.250	$0.301 million
June 2019 Quarter	22 August 2019	1.250	$0.301 million

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.

Significant Changes in the State of Affairs

The were no significant changes during the year.

Future Developments, Prospects and Business Strategies

In the financial year ending 30 June 2020, the Group's intention is to continue creating securityholder value from real estate funds management activities and through real estate (debt and equity) investments. Key objectives for the year include:

1. Actively working to increase the equity value (NTA/Unit) and scale (AUM) of GDF.

2. Continuing to deploy Group and third party debt capital into attractive investment opportunities.

3. Being vigilant for strategically consistent, value accretive, acquisition opportunities.

Environmental Issues

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

Options

At 30 June 2019, the Group had 25,230,000 issued securities of which 1,200,000 have been issued under the GARDA Capital Group Employee Security Plan **(ESP)**. The 1,200,000 securities issued under the ESP have not yet vested.

Under Australian Accounting Standards, securities issued under the ESP are required to be accounted for as options and, for financial reporting purposes, are excluded from issued capital until they vest. Accordingly, notwithstanding 25,230,000 securities being issued, only 24,030,000 are incorporated in the Group's financial statements.

Securities issued pursuant to the ESP have the following expiry dates and exercise prices:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER OF SECURITIES 30 JUNE 2019	NUMBER OF SECURITIES 30 JUNE 2018	LIMITED RECOURSE LOAN VALUE 30 JUNE 2019	LIMITED RECOURSE LOAN VALUE 30 JUNE 2018
13/11/2017	13/11/2019	$1.00	150,000	300,000	$150,000	$300,000
13/11/2017	13/11/2020	$1.00	750,000	900,000	$750,000	$900,000
03/06/2019	03/06/2021	$1.72	300,000	-	$516,000	-
			1,200,000	**1,200,000**	**$1,416,000**	**$1,200,000**

The following securities were issued pursuant to the ESP during the year:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	LIMITED RECOURSE LOAN VALUE 30 JUNE 2019	LIMITED RECOURSE LOAN VALUE 30 JUNE 2018
03/06/2019	03/06/2021	$1.72	300,000	$516,000
			300,000	**$516,000**

The following unvested ESP securities were bought back and cancelled during the year following the resignation from the Board of an Executive Director:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER OF SECURITIES	LIMITED RECOURSE LOAN VALUE 30 JUNE 2019
13/11/2017	13/11/2019	$1.00	150,000	-
13/11/2017	13/11/2020	$1.00	150,000	-
			300,000	**-**

There have been no additional ESP securities 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 employees with the authority and responsibility for planning, directing and controlling the activities of GARDA Capital Group.

KMP comprise:

— Non-executive directors;

— Executive directors; and

— Senior executives.

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

Directors and KMP

DIRECTORS		
Matthew Madsen	Executive Chairman Managing Director	Appointed 31 January 2017 Appointed 22 September 2011
Morgan Parker	Independent Director	Appointed 13 December 2018
Mark Hallett	Non-Executive Director	Appointed 31 January 2011
Philip Lee	Non-Executive Director	Appointed 21 May 2015
Leylan Neep	Executive Director, CFO	Appointed 31 July 2014 resigned from Board 18 March 2019
SENIOR EXECUTIVE		
Lachlan Davidson	General Counsel Company Secretary	Appointed 13 January 2014 Appointed 28 July 2016
David Addis	Chief Operating Officer	Appointed 18 March 2019

Remuneration Policy

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

Service Agreements

It is Group policy that service contracts for salaried KMP 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 KMP is at any time guilty of serious, wilful or persistent misconduct. On termination, salaried KMP are entitled to receive their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits. No termination amounts were paid in 2019 or 2018. Unless otherwise stated, service agreements do not provide for pre-determined compensation amounts 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: Relationship to Securityholder Wealth

The overall level of KMP compensation considers the performance of the Group and distributions paid. 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 several years and takes into consideration:

MEASURES	2019	2018	2017	2016	2015
Net profit after tax for the financial year ($)	8,356,364	2,786,771	2,509,056	113,570	483,510
GCM ASX closing price at financial year end ($)	1.79	1.25	0.89	n/a	n/a
Total dividends and distributions (cents per security)	**9.875**	**5.000**	-	-	-

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.

Executive Chairman and Managing Director Remuneration

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

The Madsen Advisory contract contains typical confidentiality and non-compete provisions. It also requires that Mr Madsen and Madsen Advisory perform specified services with due skill and care and in accordance with the reasonable directions of the Board. Madsen Advisory is paid an annual fee of $495,000 per annum plus GST.

The Madsen Advisory contract may be terminated by GARDA Capital Group with one year's 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 the Company 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.

Long-term incentives may be provided to the Executive Chairman and Managing Director through the GARDA Capital Group ESP, which was approved by securityholders at the Group's 2017 annual general meeting. Details on long term incentives granted to the Executive Chairman and Managing Director are set out on page 20.

Key contract terms for Executive Chairman:

— Term of agreement: no fixed term, on-going.

— Base fee as at 30 June 2019 of $495,000 per annum plus GST, to be reviewed annually.

— Termination notice period is one years' notice.

Non-executive director remuneration

Remuneration to non-executive directors reflects the demands 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.

Key contract terms for Non-executive directors:

Morgan Parker
Independent Director,
Member of the Nomination and Remuneration and Audit and Risk Committee's

— Term of agreement: no fixed term, on-going.

— Base remuneration as at 30 June 2019 of $70,000 per annum (including superannuation), reviewed annually.

— Termination notice period is 90 days' 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 2019 of $75,000 per annum plus GST, with increases for time and scope, 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 2019 of $70,000 per annum (including superannuation), reviewed annually.

— Termination notice period is 90 days' notice.

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.

Key contract terms for senior executives:

Leylan Neep
Executive Director and Chief Financial Officer (resigned from Board 18 March 2019)

— Term of agreement: no fixed term, on-going.

— Base remuneration as at 18 March 2019 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 2019 of $207,200 per annum (plus superannuation), to be reviewed annually.

— Termination notice period is 3 months' notice.

David Addis
Chief Operating Officer

— Term of agreement: no fixed term, on-going.

— Base remuneration as at 30 June 2019 of $350,000 per annum (inclusive of superannuation), to be reviewed annually.

— Termination notice period is 3 months' notice.

Directors and KMP Remuneration

2019	SHORT TERM			POST EMPLOY-MENT			SECURITY BASED PAYMENTS		
	SALARY & FEES	BONUS	NON-CASH BENEFITS	SUPER-ANNUATION	LONG TERM BENEFITS	TERMI-NATION BENEFITS	OPTIONS	TOTAL	PERFOR-MANCE RELATED
DIRECTORS									
Matthew Madsen	495,000	–	6,764	–	–	–	20,885	522,649	–
Morgan Parker[1]	34,914	–	–	3,317	–	–	–	38,231	–
Mark Hallett	75,000	–	–	–	–	–	–	75,000	–
Philip Lee	59,712	–	–	5,673	–	–	–	65,385	–
Leylan Neep[2]	179,514	–	5,073	16,149	(13,984)	–	(13,919)	172,833	–
SENIOR EXECUTIVE									
Lachlan Davidson	188,369	30,000[4]	–	20,531	4,071	–	8,036	251,007	12.0%
David Addis[3]	95,039	–	1,691	5,923	76	–	1,138	103,867	–
	1,127,548	**30,000**	**13,528**	**51,593**	**(9,837)**	**-**	**16,140**	**1,228,972**	

1 Appointed 13 December 2018

2 Resigned from Board on 18 March 2019

3 Appointed 18 March 2019

4 Bonuses paid to management are at the discretion of the Board

2018	SHORT TERM			POST EMPLOY-MENT			SECURITY BASED PAYMENTS		
	SALARY & FEES	BONUS	NON-CASH BENEFITS	SUPER-ANNUATION	LONG TERM BENEFITS	TERMI-NATION BENEFITS	OPTIONS	TOTAL	PERFOR-MANCE 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[1]	225,743	30,000	6,655	20,482	3,998	–	7,718	294,596	12.8%
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**	

1 Resigned from Board on 18 March 2019

Directors and KMP security holdings (number of securities, excluding ESP securities)

2019	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	4,911,879	15,000	–	4,926,879
Mark Hallett[1]	547,550	5,000	–	552,550
Philip Lee	97,000	2,000	(2,000)	97,000
Leylan Neep[2]	270,000	–	–	270,000
SENIOR EXECUTIVE				
Lachlan Davidson	133,331	–	–	133,331
David Addis	–	–	–	–
	5,959,760	**22,000**	**(2,000)**	**5,979,760**

1 These securities are held by Hallett SF Pty Ltd as trustee for MHTH Superfund. In addition, TSpan Pty Ltd, a related entity of Mr Hallett's spouse, owns 101,111 stapled securities in GCM (2018: 96,111). Mark Hallett is also joint trustee of a shareholder of M3SIT Pty Ltd which owns 50,000 (2018: 50,000) in its own name and 8,462,552 (2018: 8,512,552) securities as trustee of the M3 Solutions Investment Trust.

2 Mr Neep held 270,000 ordinary securities as at the date of his resignation from the Board on 18 March 2019.

No other securities, other than ESP securities, are held by directors or KMP.

Directors and KMP security holdings (ESP securities)

2019	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[1]	300,000	–	(300,000)	–
SENIOR EXECUTIVE				
Lachlan Davidson	200,000	–	–	200,000
David Addis	–	200,000	–	200,000
	1,100,000	**200,000**	**(300,000)**	**1,000,000**

1 In accordance with the ESP, Mr Neep's ESP securities were bought back and cancelled following his resignation from the Board on 18 March 2019.

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

Long Term Incentives: Employee Security Plan

The establishment of the GARDA Capital Group ESP was approved by securityholders at the Group's 2017 annual general meeting. The ESP is designed to:

— incentivise KMP to deliver long-term securityholder value;

— align the interests of KMP and securityholders; and

— ensure the Group has a competitive remuneration structure.

Participation in the ESP 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 KMP who participated in the issue of securities under the ESP were provided limited recourse loans on the grant date of an amount equal to the application price of the securities (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 KMP tenure conditions, however the overall ESP terms and conditions are at the discretion of the Board.

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

	100,000 SECURITIES	700,000 SECURITIES	200,000 SECURITIES
Grant date	13 November 2017	13 November 2017	3 June 2019
Expiry date/ vesting date	13 November 2019	13 November 2020	3 June 2021
Security price at grant date	$1.00	$1.00	$1.71
Fair value at grant date	$0.11	$0.13	$0.19
Exercise price at grant date	$1.00	$1.00	$1.72
Limited recourse loan value	$100,000	$700,000	$344,000

The fair value at each grant date was determined using the Black and Scholes option pricing model.

Terms and conditions relating to securities granted to relevant KMP are as follows:

	GRANT DATE	NUMBER OF SECURITIES GRANTED	GRANT DATE VALUE	FAIR VALUE AT GRANT DATE[1]	LIMITED RESOURCE LOAN BALANCE	EXPIRY DATE FOR VESTING OR PAYMENT
GROUP KMP						
Matthew Madsen	13/11/2017	600,000	$600,000	$0.1317	$600,000	13/11/2020
Lachlan Davidson	13/11/2017	100,000	$100,000	$0.1148	$100,000	13/11/2019
	13/11/2017	100,000	$100,000	$0.1317	$100,000	13/11/2020
David Addis	03/06/2019	200,000	$344,000	$0.1926	$344,000	03/06/2021
		1,000,000	**$1,144,000**		**$1,144,000**	

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 following securities were bought back during the year:

The following securities were bought back during the year:

	GRANT DATE	NUMBER OF SECURITIES GRANTED	GRANT DATE VALUE	FAIR VALUE AT GRANT DATE[1]	LIMITED RESOURCE LOAN BALANCE	EXPIRY DATE FOR VESTING OR PAYMENT
GROUP KMP						
Leylan Neep[1]	13/11/2017	150,000	$150,000	$0.1148	$150,000	13/11/2019
	13/11/2017	150,000	$150,000	$0.1317	$150,000	13/11/2020
		300,000	**$300,000**		**$300,000**	

1. Resigned from the Board on 18 March 2019.

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.

As at 30 June 2019, loan facilities exist with M3SIT Pty Ltd as trustee for the M3 Solutions Investment Trust, being a major securityholder in the Company. Mr Hallett is a director of M3SIT Pty Ltd. The amount outstanding under the secured facility at 30 June 2019 was $1,970,000 (2018: $1,970,000). The terms of this facility and repayments for the year are disclosed in note 12.

A $10.0m loan facility has been advanced to the Group by a syndicate of lenders, some of which are related parties or substantial securityholders in the Group. The syndicate loan is fully drawn and secured by all property of the Trust.

Details of the lenders who participated and are related parties, and the amounts advanced, are detailed in the table below:

LENDER	AMOUNT OWING 30 JUNE 2019	AMOUNT OWING 30 JUNE 2018	INTEREST PAID 30 JUNE 2019	INTEREST PAID 30 JUNE 2018
M3SIT Pty Ltd as trustee for M3 Solutions Investment Trust	$1,000,000	$1,000,000	$70,000	$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 values of the Trust's assets and liabilities are 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.

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 2019 was $1,228,972 (2018: $1,169,434).

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 director 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 on behalf of its officers for liability and legal expenses for the year ended 30 June 2019. The relevant 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 in this report as such disclosure is prohibited under the terms of the relevant contracts.

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 to 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*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

— all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor

— none of the services undermines the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

Auditor's Independence Declaration

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

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

Matthew Madsen
Executive Chairman

22 August 2019

02

Auditor's Independence Declaration

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

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 2019, 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, 22 August 2019

03
Financial Report

Consolidated Statements of Profit or Loss and other Comprehensive Income

For the year ended 30 June 2019

	NOTE	GARDA CAPITAL GROUP 2019 $000	GARDA CAPITAL GROUP 2018 $000	GARDA CAPITAL TRUST 2019 $000	GARDA CAPITAL TRUST 2018 $000
Revenue from contracts with customers	4	7,113	4,885	–	–
Other income	4	7,158	2,330	6,792	1,920
Employee benefits expense	5	(2,110)	(1,460)	–	–
Professional costs		(1,117)	(975)	(23)	(14)
Facilities management costs		(64)	(77)	–	–
Depreciation		(35)	(21)	–	–
Amortisation of intangible assets		(36)	(89)	–	–
Insurance		(118)	(128)	–	–
Occupancy costs		(280)	(269)	–	–
Finance costs		(858)	(546)	(700)	(385)
Security based payments expense	24	(21)	(29)	(21)	(29)
Other expenses		(376)	(332)	(50)	(10)
Profit before income tax		**9,256**	**3,289**	**5,998**	**1,482**
Income tax expense	6	(900)	(502)	–	–
Profit after income tax for the year		**8,356**	**2,787**	**5,998**	**1,482**
Other comprehensive income for the year, net of tax		–	–	–	–
Total comprehensive income for the year		**8,356**	**2,787**	**5,998**	**1,482**
Total profit and total comprehensive income for the year attributable to:					
Members of GARDA Capital Limited		2,358	1,305	–	–
Unitholders of GARDA Capital Trust		5,998	1,482	5,998	1,482
Profit and total comprehensive income for the year		**8,356**	**2,787**	**5,998**	**1,482**
Earnings per stapled security:					
Basic earnings per stapled security (cents)	23	**34.8**	11.6	**n/a**	n/a
Diluted earnings per stapled security (cents)	23	**34.2**	11.6	**n/a**	n/a
Basic earnings per unit (cents)	23	**n/a**	n/a	**25.0**	6.2
Diluted earnings per unit (cents)	23	**n/a**	n/a	**24.6**	6.2

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

Consolidated Statements of Financial Position

As at 30 June 2019

	NOTE	GARDA CAPITAL GROUP 2019 $000'S	GARDA CAPITAL GROUP 2018 $000'S	GARDA CAPITAL TRUST 2019 $000'S	GARDA CAPITAL TRUST 2018 $000'S
ASSETS					
Current assets					
Cash and cash equivalents	22	3,878	8,547	145	2,807
Trade and other receivables	7	3,782	1,133	493	425
Total current assets		**7,660**	**9,680**	**638**	**3,232**
Non-current assets					
Property, plant and equipment		64	84	–	–
Financial assets at fair value through profit or loss	9	30,660	21,786	30,660	21,786
Investment properties	8	1,250	1,250	–	–
Intangible assets	10	290	326	–	–
Total non-current assets		**32,264**	**23,446**	**30,660**	**21,786**
Total assets		**39,924**	**33,126**	**31,298**	**25,018**
LIABILITIES					
Current liabilities					
Trade and other payables	11	1,167	1,153	494	425
Borrowings	12	–	–	1,900	566
Provisions	13	–	20	–	–
Current tax liability	6	938	102	–	–
Total current liabilities		**2,105**	**1,275**	**2,394**	**991**
Non-current liabilities					
Deferred tax liability	6	19	57	–	–
Borrowings	12	11,970	11,970	10,000	10,000
Provisions	13	25	22	–	–
Total non-current liabilities		**12,014**	**12,049**	**10,000**	**10,000**
Total liabilities		**14,119**	**13,324**	**12,394**	**10,991**
Net assets		**25,805**	**19,802**	**18,904**	**14,027**
EQUITY					
Equity attributable to members of the Company					
Contributed equity	14	4,539	4,539	–	–
Retained earnings		2,207	1,081	–	–
		6,746	**5,620**	**-**	**-**
Equity attributable to unitholders of the Trust					
Contributed equity	14	12,832	12,832	12,832	12,832
Security based payments reserve		50	29	50	29
Retained earnings		6,177	1,321	6,022	1,166
		19,059	14,182	18,904	14,027
Total equity		**25,805**	**19,802**	**18,904**	**14,027**

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

Statements of Changes in Equity

For the year ended 30 June 2019

	ATTRIBUTABLE TO MEMBERS OF THE COMPANY			ATTRIBUTABLE TO UNITHOLDERS OF THE TRUST				
GARDA CAPITAL GROUP CONSOLIDATED	CONTRI-BUTED EQUITY $000	RETAINED EARN-INGS $000	TOTAL $000	CONTRI-BUTED EQUITY $000	SECURITY BASED PAYMENTS RESERVE $000	RETAINED EARNINGS $000	TOTAL $000	TOTAL EQUITY $000
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**
Balance at 1 July 2018	**4,539**	**1,081**	**5,620**	**12,832**	**29**	**1,321**	**14,182**	**19,802**
Profit for the year	–	2,358	2,358	–	–	5,998	5,998	8,356
Other comprehensive income	–	–	–	–	–	–	–	–
Total comprehensive income for the year	**-**	**2,358**	**2,358**	**-**	**-**	**5,998**	**5,998**	**8,356**
Transactions with owners in their capacity as owners								
Issue of employee securities	–	–	–	–	21	–	21	21
Dividends paid and payable	–	(1,232)	(1,232)	–	–	–	–	(1,232)
Distributions paid and payable	–	–	–	–	–	(1,142)	(1,142)	(1,142)
Total transaction with owners in their capacity as owners	–	(1,232)	(1,232)	–	21	(1,142)	(1,121)	(2,353)
Balance at 30 June 2019	**4,539**	**2,207**	**6,746**	**12,832**	**50**	**6,177**	**19,059**	**25,805**

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

Statements of Changes in Equity

For the year ended 30 June 2019

GARDA CAPITAL TRUST	CONTRIBUTED EQUITY $000	SECURITY BASED PAYMENTS RESERVE $000	RETAINED EARNINGS $000	TOTAL $000
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**
Balance at 1 July 2018	12,832	29	1,166	14,027
Profit for the year	-	-	5,998	5,998
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**5,998**	**5,998**
Transactions with owners				
Security based payments reserve	-	21	-	21
Distributions paid and payable	-	-	(1,142)	(1,142)
Total transactions with owners in their capacity as owners	**-**	**21**	**(1,142)**	**(1,121)**
Balance at 30 June 2019	**12,832**	**50**	**6,022**	**18,904**

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

Consolidated Statements of Cash Flows

For the year ended 30 June 2019

	NOTE	GARDA CAPITAL GROUP 2019 $000	GARDA CAPITAL GROUP 2018 $000	GARDA CAPITAL TRUST 2019 $000	GARDA CAPITAL TRUST 2018 $000
Cash flows from operating activities					
Receipts from customers		7,485	5,109	–	–
Cash payments in the course of operations		(4,582)	(3,491)	(20)	(7)
Interest received		85	106	22	47
Distributions received		1,827	1,106	1,827	1,106
Interest paid		(858)	(371)	(700)	(210)
Income tax paid		(102)	–	–	–
GST paid		(463)	(317)	2	23
Net cash provided by operating activities	**22**	**3,392**	**2,142**	**1,131**	**959**
Cash flows from investing activities					
Payments for property, plant and equipment		(15)	(37)	–	–
Payments for acquisition of financial assets		(4,000)	(10,000)	(4,000)	(10,000)
Repayment of loan receivable from external parties		784	1,877	–	–
Loan advances to external parties		(2,516)	(350)	–	–
Net cash (used in) provided by investing activities		**(5,747)**	**(8,510)**	**(4,000)**	**(10,000)**
Cash flows from financing activities					
Proceeds from secured syndicate borrowings		–	10,000	–	10,000
Repayment of securityholder loan (capitalised interest)		–	(100)	–	–
Proceeds from GARDA Capital Limited		–	–	1,289	–
Dividends paid		(1,232)	–	–	–
Distributions paid		(1,082)	(932)	(1,082)	(932)
Net cash provided by (used in) financing activities		**(2,314)**	**8,968**	**207**	**9,068**
Net increase in cash held		(4,669)	2,600	(2,662)	27
Cash at the beginning of the financial year		8,547	5,947	2,807	2,780
Cash at the end of the financial year	**22**	**3,878**	**8,547**	**145**	**2,807**

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

04

Notes to the Financial Report

Note 1
General Information

Group Structure

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

The financial statements include separate financial statements for the Group and the Trust as a stand-alone entity. The Company has been deemed the parent entity of the Trust.

GARDA Capital Group has presented consolidated financial statements in accordance with ASIC Class Order 13/1050 Financial Reporting by Stapled Entities.

Operations and principal activities

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

The Company is the responsible entity of the ASX listed GARDA Diversified Property Fund (**GDF**), while Company subsidiaries undertake the related real estate management and leasing for this portfolio. GARDA Finance Pty Ltd is the Group's debt advisory subsidiary and provides intermediary services to borrowers and arranges commercial real estate debt facilities for both investors and developers. GARDA Property Finance Pty Ltd is the subsidiary through which the Group invests into real estate via debt positions in conjunction with third parties.

GARDA Funds Management Limited, is the responsible entity of the Trust which is a registered managed investment scheme and the primary investment vehicle for the Group. At 30 June 2019, the Trust held a substantial investment of 21.9 million units in GDF (13.8%[1]).

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

Currency and rounding

The financial report is presented in Australian dollars. 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.

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 22 August 2019 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.

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 impairment by comparing the recoverable value of the cash generating unit to which the goodwill was allocated with its carrying value. External and internal indicators of impairment were also considered.

Based on the annual assessment of goodwill by the Group, an impairment charge of $nil (2018: $nil) was recognised against the carrying value goodwill. Refer note 10 for the basis of determining recoverable value and key assumptions used.

1 The Trust's interest in GDF was diluted to 13.5% after 30 June 2019 following the issue of scrip as partial consideration to acquire properties at Acacia Ridge and Archerfield

Key assumptions – investment property valuation

The Group makes assumptions in determining the fair value of its investment property at the reporting date. The assumptions likely to have the most significant impact on the adopted fair value of the investment property are disclosed in note 8, together with the carrying amount of the investment property.

Accounting policies

A. Consolidation

Following its initial public offering, GARDA Capital Group was admitted to the official list of the Australian Securities Exchange on 14 July 2016. The Group has a stapled security capital structure comprising the Company, its subsidiaries and the Trust. Each unit in the Trust is stapled to one share in the Company, and the units and shares cannot be traded separately.

The consolidated financial statements incorporate the assets, liabilities and results of all subsidiaries of the Group at the end of the reporting period. Subsidiaries are all entities, including special purpose entities, over which the Group 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 in which 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 Group have been eliminated in full on consolidation.

The Group treats transactions with non-controlling interests that do not result in a change 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 the Company.

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 as a profit or loss. 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 as a 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 is reclassified as a profit or loss, where appropriate.

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 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.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to be applicable when the asset is realised or the liability is settled. 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 they can be utilised against future taxable profits.

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) they 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.

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 at 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

The Company and its wholly owned Australian subsidiaries (excluding the Trust) have implemented the tax consolidation legislation.

The Company, as head entity, 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, the Company 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.

Group entities have also entered into a tax funding agreement under which the wholly owned subsidiaries fully compensate the Company for any current tax payable assumed and are compensated by the Company for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the Company 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.

Income tax for Trusts

Under the current income tax legislation, the Trust is not liable for Australian income tax, provided its taxable income and taxable realised gains are fully distributed to security holders each financial year. The Trust distributes its distributable income, calculated in accordance with its Constitution and the applicable taxation legislation, to security holders 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 arrangement 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

GARDA has applied AASB 15 *Revenue from Contracts with Customers* for the first time in the current period. AASB 15 replaces AASB 118 *Revenue*, which applied to contracts for goods and services, and AASB 111 *Construction Contracts* which applied to construction contacts. The new standard introduces a 5-step approach to revenue recognition and the principle that revenue is recognised when (or as) a performance obligation is satisfied, i.e. when control of a good or service underlying the particular performance obligation is transferred to a customer – the notion of control of the performance obligation replaces the existing notion of risk and rewards.

AASB 15 Revenue from Contracts from Customers – Accounting policies

The Group recognises revenue to which AASB 15 pertains from the transfer of goods and services over time or at a point of time for relevant revenue streams. The summary below presents information about the disaggregation of key revenue items from the Group's revenue contracts or activities with relevant customers.

Fund and real estate management revenue

The Group provides funds management, property and facilities management and fund administration services to GDF in accordance with the GDF Constitution and relevant service agreements. The services are provided on an ongoing basis and revenue is calculated and recognised in accordance with the constitution and relevant service agreements. The services provided are a series of services that are substantially the same, hence, revenue is recognised over-time.

Debt advisory services revenue

Contracts with customers in relation to debt advisory services are specialised in nature and the customer does not benefit from the process undertaken, but rather the outcome. The Group is only entitled to payment for services upon the successful completion of the contract. Hence, revenue is recognised upon completion of the service at a point in time.

Lease, project management and other fees

The Group provides lease management services, property sales service and project management services for capital works to GDF. Due to the specialised nature of lease management and property sales (e.g. on lease or sale execution), GDF does not benefit from the process undertaken, but rather the outcome. Hence, revenue is recognised upon completion of the service at a point in time.

Revenue from project management services for capital works are recognised over-time as services are utilised for project management based on the input of the underlying capital works.

Lending business income

Revenue in relation to contracts with customers in relation to lending business income are recognised over-time using the effective interest method.

Non-lending 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. Trade and other receivables

AASB 9 Financial Instruments – Accounting policies

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowances.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds trade receivables with the objective of collecting the contracted cash flows, which represent payments of principal and interest, and measures them at amortised cost using the effective interest method.

The Group recognises a loss allowance for expected credit losses on trade receivables measured at amortised cost. The credit losses are updated at each reporting date to reflect changes in credit risk since initial recognition.

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime credit losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience adjusted for factors that are specific to the debtors, general economic conditions and an assessment of the current and forecast direction of conditions at the reporting date, including time value of money where appropriate.

The Group impairs secured loan receivables when there is information indicating that the debtor is in severe financial difficulty, there is breach of loan to valuation covenants and there is no realistic prospect of recovery.

Financial assets at amortised cost

Loans receivable

Loans receivable 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 balance date are classified as non-current assets.

Recoverability of loans and receivables

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 the Group expects to receive).

The Group analyses the current observable data as a means of estimating 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.

G. Financial Assets

AASB 9 Financial Instruments – Accounting policies

(i) Classification

The Group classifies its financial assets in the following measurement categories:

— those to be measured subsequently at fair value; and

— those to be measured at amortised cost.

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

For assets measured at fair value, gains and losses will either be recorded in the statement of financial position or statement of profit or loss and other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments only when its business model for managing those assets changes.

(ii) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs directly attributable to its acquisition. Transaction costs of financial assets carried at fair value through profit or loss are expensed.

Equity instruments

The Group measures all equity investments at fair value through profit or loss.

Net changes in the fair value of financial assets at fair value through profit or loss are recognised in the profit or loss.

(iv) Impairment

From 1 July 2018, the Group assesses on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. See note 2(f) for further details.

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. See note 2(f) for further details.

H. Impairment of Non-Financial Assets

At each reporting date, the Group reviews the carrying values of its non-financial assets to determine whether they have been impaired. If there is any indication of impairment, 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. 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.

I. 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 on sale of an asset or transfer of 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 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 including a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

J. 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.

K. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net 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.

L. 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.

M. Operating Leases

Operating lease 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.

N. Employee Benefits

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

Short-term employee benefits

Liabilities for wages, annual leave, bonuses and any on-costs that are expected to be settled wholly within twelve months of the end of the reporting period are recognised in other liabilities.

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 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 made.

Retirement benefit obligations

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

O. Trade and Other Payables

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

P. 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.

Q. Intangibles

Procurement and trail fees

Procurement and trail fees are classified as intangible assets with finite lives. They are recorded at cost and amortised on a straight-line basis over an expected useful life of one to five years.

Goodwill

Goodwill on acquisitions is included in 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.

R. 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 the 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.

S. Earnings per security

Basic earnings per security

Basic earnings per security is calculated by dividing the profit attributable to the owners of the Company, 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.

T. Security based payments expense

The GARDA Capital Group ESP was approved at the Group's 2017 annual general meeting.

On 13 November 2017 and 3 June 2019, securities were issued to KMP. Refer note 24 for further details.

The cost of equity-settled transactions, including loan funded securities issued under the ESP, is determined by reference to fair value at the date of grant, using the Black and Scholes option pricing model. The cost is recognised as a security-based payment proportionately over the vesting period, with a corresponding increase in equity reserves.

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

When the terms of equity-settled securities are modified, the minimum expense recognised is the expense had the terms not been modified. 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.

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.

U. Comparative Figures

Where required by accounting standards, comparative figures have been adjusted to conform to changes in presentation made in the current financial year. There have been no restatements in the current reporting period.

V. Adoption of New and Revised Accounting Standards and Interpretations

The Group adopted AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers from 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 not been any 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 July 2018.

New accounting standards and interpretations that are not mandatory for the reporting period have not been adopted early.

Impact of adoption - AASB 9 Financial Instruments

The nature and effect of 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 values of financial assets but has resulted in classification changes on initial application at 1 July 2018 whereby trade receivables and other receivables are to be classified 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 related interest.

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

AASB 9 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 financials 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 and contract assets, but not to investments in equity instruments.

iii) Accounting policies

AASB 9 contains three principal classification categories for financial assets:

— measured at amortised cost;

— fair value through other comprehensive income; and

— fair value through profit or loss.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Refer to Note 2f and 2g for details on the accounting policies for these financial assets.

Impact of adoption - AASB 15 Revenue from Contracts with Customers

AASB 15 replaces 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 service is transferred to a customer. It contains a single model that applies to contracts with customers and 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 Group performs;

— the customer controls the asset as the Group 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 are not met, revenue is recognised at a point in time based on the standalone selling price.

The Group's assessment is that adoption of AASB 15 has not resulted in any change in revenue recognition compared to prior reporting periods.

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

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2019 reporting period and have not been adopted early 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 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, tax, depreciation and amortisation (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. The Company has performed a review of the implication of the adoption of this standard. The estimated impact is that on the adoption assets will increase by $243,492 and liabilities by $236,260. The adjustment required to retained earnings would be $35,131.

Note 3
Dividends and Distributions Paid and Payable to Security Holders

	2019 $000	2018 $000
Dividends paid or provided for by the Company during the year were:		
Half year ended 31 December 2018, 1.125 cents per unit (2018: nil cents)	271	-
Half year ended 30 June 2019, 4.000 cents per unit (2018 Full Year: 1.128 cents)	961	271
	1,232	**271**
Distributions paid or provided for by the Trust during the year were:		
Quarter ended 30 September 2018, 1.000 cents per unit (2018: 0.936 cents)	242	225
Quarter ended 31 December 2018, 1.250 cents per unit (2018: 0.936 cents)	300	225
Quarter ended 31 March 2019, 1.250 cents per unit (2018: 1.000 cents)	300	240
Quarter ended 30 June 2019, 1.250 cents per unit (2018: 1.000 cents)	300	240
	1,142	**930**

Dividends and Distributions declared for the year/quarter ended 30 June 2019, but not paid until after year end, have been provided for.

Note 4
Revenue and Other Income

The Group recognises revenue to which AASB15 pertains from the transfer of goods and services over time or at a point in time, in respect of relevant items of funds and real estate management fees, lease and project management fees and other advisory services. The table below disaggregates revenue items from the Group's contracts with relevant customers.

	GARDA CAPITAL GROUP		GARDA CAPITAL TRUST	
	2019 $000	2018 $000	2019 $000	2018 $000
Revenue from contracts with customers				
Fund and real estate management	3,648	2,910	–	–
Lease, project management and other fees	2,633	1,268	–	–
Debt advisory services	832	707	–	–
	7,113	**4,885**	**-**	**-**
Other income				
Lending business income	243	290	–	–
Non-operating interest income	85	106	19	47
Distributions	1,899	1,292	1,899	1,292
Other revenue	37	12	–	–
Fair value gain on financial assets	4,874	581	4,874	581
Fair value gain on investment property	–	49	–	–
Write back of provision for windup costs	20	–	–	–
	7,158	**2,330**	**6,792**	**1,920**
Total Revenue and Other Income	**14,271**	**7,215**	**6,792**	**1,920**

Note 5 Profit Income Before Tax

	GARDA CAPITAL GROUP		GARDA CAPITAL TRUST	
	2019 $000	2018 $000	2019 $000	2018 $000
Profit before tax includes the following specific expense:				
Employee benefits expense:				
a. Contributions to superannuation funds	164	119	–	–
Minimum lease payments	262	269	–	–

Note 6 Income Tax

	GARDA CAPITAL GROUP		GARDA CAPITAL TRUST	
	2019 $000	2018 $000	2019 $000	2018 $000
The components of income tax expense/benefit comprise:				
Current tax expense	(938)	(102)	–	–
Deferred tax (expense)/ benefit	38	(400)	–	–
Income tax benefit/(expense)	**(900)**	**(502)**	**-**	**-**
The prima facie tax on profit before income tax is reconciled to income tax as follows:				
Profit before income tax	9,256	3,289	5,998	1,482
Prima facie tax payable at 27.5% (2018: 27.5%)	(2,545)	(904)	(1,649)	(408)
Non-assessable net trust income	1,649	408	1,649	408
Entertainment	(4)	(6)	–	–
	(900)	**(502)**	–	–
Composition of deferred tax balances				
Provision for employee benefits	23	13	–	–
Accrued expenses	36	42	–	–
Lease incentive liability	6	10	–	–
Entry cost base adjustment – intangibles	(92)	(92)	–	–
Entry cost base adjustment – PP&E	3	3	–	–
Amortisation of intangibles	91	82	–	–
Legal fees (cost base)	9	8	–	–
Capital raising costs	55	27	–	–
Revaluation of investment property	(150)	(150)	–	–
Deferred tax asset (liability)	**(19)**	**(57)**	**-**	**-**

GARDA Capital Group – Movements in deferred tax balances

2019	OPENING BALANCE $000	CHARGED TO PROFIT OR LOSS $000	CHARGED TO EQUITY $000	CLOSING BALANCE $000
Provision for employee benefits	13	10	–	23
Accrued expenses	42	(6)	–	36
Lease incentives	10	(4)	–	6
Entry cost base adjustment – intangibles	(92)	–	–	(92)
Entry cost base adjustment – PP&E	3	–	–	3
Amortisation of intangibles	82	9	–	91
Legal fees (cost base)	8	1	–	9
Capital raising costs	27	28	–	55
Revaluation of investment property	(150)	–	–	(150)
Deferred tax (liability) / asset	**(57)**	**38**	**-**	**(19)**
2018				
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)**

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

	GARDA CAPITAL GROUP		GARDA CAPITAL TRUST	
FRANKING CREDITS	2019 $000	2018 $000	2019 $000	2018 $000
Franking credits available	3,591	3,795	–	–

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	
	2019 $000	2018 $000	2019 $000	2018 $000
Trade receivables	1,023	486	–	4
Prepayments	134	115	–	–
Distribution receivable	493	421	493	421
Sundry receivables	111	111	–	–
Loan to external parties (secured)	2,021	–	–	–
	3,782	**1,133**	**493**	**425**

The loans to external parties are each secured by a first registered mortgage and a general security agreement.

All other receivables are non-interest bearing.

Refer to Note 15 for details on credit risk exposure.

Note 8
Investment Properties

	GARDA CAPITAL GROUP		GARDA CAPITAL TRUST	
	2019 $000'S	2018 $000'S	2019 $000'S	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 year	**1,250**	**1,250**	**-**	**-**

The Townsville property comprises vacant land and was independently valued on 30 May 2019 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 at Fair Value Through Profit or Loss

	GARDA CAPITAL GROUP		GARDA CAPITAL TRUST	
	2019 $000'S	2018 $000'S	2019 $000'S	2018 $000'S
Units in GARDA Diversified Property Fund	30,660	21,786	30,660	21,786
Total Financial Assets at Fair Value Through Profit or Loss	**30,660**	21,786	**30,660**	21,786
Movements during the period				
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	4,874	581	4,874	581
Balance at end of year	**30,660**	21,786	**30,660**	21,786

Note 10
Intangible Assets

	GARDA CAPITAL GROUP		GARDA CAPITAL TRUST	
	2019 $000	2018 $000	2019 $000	2018 $000
Trail and procurement rights	582	582	–	–
Accumulated amortisation	(579)	(543)	–	–
Identifiable intangibles	**3**	**39**	**-**	**-**
Goodwill	287	287	–	–
Total intangible assets	**290**	**326**	**-**	**-**

	TRAIL AND PROCUREMENT RIGHTS $000	GOODWILL $000	TOTAL $000
Movement during the period			
Balance at 1 July 2017	128	287	415
Amortisation expense	(89)	–	(89)
Balance at 30 June 2018	**39**	**287**	**326**
Balance at 1 July 2018	39	287	326
Amortisation expense	(36)	–	(36)
Balance at 30 June 2019	**3**	**287**	**290**

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. This was subsequently impaired to a carrying value of $0.287 million. 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, consistent with the basis adopted for valuation of GARDA Finance Pty Ltd by the Independent Experts at the time of acquisition. The fair value adopted for acquisition purposes principally comprised of goodwill and trail and procurement fee rights.

Key inputs and assumptions used in determining fair value of the CGU are as follows:

— EBITDA for the financial year 2019 and forecast EBITDA for the 2020 financial year;

— a normalised average 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 range of 1.75 to 2.25, consistent with the range used by the Independent Expert at the time of acquisition.

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.

The fair value (recoverable amount) of the CGU has been assessed by the Group to exceed its carrying amount by $0.12 million to $0.24 million. Accordingly, an impairment to goodwill is not required for the 2019 financial year (2018: $nil).

Note 11
Trade and Other Payables

	GARDA CAPITAL GROUP		GARDA CAPITAL TRUST	
	2019 $000	2018 $000	2019 $000	2018 $000
Trade creditors	90	5	2	–
Sundry creditors and accruals	513	394	16	9
Interest payable on syndicate loan	175	175	175	175
Distribution payable	301	242	301	241
Dividend payable	–	271	–	–
Annual leave payable	66	29	–	–
Rent incentive liability	22	37	–	–
	1,167	**1,153**	**494**	**425**

Note 12
Borrowings

	GARDA CAPITAL GROUP		GARDA CAPITAL TRUST	
	2019 $000	**2018 $000**	**2019 $000**	**2018 $000**
Current				
Loan from GARDA Capital Limited	–	–	1,445	111
Loan from GARDA REIT Holdings Unit Trust	–	–	455	455
	-	**-**	**1,900**	**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**
Total Borrowings	**11,970**	**11,970**	**11,900**	**10,566**

The approximate fair value of financial liabilities is determined to be carrying value as the effect of the 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. In December 2018, the loan expiry was extended from 31 December 2019 to 31 December 2020.

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 has been advanced to the Group 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 the Trust. There are no financial covenants imposed.

Note 13
Provisions

	GARDA CAPITAL GROUP		GARDA CAPITAL TRUST	
	2019 $000	2018 $000	2019 $000	2018 $000
Current				
Provision for wind up costs	–	20	–	–
	-	**20**	**-**	**-**
Non-Current				
Provision for employee entitlements	25	22	–	–
	25	**22**	**-**	**-**
Movements in provision for windup costs				
Opening balance at beginning of year	20	20	–	–
Funds transferred for wind up expenses	–	–	–	–
Write back of provision	(20)	–	–	–
Balance at end of year	**-**	**20**	**-**	**-**

A provision for wind up costs had been recognised in prior years to reflect the estimated costs associated with the windup of trusts for which the Company was the responsible entity. The relevant trusts have now been fully wound up and the provision was written off during the year.

Note 14
Contributed Equity

	GARDA CAPITAL GROUP		GARDA CAPITAL TRUST	
	2019 $000	2018 $000	2019 $000	2018 $000
Ordinary stapled securities – fully paid	17,371	17,371	12,832	12,832

Year ended 30 June 2019	**NUMBER**	**$000**	**NUMBER**	**$000**
During the 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 30 June 2019	**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 30 June 2019	**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.

In addition to the 24,030,000 securities disclosed for financial accounting purposes, the Group has 1,200,000 securities that were issued under the GARDA Capital Group ESP. The 1,200,000 securities issued under the ESP have not yet vested.

Under Australian Accounting Standards, securities issued under the ESP are required to be accounted for as options and, for financial reporting purposes, are excluded from issued capital until they vest. However, total issued securities of 25,230,000 are quoted on the ASX.

	GARDA CAPITAL GROUP		GARDA CAPITAL TRUST	
	2019 $000'S	2018 $000'S	2019 $000'S	2018 $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**

Ordinary Securities

All ordinary securities are fully paid and do 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, 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 its capital are to safeguard its ability to continue as a going concern, provide returns to securityholders, maintain an optimal capital structure to reduce the cost of capital and meet the regulatory capital requirements associated with its Australian Financial Services Licence (AFSL) and the responsible entity requirements of the Corporations Act 2001.

The Company is required under the terms of its AFSL to meet base level financial requirements, meaning it must:

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

b. either:

   (i) have total assets that exceed total liabilities and have no reason to suspect that total assets will not exceed total liabilities; or

   (ii) have adjusted assets that exceed adjusted liabilities and have no reason to suspect that adjusted assets will not exceed adjusted liabilities.

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

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 new issues of securities.

Note 15
Financial Risk Management

The totals for each category of the Group's financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	NOTE	GARDA CAPITAL GROUP 2019 $000	GARDA CAPITAL GROUP 2018 $000	GARDA CAPITAL TRUST 2019 $000	GARDA CAPITAL TRUST 2018 $000
Financial assets					
Cash and cash equivalents	22	3,878	8,547	145	2,807
Trade and other receivables	7	3,782	1,133	493	425
Financial assets at fair value through profit or loss	9	30,660	21,786	30,660	21,786
Total financial assets		**38,320**	**31,466**	**31,298**	**25,018**
Financial Liabilities					
Trade and other payables	11	1,167	1,153	494	425
Borrowings	12	11,970	11,970	10,000	10,000
Related party loans	12	–	–	1,900	566
Total financial liabilities		**13,137**	**13,123**	**12,394**	**10,991**

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 on a regular basis.

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 the 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 has 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 to which the Group is exposed, 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:

a. Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge its obligations, resulting in the Group incurring a financial loss.

Credit risk is reviewed regularly by the Board. Credit risk is managed through procedures designed to ensure, to the extent possible, customers and counterparties to transactions are of sound credit worthiness and include the regular monitoring of the financial stability of significant customers and counterparties. Such monitoring is used in assessing receivables for impairment.

Credit risk is also minimised by 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. For details on collateral held on receivables, refer to note 7.

The credit quality of cash and cash equivalents held by the Group is considered strong. Credit risk related to balances with banks is managed in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties which are large financial institutions with strong credit ratings.

Credit risk exposures

The Group's maximum exposure to credit risk, excluding the value of any collateral or other security, as disclosed in the statement of financial position and notes to the financial statements is summarised below:

		GARDA CAPITAL GROUP		GARDA CAPITAL TRUST	
	NOTE	2019 $000	2018 $000	2019 $000	2018 $000
Cash and cash equivalents	22	3,878	8,547	145	2,807
Trade and other receivables	7	3,782	1,133	493	425
		7,660	**9,680**	**638**	**3,232**

Credit risk exposures

The Group does not have significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and summarised below.

GARDA CAPITAL GROUP	2019			2018		
AGEING OF RECEIVABLES	$000	EXPECTED LOSS RATE	LOSS ALLOWANCE	$000'S	EXPECTED LOSS RATE	LOSS ALLOWANCE
Not past due	3,782	-%	-	1,133	-%	-
Past due 31-60 days	-	-%	-	-	-%	-
Past due >60 days	-	-%	-	-	-%	-
Impaired	-	-%	-	-	-%	-
	3,782			**1,133**		

GARDA CAPITAL TRUST	2019			2018		
AGEING OF RECEIVABLES	$000'S	EXPECTED LOSS RATE	LOSS ALLOWANCE	$000'S	EXPECTED LOSS RATE	LOSS ALLOWANCE
Not past due	493	-%	-	425	-%	-
Past due 31-60 days	-	-%	-	-	-%	-
Past due >60 days	-	-%	-	-	-%	-
Impaired	-	-%	-	-	-%	-
	493			**425**		

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance in estimating expected credit losses to trade receivables, through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

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. Additionally, 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.

The balances of receivables that remain within initial trade terms are considered to be of high credit quality. This is assessed based on perform credit checks on the customers prior to granting them payment terms.

All of the entity's debt investments at amortised cost are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. Financial assets are considered to be low credit risk when they have a low risk of default and the customer has a strong capacity to meet its contractual cash flow obligations in the near term.

Impact on receivables upon transition to AASB 9

The Group adopted AASB 9 from 1 July 2018. The key impact upon adoption of AASB 9 was the change in impairment model applicable to trade receivables balances. For trade receivables that do not contain a significant financing component in accordance with AASB 15 (so generally trade receivables with a maturity of 12 months or less), lifetime expected credit losses are required to be recognised.

The Group has applied the lifetime expected credit loss model to its receivable balances at 1 July 2018. The calculated opening provision for expected credit losses was $nil. Given the calculated expected credit losses at 1 July 2018 is $nil, no transitional adjustments have been made in these financial statements.

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 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 2019. The amounts disclosed represent undiscounted cash flows.

The remaining contractual maturities of the financial liabilities are:

	NOTE	GARDA CAPITAL GROUP 2019 $000	GARDA CAPITAL GROUP 2018 $000	GARDA CAPITAL TRUST 2019 $000	GARDA CAPITAL TRUST 2018 $000
Less than one year					
Trade and other payables	11	1,167	1,153	493	425
Related party loans	12	–	–	1,900	566
Interest on loans		858	858	700	700
		2,025	**2,011**	**3,093**	**1,691**
Between one and five years					
Interest bearing loans	11	10,000	10,000	10,000	10,000
Securityholder loan	12	1,970	1,970	–	–
Interest on loans		400	1,103	321	1,021
		12,370	**13,073**	**10,321**	**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

Interest rate risk arises when a future change in interest rates is likely to affect future cash flows or the fair value of fixed rate financial instruments. The financial instruments which primarily expose the Group to interest rate risk are cash equivalents as all borrowings have fixed interest rates.

FLOATING RATE INSTRUMENTS	GARDA CAPITAL GROUP 2019 $000	GARDA CAPITAL GROUP 2018 $000	GARDA CAPITAL TRUST 2019 $000	GARDA CAPITAL TRUST 2018 $000
Cash and cash equivalents	3,878	8,547	145	2,807
	3,878	8,547	145	2,807

Interest rate risk is managed by constant monitoring of interest rates. This includes sensitivity testing whereby the impact on profit and equity of a 100 basis point movement in interest rates, with all other variables held constant, is assessed. 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 2019, 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) 2019 $000	PROFIT HIGHER/(LOWER) 2018 $000	EQUITY HIGHER/(LOWER) 2019 $000	EQUITY HIGHER/(LOWER) 2018 $000
Judgments of reasonably possible movements:				
+1.00% (100 basis points)	38	85	38	85
-1.00% (100 basis points)	(38)	(85)	(38)	(85)

GARDA CAPITAL TRUST	PROFIT HIGHER/(LOWER) 2019 $000	PROFIT HIGHER/(LOWER) 2018 $000	EQUITY HIGHER/(LOWER) 2019 $000	EQUITY HIGHER/(LOWER) 2018 $000
Judgments of reasonably possible movements:				
+1.00% (100 basis points)	–	28	–	28
-1.00% (100 basis points)	–	(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 2019 $000	GARDA CAPITAL GROUP 2018 $000	GARDA CAPITAL TRUST 2019 $000	GARDA CAPITAL TRUST 2018 $000
Financial assets held at fair value through profit or loss	30,660	21,786	30,660	21,786

At 30 June 2019, 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) 2019 $000	PROFIT HIGHER/(LOWER) 2018 $000	EQUITY HIGHER/(LOWER) 2019 $000	EQUITY HIGHER/(LOWER) 2018 $000
Judgments of reasonably possible movements:				
+1.00% (100 basis points)	306	218	306	218
-1.00% (100 basis points)	(306)	(218)	(306)	(218)

GARDA CAPITAL TRUST	PROFIT HIGHER/(LOWER) 2019 $000	PROFIT HIGHER/(LOWER) 2018 $000	EQUITY HIGHER/(LOWER) 2019 $000	EQUITY HIGHER/(LOWER) 2018 $000
Judgments of reasonably possible movements:				
+1.00% (100 basis points)	306	218	306	218
-1.00% (100 basis points)	(306)	(218)	(306)	(218)

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; and
— investment properties.

There are various methods used in estimating the fair value of assets and liabilities, including:

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. None of the Group's financial assets or liabilities are readily traded on organised markets in standardised form.

GARDA CAPITAL GROUP AND GARDA CAPITAL TRUST	LEVEL 1 $000	LEVEL 2 $000	LEVEL 3 $000	TOTAL $000
30 June 2019				
Assets				
Financial assets at fair value through profit or loss	30,660	-	-	30,660
Investment property	-	-	1,250	1,250
	30,660	**-**	**1,250**	**31,910**
30 June 2019				
Assets				
Financial assets 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 receivables and payables are assumed to approximate their fair values.

The fair value of financial assets 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/m² to $650/m²	The higher the rate per square metre, the higher the investment value.

Note 17 Related Party Transactions

Related parties include KMP, entities for which the Company acts as the responsible entity and other entities over which KMP have significant influence.

KMP compensation

KMP 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 KMP of the Group is set out below:

	GARDA CAPITAL GROUP		GARDA CAPITAL TRUST	
	2019 $	2018 $	2019 $	2018 $
Short-term benefits	1,171,076	1,093,848	-	-
Post-employment benefits	51,593	44,687	-	-
Long-term benefits	(9,837)	5,950	-	-
Termination benefits	-	-	-	-
Security based payments	16,140	24,949	-	-
	1,228,972	**1,169,434**	**-**	**-**

Entities for which the Company

Billings are made to the funds and trusts for which the Company acts as the responsible entity. Repayment terms are on market standard terms and conditions and all transactions between related parties are on terms and conditions no more favourable than those available to other parties, unless otherwise stated.

	GARDA CAPITAL GROUP		GARDA CAPITAL TRUST	
	2019 $	2018 $	2019 $	2018 $
Amounts receivable				
Post-employment benefits	918,314	403,872	–	–
	918,314	**403,872**	**-**	**-**
Transactions with related parties				
Responsible entity fees	2,067,496	1,489,397	–	–
Property management fees	694,127	510,120	–	–
Facility management fees	194,757	162,027	–	–
Project management fees	157,950	135,864	–	–
Sales commission	277,500	–	–	–
Leasing commissions	359,948	436,572	–	–
Reimbursement of expenses incurred on behalf of the funds	195,575	140,973	–	–
Recovery of expenses	515,178	601,252	–	–
Capital works fee	1,916,109	540,152	–	–
Procurement fees	146,725	125,963	–	–
Investment income	1,899,032	1,291,728	1,899,032	1,291,728
	8,424,397	**5,434,048**	**1,899,032**	**1,291,728**

Registered charges

In its capacity as responsible entity, the Company and its subsidiaries have 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 ended 30 June 2019, prior to its merger with Macpherson Kelley. Fees of $nil (2018: $11,527) were paid by the Group for these services. These transactions were entered into on normal commercial terms. As at 30 June 2019 the Group did not owe anything (2018: nil) to Hallett Legal Pty Ltd.

As at 30 June 2019, 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 2019 was $1,970,000 (2018: $1,970,000). The terms of this facility and repayments for the year are disclosed in note 12. Interest of $157,600 was paid during the year (2018: $160,953 with $100,000 capitalised).

A $10.0m loan facility has been advanced to the Group by a syndicate of lenders, some of which are related parties or substantial securityholders in the Group. The syndicate loan is fully drawn and secured by all property of the Trust.

Details of the lenders who participated and are related parties, and the amounts advanced, are detailed in the table below:

LENDER	AMOUNT OWING 30 JUNE 2019 $	AMOUNT OWING 30 JUNE 2018 $	INTEREST PAID 30 JUNE 2019 $	INTEREST PAID 30 JUNE 2018 $
M3SIT Pty Ltd as trustee for M3 Solutions Investment Trust	1,000,000	1,000,000	70,000	38,164

Note 18 Auditor's Remuneration

	GARDA CAPITAL GROUP		GARDA CAPITAL TRUST	
	2019 $	2018 $	2019 $	2018 $
Audit and review services				
Audit and review of the financial report	67,500	67,500	–	–
Non-audit services				
Market research information	–	2,309	–	–
Data automation assistance	18,560	–	–	–
	86,060	**69,809**	**-**	**-**

Note 19
Commitments

OPERATING LEASES	GARDA CAPITAL GROUP 2019 $000	GARDA CAPITAL GROUP 2018 $000	GARDA CAPITAL TRUST 2019 $000	GARDA CAPITAL TRUST 2018 $000
Future minimum lease payments payable				
Within one year	262	262	–	–
One year to five years	–	262	–	–
Later than five years	–	–	–	–
	262	**524**	**-**	**-**

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

Note 20
Contingent Assets and Liabilities

The Group did not have any material contingent assets and liabilities as at 30 June 2019 or 30 June 2018.

Note 21
Parent Entity Information

The Parent Entity of the Group is the Company, GARDA Capital Limited.

PARENT ENTITY FINANCIAL INFORMATION	2019 $000	2018 $000
Assets		
Current assets	3,833	5,792
Non-current assets	6,053	2,802
Total assets	**9,886**	**8,594**
Liabilities		
Current liabilities	1,205	545
Non-current liabilities	1,970	1,970
Total liabilities	**3,175**	**2,515**
Net assets	**6,711**	**6,079**
Equity		
Contributed equity	4,539	4,539
Retained earnings	2,172	1,540
Total equity	**6,711**	**6,079**
Profit after income tax	1,864	1,162
Other comprehensive income	–	–
Total comprehensive income	**1,864**	**1,162**

	PERCENTAGE OWNED		
CONTROLLED ENTITIES OF THE PARENT ENTITY	2019	2018	COUNTRY OF INCORPORATION
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 ATF GARDA Capital Trust	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%	100%	Australia
GARDA Property Funds Limited	100%	100%	Australia

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

The Company has no commitments for expenditure.

Note 22
Cash Flow Information

	GARDA CAPITAL GROUP		GARDA CAPITAL TRUST	
	2019 $	2018 $	2019 $	2018 $
Reconciliation of cash flow from operations with profit				
Profit after tax	8,356	2,787	5,998	1,482
Non-cash items in profit				
Security based payments expense	21	29	21	29
Depreciation	35	21	–	–
Amortisation of intangible assets	36	89	–	–
Capitalisation of interest revenue and other fees	(288)	–	–	–
Fair value gain on financial assets held fair value through profit or loss	(4,874)	(581)	(4,874)	(581)
Fair value gain on investment properties through the profit and loss	–	(49)	–	–
Movements in assets and liabilities				
Trade and other receivables	(628)	(753)	(68)	(125)
Provisions	(17)	10	–	–
Current tax liability	836	102	–	–
Deferred tax balances	(38)	400	–	–
Trade and other payables	(47)	87	54	154
	3,392	**2,142**	**1,131**	**959**

	GARDA CAPITAL GROUP 2019 $	GARDA CAPITAL GROUP 2018 $	GARDA CAPITAL TRUST 2019 $	GARDA CAPITAL TRUST 2018 $
Reconciliation to cash at the end of the year				
Cash at bank	3,878	8,547	145	2,807

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	2019 $000	2018 $000
LONG-TERM BORROWINGS		
Syndicate Loan		
Opening balance	10,000	-
Cashflows	-	10,000
Non-cash changes	-	-
Closing balance	**10,000**	**10,000**
Securityholder Loan		
Opening balance	1,970	2,070
Cashflows	-	(100)
Non-cash changes	-	-
Closing balance	**1,970**	**1,970**
Total		
Opening balance	11,970	2,070
Cashflows	-	9,900
Non-cash changes	-	-
Closing balance	**11,970**	**11,970**

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 TRUST	2019 $000	2018 $000
LONG-TERM BORROWINGS		
Syndicate Loan		
Opening balance	10,000	-
Cashflows	-	10,000
Non-cash changes	-	-
Closing balance	**10,000**	**10,000**
Related party loans		
Opening balance	566	557
Cashflows	1,289	-
Non-cash changes	45	9
Closing balance	**1,900**	**566**
Total		
Opening balance	10,566	10,557
Cashflows	1,289	-
Non-cash changes	45	9
Closing balance	**11,900**	**10,566**

Note 23
Earnings Per Stapled Security

	GARDA CAPITAL GROUP		GARDA CAPITAL TRUST	
	2019 $	**2018 $**	**2019 $**	**2018 $**
Earnings used in calculating earnings per stapled security				
Net profit after tax attributable to security holders	8,356	2,787	5,998	1,482
	NUMBER 000	**NUMBER 000**	**NUMBER 000**	**NUMBER 000**
Basic earnings				
Weighted average number of ordinary securities used in the calculation of basic earnings per security	24,030	24,030	24,030	24,030
Basic earnings per stapled security/unit (cents per security)	34.8	11.6	25.0	6.2
Dilutive earnings				
Weighted average number of ordinary securities used in the calculation of basic earnings per security	24,427	24,030	24,427	24,030
Diluted earnings per stapled security/unit (cents per security)	34.2	11.6	24.6	6.2

On 13 November 2017, 1,200,000 securities were granted to employees under the GARDA Capital Group Employee Securities Plan **(ESP)**. These ESP securities are considered dilutive under the Australian Accounting Standards and therefore impact the weighted average number of ordinary securities used in the calculation of earnings per security.

For the prior 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.

Further information on the ESP is provided in note 24.

Note 24
Security Based Payments Expense

The establishment of the GARDA Capital Group ESP was approved by securityholders at the Group's 2017 annual general meeting. The ESP is designed to:

— incentivise employees to deliver long-term securityholder value;

— align the interests of employees and securityholders;

— recognise individual performance; and

— ensure the Group has a competitive remuneration structure.

Participation in the ESP 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 who participated in the issue of securities under the ESP were provided limited recourse loans on the grant date of an amount equal to the application price of the securities (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 total non-cash expense arising from security-based payment transactions for the period was as follows:

	GARDA CAPITAL GROUP		GARDA CAPITAL TRUST	
	2019 $	2018 $	2019 $	2018 $
Securities issued under employee security plan	21	29	21	29

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

	30 JUNE 2019		30 JUNE 2018	
	NUMBER OF SECURITIES	EXERCISE PRICE PER SECURITY	NUMBER OF SECURITIES	EXERCISE PRICE PER SECURITY
As at 1 July 2018	1,200,000	$1.00	-	-
Granted during the period	300,000	$1.72	1,200,000	$1.00
Security buy back and cancellation	(300,000)	$1.00	-	-
As at 30 June 2019	**1,200,000**		**1,200,000**	**$1.00**

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 2019	NUMBER OF SECURITIES 30 JUNE 2018	LIMITED RECOURSE LOAN VALUE 30 JUNE 2019	LIMITED RECOURSE LOAN VALUE 30 JUNE 2018
13/11/2017	13/11/2019	$1.00	150,000	300,000	$150,000	$300,000
13/11/2017	13/11/2020	$1.00	750,000	900,000	$750,000	$900,000
03/06/2019	03/06/2021	$1.72	300,000	-	$516,000	-
			1,200,000	**1,200,000**	**$1,416,000**	**$1,200,000**

The weighted average exercise price of securities granted during the year was $1.72. The weighted average remaining contractual life of options outstanding at end of period was 1.39 years (2018: 2.12 years).

The following securities were issued during the year:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER OF SECURITIES 30 JUNE 2019	LIMITED RECOURSE LOAN VALUE 30 JUNE 2019
03/06/2019	03/06/2021	$1.72	300,000	$516,000
			300,000	**$516,000**

The following securities were bought back and cancelled during the year, and the limited recourse loan cancelled, as a result of the resignation of the holding executive director:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER OF SECURITIES	LIMITED RECOURSE LOAN VALUE 30 JUNE 2019
13/11/2017	13/11/2019	$1.00	150,000	-
13/11/2017	13/11/2020	$1.00	150,000	-
			300,000	**-**

Fair value of securities granted

The assessed fair value at grant date of securities issued during the year ended 30 June 2019 was $0.19 per security. The fair value at grant date is determined using the Black and Scholes option pricing model, taking into account the exercise price, term of the security, security price at grant date and expected price volatility of the underlying security, expected dividend yield, risk-free interest rate for the term of the security and certain probability assumptions.

The model inputs for securities granted during the current and previous year are as follows:

	150,000 SECURITIES	750,000 SECURITIES	300,000 SECURITIES
Grant date	13 November 2017	13 November 2017	03 June 2019
Expiry date	13 November 2019	13 November 2020	03 June 2019
Exercise price	$1.00	$1.00	$1.72
Security price at grant date	$1.00	$1.00	$1.71
Expected volatility	25%	25%	25%
Distribution yield	4%	4%	4%
Risk-free interest rate	2%	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 not been any 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

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. GARDA Capital Group comprises two 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 2019	FUNDS MANAGEMENT $000	INVESTMENT $000	TOTAL $000
Segment revenue and other income			
Fund and real estate management	3,648	–	3,648
Lease, project management and other fees	2,633	–	2,633
Debt advisory services	832	–	832
Lending business income	–	243	243
Interest	85	–	85
Distributions	–	1,899	1,899
Other revenue	37	–	37
Total segment revenue	**7,235**	**2,142**	**9,377**
Total segment expense	**(833)**	**(774)**	**(1,607)**
Segment profit	**6,402**	**1,368**	**7,770**

SEGMENT RESULTS FOR THE YEAR ENDED 30 JUNE 2018	FUNDS MANAGEMENT $000	INVESTMENT $000	TOTAL $000
Segment revenue and other income			
Fund and real estate management	2,910	-	2,910
Lease, project management and other fees	1,268	-	1,268
Debt advisory services	707	-	707
Lending business income	-	290	290
Interest	106	-	106
Distributions	-	1,292	1,292
Other revenue	12	-	12
Total segment revenue	**5,003**	**1,582**	**6,585**
Total segment expense	**(639)**	**(408)**	**(1,047)**
Segment profit	**4,364**	**1,174**	**5,538**

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	2019 $000	2018 $000
Total revenue for reportable segments	**9,377**	**6,585**
Unallocated amounts		
Fair value gain on financial assets	4,874	581
Fair value gain on investment property	-	49
Other revenue	20	-
Total revenue (Note 4)	**14,271**	**7,215**

Major Customers

The Group, through the Trust, generates the majority of its revenue from the management (as responsibly entity) of GDF.

Geographical information

All of GARDA Capital Group's segments operate within Australia.

RECONCILIATION OF REPORTABLE SEGMENT PROFIT BEFORE INCOME TAX TO PROFIT BEFORE TAX	2019 $000	2018 $000
Total revenue for reportable segments	**7,770**	**5,538**
Unallocated amounts		
Fair value gain on financial assets	4,874	581
Fair value gain on investment properties	–	49
Other revenue	20	–
Depreciation and amortisation of intangible assets	(71)	(110)
Employee benefit expense	(2,110)	(1,460)
Professional costs	(684)	(803)
Occupancy costs	(280)	(269)
Other expenses	(242)	(208)
Security based payments expense	(21)	(29)
Profit before income tax	**9,256**	**3,289**

SEGMENT ASSETS AND LIABILITIES AS AT 30 JUNE 2019	FUNDS MANAGEMENT $000	INVESTMENT $000	TOTAL $000
Segment Assets	3,961	34,199	38,160
Segment Liabilities	(2,376)	(10,494)	(12,870)
Net Assets	**1,585**	**23,705**	**25,290**

SEGMENT ASSETS AND LIABILITIES AS AT 30 JUNE 2018	FUNDS MANAGEMENT $000	INVESTMENT $000	TOTAL $000
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	2019 $000	2018 $000
Reportable segment assets	**38,160**	**31,298**
Unallocated amounts		
Investment properties	1,250	1,250
Other receivables	160	168
Corporate fixed assets	64	84
Intangible assets	290	326
Total assets	**39,924**	**33,126**

RECONCILIATION OF REPORTABLE SEGMENT LIABILITIES	2019 $000	2018 $000
Reportable segment liabilities	**12,870**	**12,911**
Unallocated amounts		
Trade and other payables	267	232
Provisions	25	22
Provision for income tax	938	102
Deferred tax liabilities	19	57
Total liabilities	**14,119**	**13,324**

05

Director's Declaration

Directors' Declaration

The Directors of GARDA Capital Limited and GARDA Funds Management Limited as Responsible Entity for GARDA Capital Trust declare 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 2019 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 resolution 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*.

Matthew Madsen
Executive Chairman

22 August 2019

06

Audit Opinion

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

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 2019, 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 2019 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.

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

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 increased its investment in listed shares by acquiring a further 3,200,000 units in GDF at $1.25 totalling $4.0 million. The Group continues to account of the investment in GDF as a financial asset at fair value through profit or loss on the basis that it has neither significant influence nor 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 2019 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 management's 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.

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

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 2019, 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.

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 21 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of GARDA Capital Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of 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

T Mann

T R Mann
Director

Brisbane, 22 August 2019

07

Corporate Governance Statement

Corporate Governance Statement

Year Ended 30 June 2019

The Board and management of GARDA Capital Group consider it is crucial for the long term performance and sustainability of the Group, and to protect and enhance the interests of its security holders and other stakeholders, that it adopts an appropriate corporate governance framework pursuant to which it will conduct its operations with integrity, accountability and in a transparent and open manner.

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 2019.

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'). It is current as at 30 June 2019.

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 2019 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:

https://www.gardacapital.com.au/who-we-are/corporate-governance/

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

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.

GARDA Capital Group has complied with the majority of recommendations of the ASX Principles and Recommendations. The Board believes the areas of non-conformance, which are explained in the Corporate Governance Statement and the ASX Appendix 4G, will not materially impact the ability of the Group to achieve the highest standards of corporate governance nor its ability to meet the expectations of its security holders and other stakeholders.

08

Equity Security Holder Information

Equity Security Holder Information

The securityholder information set out below was applicable as at 21 August 2019.

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 0.

b. Equity Security Holders

The names of the twenty largest holders 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 MANAFEMENT PTY LTD	100,000	0.42%
Total	**21,632,557**	**90.02**

c. Substantial Holders

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

BENEFICIAL HOLDINGS AS AT 21 AUGUST 2019	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%
Total	**15,979,043**	**66.50%**

d. Voting Rights

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

09

Corporate Directory

Corporate Directory

Directors

Matthew Madsen
Executive Chairman

Morgan Parker
Independent Non-Executive Director

Mark Hallett
Non-executive Director

Philip Lee
Non-executive Director

Company Secretary

Lachlan Davidson
General Counsel and Company Secretary

Registered Office

Level 21, 12 Creek Street
Brisbane QLD 4000

p +61 7 3002 5300
f +61 7 3002 5311
w www.gardacapital.com.au

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 are listed on the Australian Securities Exchange Limited as a stapled security (ASX: GCM)

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