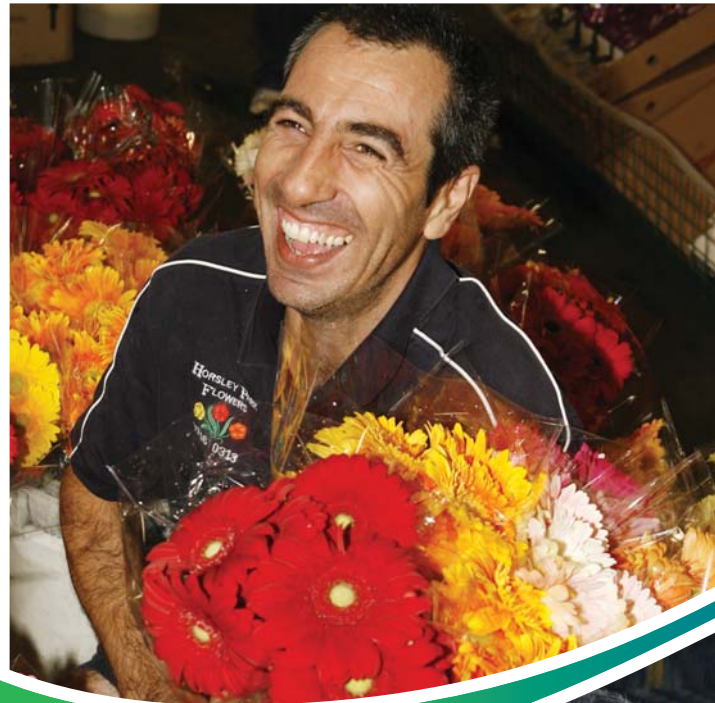




SYDNEY MARKETS LIMITED

providing the best environment that supports competitive trade and effective distribution



Sydney Markets Limited

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Sydney Markets
NSW 2129
Australia

Registered Office:
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Sydney Markets
NSW 2129
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ANNUAL REPORT 2007

BOARD OF DIRECTORS



JOHN PEARSON
Chairman of the Board



COLIN GRAY
Expertise Director



BILL LYNCH
Expertise Director



DAVID HYNES
Independent Director



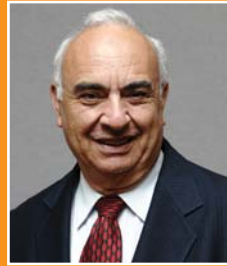
BILL McMAHON
Nominee Director
Growers Market



DAVID WHITEMAN
Nominee Director
Warehouses



COS CREMONA
Nominee Director
Wholesale Market



TONY BASSIL
Nominee Director
Flower Market



NEIL MATHEWS
Nominee Director
Retail Markets

SENIOR MANAGEMENT



BRAD LATHAM
Chief Executive Officer



GERRY DARAS
Head of Operations



ADRIAN SPRAGG
Company Secretary
Chief Financial Officer



TOM HUGHES
Head of Site Services

joint message from the Chairman & CEO

JOINT MESSAGE FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

We are very pleased to present the 2006/2007 Sydney Markets Limited Annual Report.

For the year 2006-2007, Sydney Markets Limited has continued to provide a quality environment that supports competitive trade and effective distribution, whilst delivering a sound financial performance.

Highlights of the operating performance for Sydney Markets Limited during the year are:

- Profit after Tax of \$6.3 million was a slight increase on the previous year's profit of \$6.1 million. The Operating Profit before tax without the re-valuation of interest rate hedges (under Australian equivalents to International Financial Reporting Standards) is \$8.7 million compared to \$8.5 million last year which is an increase of 2.2%.
- Total Operating Revenue for the year increased by 3.9% compared to last year. Consistently strong Market occupancy levels resulted in growth in Rents, Dues and Fees of 2.2% which is consistent with our strategy of minimising cost for Market tenants wherever possible.
- Overall Operating Costs were up by 1.4% during the year, despite CPI for the year being up by 2.7%. The benefits derived from effective waste management initiatives and lower insurance premiums based on improved claims experience have contributed to the lower than CPI increase.
- The profit after tax represents a return on average equity of 19.2% and a return on average assets of 5.8%. While the return on assets is slightly below a commercial rate, it is consistent with the strategy of balancing Sydney Markets Limited's financial requirement with the need to provide facilities and services to shareholders at the lowest possible cost.
- The Total Capital Expenditure for the year was \$8.2 million. This is largely attributable to the purchase of adjoining land in accordance with our land acquisition strategy in line with our Master Plan. Properties purchased include the Service Station at 240-242 Parramatta Road, 230-232 Parramatta Road and 23 Smallwood Ave, Homebush.
- The Sydney Markets Limited Board's continued commitment to utilising the Company's strong cash flow to reduce debt has seen borrowings reduce from \$56.5 million at 1 July 2006 to \$51.5 million at 1 July 2007.

The most notable initiative carried out during the year was the continuation of the Master Plan process. The comprehensive information gathering process undertaken over the past 18 months highlighted the fact that Sydney Markets is a world leader in Central Market operations and further confirms our vision "to be the most effective market in the World". The direction moving forward for Sydney Markets Limited in the short term will be driven through efficiency, primarily through operational rather than significant structural changes.

The implementation of the Master Plan process in the short, medium and long term will provide the strategic link in ensuring the relevance of the Central Market system as an integral part of the overall supply chain now and well into the future.

joint message from the Chairman & CEO

- One of the key elements of the Master Plan is the introduction of clear branding and market positioning. This stage involves a number of initiatives which resulted in a revamp of the Sydney Markets "brand", including the installation of new entrance signage and on site directional signage together with a total makeover of all Sydney Markets related websites.

Other initiatives in progress are:

- Early truck entry cut off delivery times
 - New delivery truck entry/exit point – south west corner
 - Relocation of truck weighbridge
 - CHEP pallet yard relocation
 - Development of additional Warehouses L & W
 - Construction of forklift access way to Hard Vegetable Area
 - Construction of Providore working areas
 - Design of an elevated pedestrian footbridge from the rail station to the Plaza
 - Acquisition of adjoining properties on Parramatta Rd frontage for future expansion.
- Paddy's Markets continues to be our most recognised brand and the most successful retail markets in Australia. It is pleasing to note the City of Sydney and Sydney's Paddy's Markets popular Chinese New Year Festival won the Toyota Community Award for NSW section of the Australian Business Arts Foundation during September 2006. This award was a clear example of the value of our Community Relationship Program and a partnership that embraces our customers, standholders and staff.
 - Sydney Markets Limited remained highly active in the debate surrounding a Horticultural Code, working in conjunction with both the Central Markets Association of Australia and the Australian Chamber of Fruit and Vegetable Industries. After countless debates, regulations contained in the Mandatory Code were finalised by the Federal Government ahead of their tabling in Parliament in early February, and officially taking effect from 14 May 2007. We will continue to liaise with Government to ensure the requirements of the Code are streamlined to allow a workable Code for Wholesalers and Growers.
 - Sydney Markets Fresh for Kids website won the prestigious Award for the Best Food Based Website for 2006 in a national competition organised by the Food Media Club of Australia. The website was created for the Sydney Markets "Fresh for Kids" program, the objectives of which are to increase fruit and vegetable consumption by school aged children, and to promote a healthy lifestyle that incorporates regular physical activity teamed with a diet rich in fruit and vegetables.
 - Sydney Markets Limited also won the prestigious Award for Best Recipe Writing in Advertising with our Seasonal Recipe Card Collection. The Recipe Cards, available from quality independent greengrocers, were recognised for their high content use of fresh fruit and vegetables, ease of preparation and most importantly their focus on encouraging consumers to enjoy a healthy diet.
 - The Green Point Environment Management Depot continues to deliver extremely pleasing results. Five waste streams are managed within this area i.e. organic, cardboard, steel, pallets and plastic. It is pleasing to note that 50% of our total waste volume is now recycled, resulting in significant savings.

joint message from the Chairman & CEO

- Sydney Markets Limited were recommended by the Australian Federal Government to join an Indian consortium who are tendering for the rights to design, construct and manage a modern terminal Market in Chandigarh, located in the northern part of India. Our role, pending finalisation of negotiations and the tendering process, will be by way of supplying our extensive knowledge and expertise in relation to a world class central market operation.

One of the great strengths of Sydney Markets Limited is the level of experience and commitment of those involved with the Organisation who have continued to play an important and valuable role during the past year. Sydney Markets Limited's Directors, Management, staff and contractors have been most supportive of the many strategic changes that have taken place. Their enthusiasm, cooperation and determination to work in a rapidly changing environment is to be commended. We also acknowledge and thank the members of the Council of Market Representatives and the Paddy's Advisory Committee for their commitment and hard work.

Finally, our future lies in our hands. Our business environment is changing in relation to the planning requirements of our site and the supply chain within which we operate. With continued forward thinking, planning and by working together we can ensure the growth of Sydney Markets Limited well into the future.



JOHN PEARSON
CHAIRMAN



BRADLEY LATHAM
CHIEF EXECUTIVE OFFICER

Directors' report

Your Directors present their report on Sydney Markets Limited and its controlled entity (referred to hereafter as Sydney Markets) for the financial year ended 30 June 2007.

DIRECTORS

The names of Directors, all of whom are non executive, in office at any time during or since the end of the financial year are:

Mr John C. Pearson – <i>Chairman</i>	Mr David J. Whiteman Mr William L. Lynch
Mr Cosimo Cremona – <i>Deputy Chairman to 22 August 2007</i>	Mr Colin H. Gray Mr Neil W. Mathews
Mr Anthony G. Bassil – <i>Deputy Chairman since 22 August 2007</i>	Mr David W. Hynes Mr William E. McMahon

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

COMPANY SECRETARY

The following person held the position of Company Secretary at the end of the financial year:

Adrian Spragg - B.Com/LL.B (UNSW), Chartered Accountant.

Mr Spragg's 28 years experience in Australia and overseas commenced in the audit and tax fields with a large Chartered Accounting practice, followed by various financial and general managerial roles in the fields of banking, industrial products, trading and import and distribution. He was appointed Company Secretary on 1 August 2005.

PRINCIPAL ACTIVITIES

The principal activities of Sydney Markets during the financial year were to manage and administer the Sydney Markets at Flemington and Haymarket.

OPERATING RESULTS

The after tax consolidated profit of Sydney Markets for the year ended 30 June 2007, as disclosed in the accounts, amounted to \$6,322,000, which compares favourably with \$6,107,000 for the year ended 30 June 2006.

The operating results are in line with the Board's expectations. Compared to 2006, there were increased considerations from the transfer of tenancies in the Markets this year, offset by a lower profit on revaluation of interest rate hedging instruments. Reduced finance costs can be attributed to further insurance savings and lower borrowings, despite increased interest rates and financing of Banana Wholesalers' rent deferral arising from tropical Cyclone Larry in March 2006. Increased professional fees reflect the considerable planning associated with the Flemington site Master Plan.

DIVIDEND PAID OR RECOMMENDED

No dividends were paid or recommended during the year. Sydney Markets' policy, as disclosed in the Prospectus, dated 16 February 1998, is that no dividends will be declared. In exceptional circumstances the Directors may elect to declare a dividend, however, the Directors do not currently envisage any circumstance giving rise to the declaration of a dividend.

The reason for Sydney Markets' dividend policy is that, in the opinion of the Directors, all cash and other reserves will need to be maintained, invested and accumulated in order to fund the costs associated with the continuation of the Central Markets.

Directors' report

Following the purchase of the Sydney Markets Site at Flemington from the NSW Government, the Board's policy has been to use any surplus cash resources to pay down its loan facility with the Bank. During this financial year the Board approved the purchase of key adjoining properties to allow for future expansion.

REVIEW OF OPERATIONS

Some significant developments in the operations of Sydney Markets in the financial year have been:

- Woolworths vacated Warehouse X in March 2006 and assigned its long term lease to the Fresh Produce Group in October 2006.
- Throughout 2006-07 Sydney Markets continued to engage stakeholders in Sydney Markets Master Plan to provide for their long term needs and make better use of the existing Flemington site. This is both through improvements in operational efficiency, the construction of additional warehouse and other facilities, and the purchase of adjoining properties.
- Since year end, tender processes have been completed for the occupation of Warehouse L and Warehouse W. Construction is expected to be completed by 1 July 2008. A Special General Meeting held on 22 August 2007 approved the issue of equity interests for Warehouse W, as required by Sydney Markets Limited's Constitution.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than the matters mentioned above, there were no significant changes in the state of affairs of Sydney Markets during the year.

AFTER BALANCE DATE EVENTS

Except for the matters disclosed in this Financial Report, the Directors are not aware of any other matter or circumstance that has arisen since 30 June 2007 which has significantly affected or may significantly affect the operations of Sydney Markets, the results of those operations, or the state of affairs of Sydney Markets in subsequent financial years.

LIKELY DEVELOPMENTS

Apart from the matters mentioned above the Directors are unaware of any other significant event or development in the operations of Sydney Markets and the expected results of those operations in future financial years, which will significantly change the state of affairs of Sydney Markets or its shareholders.

ENVIRONMENTAL ISSUES

Sydney Markets' operations are subject to significant environmental regulation under the laws of the Commonwealth and the State.

The NSW Government remains responsible for environmental issues prior to the hand over to Sydney Markets Limited on 1 November 1997.

Sydney Markets Limited is subject to regulations under the Environmental Protection Authority Act in regards to the discharge of trade waste water and other liquid waste. Sydney Markets engages independent and registered testing companies to continuously monitor the discharge of trade waste water and other liquid waste from the Flemington site. Sydney Markets has complied with all the required regulations during the year ended 30 June 2007.

Directors' report

INFORMATION ON DIRECTORS (AS AT THE DATE OF THIS REPORT)

John C. PEARSON

- Non-Executive Director & Chairman

Experience:

- Board Member since 2003
- Experienced and successful finance executive with significant banking, building society and management exposure at senior levels
- Director of Balmain Leagues Club
- Director of Tigers Advisory Group Pty Ltd
- Director of R.P. Cricket Pty Ltd – T/A Randwick Petersham Foundation

SML Committees:

- Finance & Audit, Remuneration

Interest in shares:

- Nil

Colin H. GRAY

- Non-Executive Expertise Director

Qualifications:

- Qualified Accountant (CPA)
- Associate Fellow, Australian Institute of Management (AFAIM)
- Member, Australian Institute of Training and Development (MAITD)
- Associate Fellow, Australian Society of Association Executives (AFSAE)
- Graduate, Australian Army Command and Staff College (the Army's highest training institution)

Experience:

- Board Member since 1997
- Worked as an accountant in private industry
- More than 20 years service with the Australian Army in command, training and operational appointments in Australia, South East Asia, and Europe and with the United Nations in the Middle East. Achieved the rank of Lieutenant Colonel
- Over 13 years experience in the Fruit & Vegetables Industry.
- Past Chairman, Sydney Markets Industries Group
- Chief Executive Officer, The NSW Chamber of Fruit and Vegetable Industries Inc.
- Executive Director, The Australian Chamber of Fruit and Vegetable Industries Ltd.
- Secretary, Chamber (Holdings) Pty Ltd
- Secretary, NSW Chamber (Services) Pty Ltd

SML Committees:

- Finance & Audit, Fresh for Kids

Interest in shares:

- Nil

Directors' report

William L. LYNCH

Experience:

- **Non-Executive Expertise Director**
- Board Member since 1998
- Over 51 years in the Australian Horticulture Industry as a grower, wholesaler and retailer
- Director of several companies in the flower industry, including:
 - W & D Lynch Pty Ltd
 - Carismatic Pty Ltd
- Past President, Australian Flower Growers Association
- Past President, Flower Growers Group of NSW Inc.
- Associate Member, NSW Chamber of Fruit and Vegetable Industries Inc.

SML Committees:

- Remuneration

Interest in shares:

- 10 Retail Markets Ordinary and 7 Flower Market Ordinary Shares

David W. HYNES

Qualifications:

- **Non-Executive Independent Director**

Experience:

- B.Ec / LL.B (Sydney University)
- Board Member since 2005
- Executive Director of Winston Langley Pty Limited, a property development and property advisory organisation
- Director of Manchester Unity Australia Limited
- Director of the Australian Baseball Federation
- Member, Sydney University Senate/Sports Liaison Committee

SML Committees:

- Remuneration

Interest in shares:

- Nil

William E. McMAHON

Experience:

- **Non-Executive Nominee Director – Growers Market**
- Board Member since 1998
- Over 50 years experience as a fruit and vegetable grower
- A lifetime's experience as an industry representative at executive level on grower organisations
- Secretary, NSW Free Growers Horticultural Council
- Secretary, Lower Nepean/Hawkesbury Water Users Association
- Member, Coastal Valleys Customer Service Committee of State Water
- Past Member, Sydney Markets Industries Group representing sixteen Markets organisations

SML Committees:

- Property

Interest in shares:

- Nil

Directors' report

David J. WHITEMAN

Qualifications:

Experience:

SML Committees:

Interest in shares:

- **Non-Executive Nominee Director – Warehouses**

- BA (Macquarie University) majoring in Economics & Financial Studies
- Board Member since 2004
- Over 41 years experience in the fruit and vegetable industry
- Director of several companies in the fruit and vegetable industry, including:
 - C J Lewis Pty Ltd
 - C J Lewis Aust Pty Ltd
 - Mount View (Batlow) Pty Ltd
 - Davic Investments Pty Ltd
 - Chamber (Holdings) Pty Ltd
 - NSW Chamber (Services) Pty Ltd
- Vice President, The NSW Chamber of Fruit and Vegetable Industries Inc.
- Chairman, S.M.C.S. Co-operative Ltd
- Chairman, Environment Management
- Nil

Cosimo CREMONA

Experience:

SML Committees:

Interest in shares:

- **Non-Executive Nominee Director – Wholesale**

- Board Member since 2002
- Over 29 years experience in the fruit and vegetable industry
- Director of several companies in the fruit and vegetable industry, including:
 - Cremona Bros Pty Ltd
 - Loftden Pty Ltd
 - S.M.C.S. Co-operative Ltd
- Member of the Lions Club, Flemington
- Member, NSW Chamber of Fruit and Vegetable Industries Inc.
- Environment Management
- 3 Wholesale Ordinary Shares and 2 Warehouse Ordinary Shares

Anthony G. BASSIL

Experience:

SML Committees:

Interest in shares:

- **Non-Executive Nominee Director – Flower Market**

- Board Member 1999-2002 and since 2005
- 51 years involvement in the flower growing and market industry
- Director of George Bassil & Son Pty Ltd
- Former Vice President of NSW Flower Growers Association
- Environment Management
- Nil

Directors' report

Neil W. MATHEWS - Non-Executive Nominee Director – Retail Markets

- Qualifications:
- Engineering Trade – Sydney Technical College
 - Production Engineering – University of Technology
 - Post Graduate Subjects – University of NSW
- Experience:
- Board Member since 1997
 - Foundation Committee original Paddy's Association
 - Representative, Paddy's Advisory Committee
 - Past Representative, Sydney Markets Industries Group
 - Co-founder, Bessemer Party Plan
 - Co-founder, Supreme Industries Pty Ltd
 - Past General Manager, Raco-Bissell
 - Past Product Manager, Rex Aluminium
- SML Committees:
- Environment Management and Chairman, Property
- Interest in shares:
- Nil

MEETINGS OF DIRECTORS

Details of Directors' meetings held during the financial year ended 30 June 2007 and Directors' attendances at these meetings were as follows:

Director	Directors' Meetings		Finance & Audit Committee Meetings	
	Number of Meetings held whilst a Director	Meetings attended	Number of Meetings held	Meetings attended
John C. PEARSON	12	12	6	6
Neil W. MATHEWS	12	12	-	-
Cosimo CREMONA	12	12	-	-
Colin H. GRAY	12	12	6	6
William L. LYNCH	12	11	-	-
William E. McMAHON	12	12	-	-
David J. WHITEMAN	12	12	-	-
Anthony G. BASSIL	12	11	-	-
David J. HYNES	12	11	-	-

Directors attended various meetings of other Board committees during the year.

Directors' report

DIRECTORS AND OFFICERS REMUNERATION

No Director or Officer of Sydney Markets is a party to any contract with Sydney Markets under which the Director or Officer is entitled to a benefit except for:

1. Directors' and Officers' Fees and Remuneration as shown in Sydney Markets' Financial Statements (Note 6).
2. Interests or involvement in a company or entity that has a lease or licence with Sydney Markets on terms and conditions no more favourable than those of other Market tenants (Note 25).

INDEMNIFYING OFFICERS AND AUDITORS

During the financial year, Sydney Markets paid insurance premiums for Directors and Officers Liability Insurance in respect of any person who is or has been a Director or Officer of Sydney Markets. The terms of the policy do not allow the amount of the premium to be disclosed.

CORPORATE GOVERNANCE

Board Composition

The composition of the Board is in accordance with the criteria laid down in Sydney Markets Limited's Constitution.

Directors' Shareholdings

No Director holds or is able to hold any share in Sydney Markets Limited except where he has a share entitlement as a holder of tradeable space in accordance with Sydney Markets Limited's Constitution.

Directors' Committees

Directors' Committees encompassing Finance & Audit, Environment Management, Property and Remuneration operated during the year and these committees meet on a regular basis.

Internal Controls & Systems

Sydney Markets' auditor, WHK Horwath, undertakes certain risk focused testing procedures of Sydney Markets' financial systems and procedures, as requested by the Finance and Audit Committee. The Finance & Audit Committee reviews the findings and initiates whatever action is necessary and appropriate.

Ethical Standards

Directors, staff and contractors are required to abide by Sydney Markets Limited's Code of Conduct.

OPTIONS

No options over shares were granted or redeemed during the period. Sydney Markets Limited's Constitution precludes share options.

Directors' report

PROCEEDINGS ON BEHALF OF SYDNEY MARKETS

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

Sydney Markets was not a party to any such proceedings during the year.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2007 has been received and can be found on page 12 of the Directors' report.

ROUNDING OF AMOUNTS

Sydney Markets has applied the relief available to it in ASIC Class Order 98/100 and, accordingly, amounts in the Financial Report and Directors' report have been rounded to the nearest thousand dollars.

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



J.C. PEARSON
CHAIRMAN

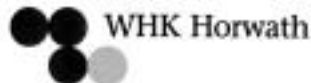


C.H. GRAY
DIRECTOR

Dated at Sydney this 25th day of September, 2007

auditor's independence declaration

Directors report



WHK Horwath

AUDITOR'S INDEPENDENCE DECLARATION

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF SYDNEY MARKETS LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2007 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

WHK HORWATH

DAVID W. SINCLAIR
Principal

Dated at Sydney this 25th day of September 2007

Total Financial Solutions



Liability limited by a license issued under Professional Standards Regulation

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www.whkhorwath.com.au
A WHK Group Firm

income statement

for the year ended

30th June 2007

	Note	CONSOLIDATED		PARENT ENTITY	
		2007 \$000	2006 \$000	2007 \$000	2006 \$000
Operating Revenue	3	45,489	43,768	45,440	43,768
Other Income	3	667	1,056	667	1,056
		46,156	44,824	46,107	44,824
Property costs		(16,094)	(15,834)	(16,043)	(15,834)
Payroll costs		(4,446)	(4,419)	(4,446)	(4,419)
Repairs and maintenance		(2,669)	(2,419)	(2,669)	(2,419)
Management & administration costs		(684)	(788)	(684)	(788)
Finance costs	4	(4,138)	(4,475)	(3,951)	(4,475)
Advertising and promotion		(3,589)	(3,525)	(3,589)	(3,525)
Professional fees		(1,124)	(767)	(1,124)	(767)
Depreciation & amortisation	4	(4,068)	(4,079)	(4,055)	(4,079)
TOTAL EXPENSES		(36,812)	(36,306)	(36,561)	(36,306)
Profit before income tax	4	9,344	8,518	9,546	8,518
Income tax expense	5	(3,022)	(2,411)	(3,082)	(2,411)
Profit attributable to members		6,322	6,107	6,464	6,107

The accompanying notes form part of these Financial Statements

balance sheet

as at

30th June 2007

	Note	CONSOLIDATED		PARENT ENTITY	
		2007	2006	2007	2006
		\$000	\$000	\$000	\$000
CURRENT ASSETS					
Cash and cash equivalents	8	7,241	9,430	7,241	9,430
Trade and other receivables	9	4,425	3,491	8,007	3,491
Other assets	10	1,338	1,428	1,338	1,428
Total Current Assets		13,004	14,349	16,586	14,349
NON-CURRENT ASSETS					
Financial Assets	11	-	-	-	-
Property, plant & equipment	13	93,885	89,997	90,694	89,997
Derivative Financial Instruments	19	332	-	332	-
Deferred tax assets	17	2,878	2,746	2,878	2,746
TOTAL NON-CURRENT ASSETS		97,095	92,743	93,904	92,743
TOTAL ASSETS		110,099	107,092	110,490	107,092
Current Liabilities					
Trade and other payables	14	4,395	4,249	4,644	4,249
Other current liabilities	15	6,604	4,936	6,604	4,936
Interest Bearing Liabilities	16	1,250	1,250	1,250	1,250
Current tax liabilities	17	1,896	1,751	1,896	1,751
Provisions	18	184	109	184	109
Total Current Liabilities		14,329	12,295	14,578	12,295
Non-Current Liabilities					
Interest Bearing Liabilities	16	51,500	56,500	51,500	56,500
Deferred tax liabilities	17	8,055	8,061	8,055	8,061
Provisions	18	91	102	91	102
Derivative Financial Instruments	19	-	332	-	332
Total Non-Current Liabilities		59,646	64,995	59,646	64,995
TOTAL LIABILITIES		73,975	77,290	74,224	77,290
NET ASSETS		36,124	29,802	36,266	29,802
Equity					
Issued capital	20	7	7	7	7
Retained earnings		36,117	29,795	36,259	29,795
TOTAL EQUITY		36,124	29,802	36,266	29,802

The accompanying notes form part of these Financial Statements

statement of changes in equity

for the year ended

30th June 2007

CONSOLIDATED		Issued Capital \$000	Retained Earnings \$000	Total \$000
	Note			
Balance at 30 June 2005		7	24,643	24,650
Adjustment to retained profits on adoption of AASB 132 and AASB 139, net of tax		-	(955)	(955)
Balance at 1 July 2005		7	23,688	23,695
Profit attributable to the members		-	6,107	6,107
Balance at 30 June 2006		7	29,795	29,802
Profit attributable to the members		-	6,322	6,322
Balance at 30 June 2007		7	36,117	36,124

PARENT ENTITY		Issued Capital \$000	Retained Earnings \$000	Total \$000
	Note			
Balance at 30 June 2005		7	24,643	24,650
Adjustment to retained profits on adoption of AASB 132 and AASB 139, net of tax		-	(955)	(955)
Balance at 1 July 2005		7	23,688	23,695
Profit attributable to the members		-	6,107	6,107
Balance at 30 June 2006		7	29,795	29,802
Profit attributable to the members		-	6,464	6,464
Balance at 30 June 2007		7	36,259	36,266

The accompanying notes form part of these Financial Statements

cash flow statement

for the year ended

30th June 2007

	Note	CONSOLIDATED		PARENT ENTITY	
		2007	2006	2007	2006
		\$000	\$000	\$000	\$000
Cash Flows from Operating Activities					
Cash receipts from tenants and customers		46,243	44,433	46,194	44,433
Cash payments to suppliers and employees		(28,703)	(29,103)	(28,403)	(29,103)
Income tax paid		(3,015)	(1,342)	(3,015)	(1,342)
Interest received		378	393	378	393
Borrowing costs		(4,138)	(4,475)	(3,951)	(4,475)
Net cash provided by/(used in) operating activities	24(b)	10,765	9,906	11,203	9,906
Cash Flows from Investing Activities					
Loans to subsidiary company		-	-	(3,642)	-
Purchase of property, plant and equipment		(8,197)	(973)	(4,993)	(973)
Proceeds from sale of property, plant and equipment		243	104	243	104
Net cash provided by/(used in) investing activities		(7,954)	(869)	(8,392)	(869)
Cash Flows from Financing Activities					
Repayment of borrowings		(5,000)	(8,000)	(5,000)	(8,000)
Net cash provided by/(used in) financing activities		(5,000)	(8,000)	(5,000)	(8,000)
Net increase/(decrease) in cash held		(2,189)	1,037	(2,189)	1,037
Cash at beginning of year		9,430	8,393	9,430	8,393
Cash at end of financial year	24(a)	7,241	9,430	7,241	9,430

The accompanying notes form part of these Financial Statements

notes to the financial statements

for the year ended

30th June 2007

1. STATEMENT OF ACCOUNTING POLICIES

The Financial Report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The Financial Report covers the consolidated group of Sydney Markets Limited and its controlled entity, and Sydney Markets Limited as an individual parent entity. Sydney Markets Limited is a public company limited by shares, incorporated and domiciled in Australia.

The Financial Report of Sydney Markets complies with all Australian equivalents to International Financial Reporting Standards (AIFRS).

The following is a summary of the material accounting policies adopted by Sydney Markets in the preparation of the Financial Report. The accounting policies have been consistently applied, unless otherwise stated.

BASIS OF PREPARATION

The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Conventions

The Financial Report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

ACCOUNTING POLICIES

(a) PRINCIPLES OF CONSOLIDATION

A controlled entity is any entity Sydney Markets Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

Details of the controlled entity are contained in Note 12 to the financial statements. The controlled entity has a June financial year-end.

All inter-company balances and transactions between entities in the consolidated group of Sydney Markets Limited and its controlled entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

(b) INCOME TAX

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

Deferred tax is accounted for using the balance sheet liability 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, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

notes to the financial statements for the year ended

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that Sydney Markets will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Sydney Markets Limited and its effectively wholly-owned subsidiary have formed an income tax consolidated group under the tax consolidation regime. Each entity in the group recognises its own current and deferred tax assets and liabilities, except for any deferred tax assets resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The group is in the process of notifying the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 July 2006. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable under the separate taxpayer in-group method.

(c) PROPERTY, PLANT AND EQUIPMENT

Each class of property, plant and equipment is carried at historical cost less, where applicable, any accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to Sydney Markets and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

If land and buildings are revalued, increases in the carrying amounts arising on revaluation of land and buildings are credited to reserves in equity.

Land is not depreciated. Depreciation of other assets, other than motor vehicles, is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Motor vehicles are depreciated on a diminishing basis commencing from the date of acquisition. The depreciation rates used for each class of property, plant and equipment is:

Class of Fixed Asset	Depreciation Rate	Depreciation Method
Buildings	2.5%	Straight-line
Plant and machinery	17%	Straight-line
Fixtures, fittings and equipment	17%	Straight-line
Motor vehicles	22.5%	Diminishing value

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Assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount [refer to Note 1(g)].

Gains and losses on disposals are determined by comparing proceeds with carrying amount of the asset. Gains and losses on disposals are recognised on a net basis in the income statement.

(d) LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases, inclusive of any up front incentives received or paid, is recognised in income on a straight-line basis over the lease term.

(e) FINANCIAL INSTRUMENTS

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as follows:

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is Sydney Markets' intention to hold these investments to maturity. Any held-to-maturity investments held by Sydney Markets are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

notes to the financial statements for the year ended

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Derivative instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Sydney Markets has determined that its derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

Fair value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by Sydney Markets is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. Sydney Markets uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term financial instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to Sydney Markets for similar financial instruments.

Impairment

At each reporting date, Sydney Markets assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment loss has arisen. Impairment losses are recognised in the income statement.

(f) IMPAIRMENT OF ASSETS

At each reporting date, Sydney Markets reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

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

(g) EMPLOYEE BENEFITS

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Long Service Leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(h) PROVISIONS

Provisions are recognised when Sydney Markets has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required to settle them is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(i) CASH AND CASH EQUIVALENT

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(j) REVENUE

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised on an accrual basis as it is earned. Unearned income represents rental and other amounts received or receivable from tenants in respect of periods subsequent to the reporting period.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

notes to the financial statements for the year ended

(k) TRADE AND OTHER RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less an allowance for impairment of receivables, ie. allowance for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for impairment of receivables is established when there is objective evidence that Sydney Markets will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The movement in the allowance is recognised in the income statement.

(l) TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods and services provided to Sydney Markets prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) CONTRIBUTED EQUITY

Ordinary shares are classified as equity as they entitle the holder to a residual interest in the net assets of Sydney Markets, in proportion to their respective tradeable space, so that each share is "stapled" to one unit of tradeable space.

(n) PROMOTIONS LEVIES

Promotional levies are monies derived from levies on tenants where the funds are allocated to the promotion of the relevant area of the Markets. Any unused portion of these levies is recorded as a liability until expended.

(o) GOODS AND SERVICES TAX

Revenues, expenses and assets purchased are recognised net of the amount of goods and services tax (GST). Receivables and payables are recognised inclusive of GST. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables.

(p) INVESTMENTS

Non-current investments are measured on the cost basis. The carrying amount of non-current investments is reviewed annually by Directors to ensure no impairment indicators exist.

Details of controlled entities are contained in Note 12 to the financial statements. All controlled entities have a 30 June financial year-end.

(q) ROUNDING OF AMOUNTS

The relief available under ASIC Class Order 98/0100 has been applied and accordingly, amounts in the Financial Report have been rounded off to the nearest thousand dollars, except for the financial assets information at Note 11 and issued capital information at Note 20 to the Financial Report.

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2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 current trends and economic data, obtained both externally and within Sydney Markets.

KEY ESTIMATES & JUDGEMENTS – IMPAIRMENT

Sydney Markets assesses impairment at each reporting date by evaluating conditions specific to Sydney Markets that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. No impairment has been recognised other than of receivables.

The Financial Report was authorised for issue on 25 September 2007 by the Board of Directors.

notes to the financial statements for the year ended

	Note	CONSOLIDATED		PARENT ENTITY	
		2007 \$000	2006 \$000	2007 \$000	2006 \$000
3. REVENUE					
OPERATING ACTIVITIES					
Rents		17,628	17,110	17,579	17,110
Dues & fees		15,964	15,747	15,964	15,747
Other operating income		7,648	7,230	7,648	7,230
Advertising & promotion		2,841	2,834	2,841	2,834
Consideration on transfer of licences & leases		651	321	651	321
Bank and term deposit interest		378	393	378	393
Other revenue		379	133	379	133
Total Revenue		45,489	43,768	45,440	43,768
NON-OPERATING ACTIVITIES					
Fair value gains on derivative financial instruments		664	1,032	664	1,032
Net (loss)/gain on disposal of property, plant & equipment		3	24	3	24
Other Income		667	1,056	667	1,056
Total Revenue & Other Income		46,156	44,824	46,107	44,824

4. EXPENSES

Total expenses includes the following items:

Finance costs from external parties	4,138	4,475	3,951	4,475
Depreciation of non-current assets:				
- Buildings	1,281	1,267	1,273	1,267
- Plant and equipment	2,639	2,673	2,634	2,673
- Leasehold improvements	148	139	148	139
Total depreciation & amortisation	4,068	4,079	4,055	4,079
Provision for employee entitlements	332	311	332	311
Rental expense on operating leases	33,405	3,307	3,405	3,307

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5. INCOME TAX EXPENSE

(a) The components of tax expense comprise:

	Note	CONSOLIDATED		PARENT ENTITY	
		2007 \$000	2006 \$000	2007 \$000	2006 \$000
Current tax		3,140	973	3,200	973
Deferred tax		(226)	1,154	(226)	1,154
Under/(over) provision prior years		108	284	108	284
		3,022	2,411	3,082	2,411

(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

Prima facie tax payable on profit from ordinary activities before income tax at 30% (2006: 30%)		2,804	2,555	2,864	2,555
Add:					
Tax effect of:					
Other non-allowable items		(14)	7	(14)	7
Adjustment for (over)/under provision of tax in prior year		337	18	337	18
Adjustment to tax cost base of buildings, plant & equipment		(105)	(169)	(105)	(169)
Income tax expense attributable to operating profit		3,022	2,411	3,082	2,411
The applicable weighted average effective tax rates are as follows:		32%	28%	32%	28%

The increase in the weighted average effective tax rate for 2007 is a result of decreasing tax allowances on property, plant and equipment compared to 2006.

(c) Balance of franking account at the year-end adjusted for franking credits arising from payment of income tax payable and franking credits that may be prevented from distribution in subsequent financial years. Under legislation that took effect on 1st July 2002, the amount recorded in the Franking Account is the amount of Australian Income Tax paid, rather than franking credits based on after tax profits.

		22,437	19,176	22,437	19,176
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notes to the financial statements for the year ended

6. KEY MANAGEMENT PERSONNEL COMPENSATION

(a) NAMES AND POSITIONS HELD OF KEY MANAGEMENT PERSONNEL IN OFFICE AT ANY TIME DURING THE FINANCIAL YEAR ARE:

(i) Directors

All Directors are non-executive.

Key Management Person	Position
Mr J. C. Pearson	Chairman
Mr C. H. Gray	Expertise Director
Mr W. L. Lynch	Expertise Director
Mr D. W. Hynes	Independent Director
Mr W. E. McMahon	Nominee Director – Growers Market
Mr D. J. Whiteman	Nominee Director – Warehouses
Mr C. Cremona	Nominee Director – Wholesale
Mr A. Bassil	Nominee Director – Flower Market
Mr N. W. Mathews	Nominee Director – Retail Markets

(ii) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of Sydney Markets, directly or indirectly, during the financial year:

Key Management Person	Position
Mr B.R. Latham	Chief Executive Officer
Mr A. Spragg	Chief Financial Officer/Company Secretary
Mr G. Daras	Head of Operations
Mr T. C. Hughes	Head of Site Services

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(b) COMPENSATION PRACTICES

The Board's policy for determining the nature and amount of compensation of key management for Sydney Markets is as follows:

The compensation structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of Sydney Markets. The contracts for service between Sydney Markets and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future.

The Remuneration Committee sets senior management salaries and bonuses, based on individual key performance indicators agreed and reviewed on the anniversary of employment date.

The objective of Sydney Markets' senior management reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns their reward with achievement of strategic objectives and the creation of value for the continuation of the Central Markets, and conforms with market best practice for delivery of reward. The Board ensures that senior management reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage
- transparency

The employment conditions of the Chief Executive Officer and other key management personnel are formalised in open contracts of employment, generally requiring three to six months notice.

Directors' fees are determined within an aggregate Directors' fee pool limit. The pool limit for the 2007 year was \$350,000.

notes to the financial statements for the year ended

(c) KEY MANAGEMENT PERSONNEL COMPENSATION

2007

Key Management Person	Short-term Benefits			Post-employment Benefits	Total	Performance Related %
	Cash, salary & commissions	Non-cash benefit	Other	Super-annuation		
	\$000	\$000	\$000	\$000	\$000	
Directors						
Mr J. C. Pearson	79	-	-	7	86	-
Mr W. E. McMahon	29	1	-	3	33	-
Mr C. H. Gray	29	1	-	3	33	-
Mr C. Cremona	29	1	-	3	33	-
Mr N. W. Mathews	29	1	-	3	33	-
Mr W. L. Lynch	29	1	-	3	33	-
Mr D. J. Whiteman	29	1	-	3	33	-
Mr A. G. Bassil	29	1	-	3	33	-
Mr D. W. Hynes	29	1	-	3	33	-
Other key management personnel						
Mr B. R. Latham	185	12	-	33	230	-
Mr A. Spragg	160	-	-	13	173	1%
Mr G. Daras	73	16	-	28	117	3%
Mr T. C. Hughes	69	23	-	49	141	3%
	798	59	-	154	1,011	

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2006

Key Management Person	Short-term Benefits			Post-employment Benefits	Total	Performance Related
	Cash, salary & commissions	Non-cash benefit	Other	Super-annuation		%
	\$000	\$000	\$000	\$000	\$000	
Directors						
Mr J. C. Pearson	82	-	-	7	89	-
Mr W. E. McMahon	30	1	-	3	34	-
Mr C. H. Gray	30	1	-	3	34	-
Mr C. Cremona	30	1	-	3	34	-
Mr N. W. Mathews	30	1	-	3	34	-
Mr W. L. Lynch	30	1	-	3	34	-
Mr D. J. Whiteman	30	1	-	3	34	-
Mr A. G. Bassil	30	1	-	3	34	-
Mr D. W. Hynes	22	1	-	2	25	-
Other key management personnel						
Mr B. R. Latham	150	6	-	24	180	6%
Mr I. S. Parker	282	-	-	44	326	3%
Mr A. Spragg	129	-	-	10	139	-
Mr C. D'Cruz	72	5	-	7	84	7%
Mr G. Daras	69	5	-	23	97	5%
Mr T. C. Hughes	75	10	-	39	124	2%
	1,091	34	-	177	1,302	

(d) **SHAREHOLDINGS**

Number of Shares held directly or indirectly, or beneficially held by Key Management Personnel

	Balance 1.7.2006	Net Change Other	Balance 30.6.2007
Mr C. Cremona	5	-	5
Mr W.L. Lynch	17	-	17
Total	22	-	22

notes to the financial statements for the year ended

7. AUDITOR'S REMUNERATION

Remuneration of the auditor of Sydney Markets for:

	CONSOLIDATED		PARENT ENTITY	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
- Auditing and review of the Financial Statements	118	108	118	108
- Other services	34	21	34	21
	152	129	152	129

8. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	7,241	6,430	7,241	6,430
Interest bearing deposits	-	3,000	-	3,000
	7,241	9,430	7,241	9,430

The effective interest rate on short-term bank deposits was 6.40% (2006: 5.58%); these deposits have an average maturity of 30 days.

9. TRADE AND OTHER RECEIVABLES

Trade receivables	877	253	877	253
Receivables invoiced in advance	2,784	2,946	2,784	2,946
Allowance for impairment of receivables	(200)	(189)	(200)	(189)
	3,461	3,010	3,461	3,010
Accrued income	519	445	519	445
Other debtors	445	36	445	36
Amounts receivable from subsidiary	-	-	3,582	-
	4,425	3,491	8,007	3,491

10. OTHER CURRENT ASSETS

Prepayments	1,338	1,428	1,338	1,428
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11. FINANCIAL ASSETS

		CONSOLIDATED		PARENT ENTITY	
	Note	2007	2006	2007	2006
		\$	\$	\$	\$
Unlisted investments in controlled entities	12	-	-	1	1

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12. CONTROLLED ENTITIES

Controlled Entities	Country of Incorporation	Percentage Owned %	
		2007	2006
Parent Entity: Sydney Markets Limited	Australia	N/A	N/A
Subsidiary: Flemington Storage Pty Limited	Australia	100%	100%

Note	CONSOLIDATED		PARENT ENTITY	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000

13. PROPERTY, PLANT AND EQUIPMENT

Freehold Land at cost	37,978	32,767	35,245	32,767
Total Land	37,978	32,767	35,245	32,767
Buildings at cost	51,458	50,683	51,033	50,683
Less: accumulated depreciation	6,322	5,043	6,313	5,043
Total Buildings	45,136	45,640	44,720	45,640
Total Land & Buildings	83,114	78,407	79,965	78,407
Plant and equipment at cost	24,993	23,177	24,946	23,177
Less: accumulated depreciation	14,478	11,865	14,473	11,865
Total Plant & Equipment	10,515	11,312	10,473	11,312
Leasehold improvements at cost (Haymarket)	333	332	333	332
Less: accumulated amortisation	77	54	77	54
Total Leasehold Improvements	256	278	256	278
Total Property, Plant & Equipment	93,885	89,997	90,694	89,997

notes to the financial statements for the year ended

(a) Movements in Carrying Amounts

	Freehold Land \$000	Buildings \$000	Plant & Equipment \$000	Leasehold Improvements \$000	Total \$000
Balance at the beginning of the year	32,767	45,640	11,312	278	89,997
Additions	5,211	777	2,209		8,197
Disposals	-	-	(241)		(241)
Depreciation expense	-	(1,281)	(2,765)	(22)	(4,068)
Balance at the end of the year	37,978	45,136	10,515	256	93,885

The Land and Buildings with building fixtures, fittings, plant and equipment were independently valued by Urbis JHD, Registered Property Valuer, as at 31 December 2004. In the valuer's opinion, the 'fair value' for financial reporting purposes was \$143 million.

	Note	CONSOLIDATED 2007 \$000	2006 \$000	PARENT ENTITY 2007 \$000	2006 \$000
14. TRADE AND OTHER PAYABLES					
Sundry creditors and accruals		3,932	3,789	4,181	3,789
Employee benefits		460	445	460	445
Promotions levies		3	15	3	15
		4,395	4,249	4,644	4,249
15. OTHER CURRENT LIABILITIES					
Rents and other income billed in advance		4,688	4,501	4,688	4,501
Rents and other income received in advance		1,916	435	1,916	435
		6,604	4,936	6,604	4,936
16. BORROWINGS					
(a) CURRENT					
Commercial bill facility		1,250	1,250	1,250	1,250
(b) NON-CURRENT					
Commercial bill facility		51,500	56,500	51,500	56,500
(c) Total current and non-current secured liabilities:					
Commercial bill facility		52,750	57,750	52,750	57,750

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	CONSOLIDATED		PARENT ENTITY	
	2007	2006	2007	2006
Note	\$000	\$000	\$000	\$000
(d) The carrying amount of non-current assets pledged as security are:				
First mortgage – freehold land & building	77,139	78,407	77,139	78,407
Floating charge over all other assets	32,960	28,685	32,960	28,685
Total assets pledged as security	110,099	107,092	110,099	107,092

- (e) Finance has been provided and will continue to be provided by the Bank under the approved commercial bill facility provided Sydney Markets does not breach any borrowing covenants, which include a number of financial ratios. As at the date of this report Sydney Markets has met all the obligations and covenants set by the Bank.

The commercial bill facility is secured by a registered first mortgage over the Sydney Markets property at Flemington, as well as an equitable mortgage over the whole of the assets of Sydney Markets.

Sydney Markets has entered into interest rate swap agreements in order to hedge part of its borrowings against rises in interest rates by converting variable interest rate obligations into fixed rate obligations. The contracts require settlement of the net interest receivable or payable. The net receipt or payment is brought to account as an adjustment to borrowing costs. Net receipts or payments are recognised on an accruals basis. The interest rate swap contracts have maturities 1 July 2009 and 2012.

Additionally, Sydney Markets has hedged against increases in interest rates via an interest rate cap agreement. This agreement results in a payment to Sydney Markets where interest rates exceed an agreed limit. This agreement expired on 2 July 2007.

Sydney Markets has signed a confidentiality agreement with the Bank, which forbids the disclosure of sensitive commercial information.

notes to the financial statements for the year ended

	Note	CONSOLIDATED		PARENT ENTITY	
		2007	2006	2007	2006
		\$000	\$000	\$000	\$000
17. TAX					
(a) LIABILITIES					
Current					
Income tax		<u>1,896</u>	<u>1,751</u>	<u>1,896</u>	<u>1,751</u>
Non-Current					
Deferred tax liability comprises:					
Tax allowances relating to property, plant and equipment		7,956	8,061	7,956	8,061
Other		99	-	99	-
Total		<u>8,055</u>	<u>8,061</u>	<u>8,055</u>	<u>8,061</u>
(b) ASSETS					
Deferred tax assets comprise:					
Provisions		533	411	533	411
Depreciation relating to property, plant and equipment		1,981	2,103	1,981	2,103
Lease premium		364	-	364	-
Fair value gain adjustments		-	100	-	100
Other		-	132	-	132
Total		<u>2,878</u>	<u>2,746</u>	<u>2,878</u>	<u>2,746</u>
(c) RECONCILIATIONS					
(i) Gross Movements					
The overall movement in the deferred tax account is as follows:					
Opening Balance		5,315	6,469	5,315	6,469
(Charge)/credit to income statement		(138)	(1,154)	(138)	(1,154)
Charge to equity		-	-	-	-
Closing Balance		<u>5,177</u>	<u>5,315</u>	<u>5,177</u>	<u>5,315</u>
(ii) Deferred Tax Liability					
The movement in deferred tax liability for each temporary difference during the year is as follows:					
Tax allowances relating to property, plant and equipment:					
Opening Balance		8,061	8,231	8,061	8,231
(Charge)/credit to income statement		(105)	(170)	(105)	(170)
Closing Balance		<u>7,956</u>	<u>8,061</u>	<u>7,956</u>	<u>8,061</u>

30th June 2007

	CONSOLIDATED		PARENT ENTITY	
	2007	2006	2007	2006
Note	\$000	\$000	\$000	\$000
Tax allowances relating to valuation of interest rate swaps				
Opening Balance	-	-	-	-
(Charge)/credit to income statement	99	-	99	-
Closing Balance	99	-	99	-
Total	8,055	8,061	8,055	8,061
(iii) Deferred Tax Assets				
The movement in deferred tax assets for each temporary difference during the year is as follows:				
Provisions				
Opening Balance	411	305	411	305
(Charge)/credit to the income statement	122	106	122	106
Closing Balance	533	411	533	411
Property, plant and equipment				
Opening Balance	2,103	1,178	2,103	1,178
(Charge)/credit to the income statement	(122)	925	(122)	925
Closing Balance	1,981	2,103	1,981	2,103
Lease Premiums				
Opening Balance	-	-	-	-
(Charge)/credit to the income statement	364	-	364	-
Closing Balance	364	-	364	-
Derivative Financial Instruments				
Opening Balance	100	-	100	-
(Charge)/credit to the income statement	(100)	100	(100)	100
Closing Balance	-	100	-	100
Other				
Opening Balance	132	279	132	279
(Charge)/credit to the income statement	(132)	(147)	(132)	(147)
Closing Balance	-	132	-	132
Total	2,878	2,746	2,878	2,746

notes to the financial statements for the year ended

	Note	CONSOLIDATED		PARENT ENTITY	
		2007 \$000	2006 \$000	2007 \$000	2006 \$000
18. PROVISIONS					
CURRENT					
Provision for employee benefits		<u>184</u>	<u>109</u>	<u>184</u>	<u>109</u>
NON-CURRENT					
Provision for long-term employee benefits		<u>91</u>	<u>102</u>	<u>91</u>	<u>102</u>

Provision for Long-term Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.

19. DERIVATIVE FINANCIAL INSTRUMENTS

Interest rate swaps – Valuation asset (liability)		<u>332</u>	<u>(332)</u>	<u>332</u>	<u>(332)</u>
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Gains and losses arising from changes in the fair value of interest rate swaps are recognised in the income statement in the period in which they arise (refer to Note 3 and also to Note 26).

20. ISSUED CAPITAL

	Note	CONSOLIDATED		PARENT ENTITY	
		2007 \$000	2006 \$000	2007 \$000	2006 \$000
6,521 fully paid shares		<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>
		Issued Capital 2007	Issued Capital 2006	Issued Capital 2007	Issued Capital 2006
Issued capital comprises:		\$	\$	\$	\$
262 Flowers Ordinary Shares		262	257	262	257
712 Growers Ordinary Shares		712	712	712	712
5,060 Retail Markets Ordinary Shares		5,060	5,060	5,060	5,060
237 Warehouse Ordinary Shares		237	237	237	237
250 Wholesale Ordinary Shares		250	250	250	250
		<u>6,521</u>	<u>6,516</u>	<u>6,521</u>	<u>6,516</u>

30th June 2007

Each ordinary share of Sydney Markets Limited carries a right to vote, receive a dividend and participate in any surplus profit on a winding up in accordance with and determined by reference to the equity entitlement as set out in the Shareholders' Register.

Each share is irrevocably linked to the specific space within the Markets to which it relates and neither the share nor the space can be dealt with in any way without the other. The Retail Markets Ordinary Shares comprise two separate classes identified as "Flemington" and "Haymarket".

Shares not taken up by tenants are transferred to the Trustee, Perpetual Trustee Company Limited. The Trustee has no voting rights. Sydney Markets Limited has authorised share capital amounting to 200,000,000 ordinary shares of \$1.00 each.

	CONSOLIDATED		PARENT ENTITY	
	2007	2006	2007	2006
Ordinary Shares	No.	No.	No.	No.
At the beginning of reporting period	6,516	6,514	6,516	6,514
Shares issued during the year:				
– December 2006 Flower – issue X stands	5	-	5	-
– March 2006 Warehouse – share splits	-	2	-	2
At reporting date	6,521	6,516	6,521	6,516

Note	CONSOLIDATED		PARENT ENTITY	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000

21. CAPITAL AND LEASING COMMITMENTS

Operating Lease Commitments contracted for but not capitalised in the accounts:

Payable

- Less than 1 year	3,528	3,280	3,528	3,280
- Longer than 1 year, not longer than 5 years	13,954	13,044	13,954	13,044
- Longer than 5 years	22,675	24,316	22,675	24,316
	40,157	40,640	40,157	40,640

The above lease commitments relate to the Paddy's Market Haymarket site pursuant to a 25 year licence from 11 December 1993 until 10 December 2018 by the Sydney Market Authority (SMA). SMA assigned the licence to Sydney Markets Limited and there has also been a change of immediate landlord which continues to lease the total property from The Darling Harbour Authority on a 99 year lease from 26 April 1988.

The licence is for a percentage of the Paddy's Haymarket stallholder revenue, with a minimum per annum lump sum payment indexed on 1 October each year by annual CPI. The initial agreement for Saturday and Sunday trading has been extended to Thursday and Friday trading.

notes to the financial statements for the year ended

22. CONTINGENT LIABILITIES

A claim for \$670,750 damages for loss of business has been brought by a third party against Sydney Markets. The ongoing action is being vigorously defended.

23. SEGMENT REPORTING

Sydney Markets manages and administers the operations of the largest central produce and retail markets in Australia.

	CONSOLIDATED		PARENT ENTITY	
Note	2007 \$000	2006 \$000	2007 \$000	2006 \$000

24. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes:

Cash at bank	7,241	6,430	7,241	6,430
Interest bearing deposits	-	3,000	-	3,000
	7,241	9,430	7,241	9,430

(b) Reconciliation of cash flow from operations with profit from ordinary activities after income tax

Profit from ordinary activities after income tax	6,322	6,107	6,464	6,107
Non-cash flows in profit from ordinary activities				
Depreciation and amortisation	4,068	4,079	4,055	4,079
(Profit)/Loss on disposal of plant & equipment	(3)	(24)	(3)	(24)
Fair Value gain on derivative financial instruments	(664)	(1,032)	(664)	(1,032)
(Increase)/decrease in receivables	(452)	524	(452)	524
(Increase)/decrease in other current assets	(392)	(545)	(392)	(545)
(Increase)/decrease in deferred tax assets	(132)	(574)	(132)	(574)
(Increase)/decrease in deferred tax liabilities	(6)	(170)	(6)	(170)
(Increase)/decrease in payables	132	(100)	381	(100)
Increase/(decrease) in provisions – current	76	(743)	90	(743)
Increase/(decrease) in unearned income	1,668	634	1,668	634
Increase/(decrease) in tax liabilities - current	145	1,813	205	1,813
Increase/(decrease) in provisions – non-current	3	(63)	(11)	(63)
Cash flow from operations	10,765	9,906	11,203	9,906

30th June 2007

	CONSOLIDATED		PARENT ENTITY	
	2007	2006	2007	2006
Note	\$000	\$000	\$000	\$000
(c) Loan Facilities				
Loan facilities	64,750	69,750	64,750	69,750
Amount utilised	(52,750)	(57,750)	(52,750)	(57,750)
Unused loan facilities	12,000	12,000	12,000	12,000

The major facilities are summarised as follows:

Sydney Markets entered into a 10 year \$85 million loan facility (overdraft and commercial bill facility) with a major Australian bank to finance the 1 July 2002 purchase of and secured over the Sydney Markets site at Flemington and assets of Sydney Markets. The facility provides for quarterly principal and interest payments until 1 July 2012. There is a redraw facility on payments in advance of the scheduled principal payments.

Finance will be provided as long as Sydney Markets has not breached any borrowing requirements and the quarterly financial ratios are met.

	CONSOLIDATED		PARENT ENTITY	
	2007	2006	2007	2006
Note	\$000	\$000	\$000	\$000

25. RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties.

(a) Transactions with Related Parties

(i) The total income received or receivable by the Sydney Markets from Director-related entities for rents, dues and fees	710	663	710	663
(ii) The total expenditure paid or payable by Sydney Markets to Director-related entities for produce, sponsorships and scholarships.	79	48	79	48

The names of Directors concerned with the above transactions were C. Cremona, D.J. Whiteman, C.H. Gray and W.L. Lynch.

Directors' shareholding details are shown in Note 6.

Apart from the matters mentioned above, no Director has entered into a material contract with Sydney Markets during the financial year.

notes to the financial statements for the year ended

26. FINANCIAL INSTRUMENTS

(a) Financial Risk Management

Sydney Markets' financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, and derivatives.

The main purpose of non-derivative financial instruments is to raise finance for Sydney Markets' operations.

Derivatives are used by Sydney Markets for hedging purposes. Such instruments include interest rate swap agreements. Sydney Markets does not speculate in the trading of derivative instruments.

(i) Treasury Risk Management

Senior executives of Sydney Markets meet on a regular basis to analyse interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

(ii) Financial Risks

The main risks Sydney Markets is exposed to through its financial instruments are interest rate risk, liquidity risk, and credit risk.

Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate debt. For further details on interest rate risk refer to Note 26(b)(i) and (ii).

Liquidity risk

Sydney Markets manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Credit risk

Credit risk represents the loss that would be recognised if tenants failed to meet their obligations under lease or licence arrangements. The risk is substantially reduced as the majority of revenue is invoiced in advance.

There is no significant concentration of credit risk involving any one tenant.

(b) Financial Instruments

(i) Derivative Financial Instruments

Derivative financial instruments are used by Sydney Markets to hedge exposure to interest rate risk associated with movements in interest rates which impact on the borrowings of Sydney Markets. Transactions for hedging purposes are undertaken without the use of collateral as only reputable institutions with sound financial positions are dealt with.

Interest rate swaps and cap

Interest rate swaps have been entered into by Sydney Markets to protect long term borrowings from the risk of increasing interest rates. The two interest rate swap contracts each of \$15 million were entered into by Sydney Markets. These contracts, which mature on 1 July 2009 and July 2012,

30th June 2007

exchange variable commercial bill rates for fixed interest payment obligations. The settlement dates of the swap contracts correspond with the quarterly interest payments dates of the borrowings. The swap contracts require settlement of the net interest receivable or payable and are brought to account as an adjustment to borrowing costs. The interest rate cap of 7% based on \$40 million notional principal effectively expired on 2 April 2007, the last commercial bill rollover before 2 July 2007.

At balance date, the details of interest rate swap contracts are:

	Effective Average Interest Rate Payable		Notional Principal	
	2007 %	2006 %	2007 \$000	2006 \$000
Settlement date of:				
Interest rate swaps:				
2 to 5 years	6.44	6.44	15,000	15,000
More than 5 years	6.60	6.60	15,000	15,000
			30,000	30,000
Interest rate cap:				
0 to 2 years	-	7.00	-	40,000

(ii) Interest Rate Risk

Sydney Markets' exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities. Where the interest rate is not nil, is as follows:

Financial Assets	Weighted Average Effective Interest rate		Principal	
	2007 %	2006 %	2007 \$000	2006 \$000
Cash at bank	5.50	3.85	7,241	6,430
Interest bearing deposit	6.23	5.58	-	3,000
Total Financial Assets			7,241	9,430

Financial Liabilities	Weighted Average Effective Interest rate		Principal	
	2007 %	2006 %	2007 \$000	2006 \$000
Borrowings with a settlement date of:				
Less than 1 year			1,250	1,250
1 to 2 years			1,250	1,250
2 to 5 years			20,250	25,250
More than 5 years			30,000	30,000
Total	6.65	6.49	52,750	57,750

notes to the financial statements for the year ended

(iii) Net Fair Values

The net fair values of:

- Borrowings and amounts due are determined by discounting the cash flows, at market interest rates of similar borrowings, to their present value.
- Interest rate swaps are the present value of the future net interest cash flows.
- Other assets and other liabilities approximate their carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments, forward exchange contracts and interest rate swaps.

Financial assets where the carrying amount exceeds net fair values have not been written down as Sydney Markets intends to hold these assets to maturity.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date.

	2007		2006	
	Carrying amount	Net fair value	Carrying amount	Net fair value
	\$000	\$000	\$000	\$000
Loans and receivables	7,241	7,241	9,430	9,430
Derivative assets	332	332	-	-
	<u>7,573</u>	<u>7,573</u>	<u>9,430</u>	<u>9,430</u>
Financial liabilities	10,788	10,788	9,185	9,185
Interest bearing liabilities	52,750	52,750	57,750	57,750
Derivative liabilities	-	-	332	332
	<u>63,538</u>	<u>63,538</u>	<u>67,267</u>	<u>67,267</u>

27. COMPANY DETAILS

Registered Office:

The registered office of Sydney Markets is:

Sydney Markets Limited
Level 3, Market Plaza Building
Sydney Markets NSW 2129

28. EVENTS OCCURRING AFTER BALANCE SHEET DATE

The Financial Report was authorised for issue by the Directors on 25 September 2007. Sydney Markets has the power to amend and reissue the Financial Report.

30th June 2007

29. CHANGE IN ACCOUNTING POLICY

The following Australian Accounting Standards have been issued or amended and are applicable to Sydney Markets but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

AASB Amend-ment	AASB Standard Affected	Nature of Change in Accounting Policy and Impact	Application Date of the Standard	Application Date for Sydney Markets
2005–10	AASB 139: Financial Instruments: Recognition and Measurement	No change, no impact	1 Jan 2007	1 Jul 2007
	AASB 101: Presentation of Financial Statements	No change, no impact	1 Jan 2007	1 Jul 2007
	AASB 114: Segment Reporting	No change, no impact	1 Jan 2007	1 Jul 2007
	AASB 117: Leases	No change, no impact	1 Jan 2007	1 Jul 2007
	AASB 133: Earnings per share	No change, no impact	1 Jan 2007	1 Jul 2007
	AASB 132: Financial Instruments: Disclosure and Presentation	No change, no impact	1 Jan 2007	1 Jul 2007
	AASB 1: First-time Adoption of AIFRS	No change, no impact	1 Jan 2007	1 Jul 2007
	AASB 4: Insurance Contracts	No change, no impact	1 Jan 2007	1 Jul 2007
	AASB 1023: General Insurance Contracts	No change, no impact	1 Jan 2007	1 Jul 2007
	AASB 1038: Life Insurance Contracts	No change, no impact	1 Jan 2007	1 Jul 2007
2007–1	AASB 2: Share-based Payments	No change, no impact	1 Mar 2007	1 Jul 2009
2007–2	AASB 1: First-time Adoption of AIFRS	No change, no impact	1 Jan 2008	1 Jul 2008
	AASB 117: Leases	No change, no impact	1 Jan 2008	1 Jul 2008
	AASB 118: Revenue	No change, no impact	1 Jan 2008	1 Jul 2008
	AASB 120: Accounting for Government Grants and Disclosure of Government Assistance	No change, no impact	1 Jan 2008	1 Jul 2008
	AASB 121: The Effects of Changes in Foreign Exchange Rates	No change, no impact	1 Jan 2008	1 Jul 2008
	AASB 127: Consolidated and Separate Financial Statement	No change, no impact	1 Jan 2008	1 Jul 2008
	AASB 131: Interest in Joint Ventures	No change, no impact	1 Jan 2008	1 Jul 2008

notes to the financial statements

for the year ended

30th June 2007

AASB Amendment	AASB Standard Affected	Nature of Change in Accounting Policy and Impact	Application Date of the Standard	Application Date for Sydney Markets
	AASB 139: Financial Instruments: Recognition and Measurement	No change, no impact	1 Jan 2008	1 Jul 2008
New Standard	AASB 7: Financial Instruments: Disclosure	No change, no impact	1 Jan 2007	1 Jul 2007
New Standard	AASB 8: Operating Segments	No change, no impact	1 Jan 2009	1 Jul 2009
2007–3	AASB5: Non current Assets Held for Sale and Discontinued Operations	No change, no impact	1 Jan 2009	1 Jul 2009
	AASB 6: Exploration for and Evaluation of Mineral Resources	No change, no impact	1 Jan 2009	1 Jul 2009
	AASB 107: Cash Flow Statements	No change, no impact	1 Jan 2009	1 Jul 2009
	AASB 119: Employee Benefits	No change, no impact	1 Jan 2009	1 Jul 2009
	AASB 127: Consolidated and Separate Financial Statements	No change, no impact	1 Jan 2009	1 Jul 2009
	AASB 134: Interim Financial Reporting	No change, no impact	1 Jan 2009	1 Jul 2009
	AASB 136: Impairment Assets	No change, no impact	1 Jan 2009	1 Jul 2009
	AASB 1023: General Insurance Contracts	No change, no impact	1 Jan 2009	1 Jul 2009
	AASB 1038: Life Insurance Contracts	No change, no impact	1 Jan 2009	1 Jul 2009

All other pending Standards issued between the previous Financial Report and the current reporting dates have no application to Sydney Markets.

AASB Interpretation	AASB Standard Affected
10	Interim Financial Reporting – AASB 136: Impairment Assets AASB 139: Financial Instruments: Recognition and Measurement
11	AASB 2: Share based Payment – Group and Treasury Share Transactions
12	Service Concession Arrangements

Directors' declaration

The Directors of Sydney Markets declare that:

1. the financial statements and notes, as set out on pages 13 to 44, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2007 and of the performance for the year ended on that date of Sydney Markets;
2. in the Directors' opinion there are reasonable grounds to believe that Sydney Markets will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

J.C. PEARSON
CHAIRMAN

C.H. GRAY
DIRECTOR

Dated at Sydney this 25th day of September, 2007.



INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SYDNEY MARKETS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Sydney Markets Limited (the company) and Sydney Markets Limited and Controlled Entity (the consolidated entity), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entity it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

The directors are also responsible for the remuneration disclosure contained in the directors' report.

Auditor's Responsibility

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

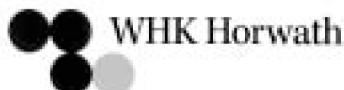
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.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

Total Financial Solutions



Liability limited by a scheme approved under Professional Standards Legislation

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A WHK Group Firm



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SYDNEY MARKETS LIMITED
(continued)**

Auditor's Responsibility (continued)

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report. Our audit did not involve an analysis of the prudence of business decisions made by directors or management. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

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

Auditor's Opinion

In our opinion:

- a) the financial report of Sydney Markets Limited and Sydney Markets Limited and Controlled Entities is in accordance with the Corporations Act 2001, including
 - i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- b) the financial report also complies with International financial Reporting Standards as disclosed in Note 1.

.....
WHK Horwath

.....
DAVID W. SINCLAIR
Principal

Dated at Sydney this 25th day of September 2007

Total Financial Solutions



.....
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Notes

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