



# 2018

## ANNUAL REPORT

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JOHN PEARSON - *Chairman*

## BOARD OF DIRECTORS (L-R)

DAVID WHITEMAN - *Expertise Director*

MARIO MESSINA - *Nominee Director Retail Markets*

BILL LYNCH - *Expertise Director*

WILLIAM LEE - *Nominee Director Growers Market*

SHAUN McINERNEY - *Nominee Director Wholesale Market*

JOHN OLIVIERI - *Nominee Director Flower Market*

COS CREMONA - *Nominee Director Warehouse*

DAVID HYNES - *Independent Director*



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BRADLEY LATHAM - *Chief Executive Officer*

## SENIOR MANAGEMENT (L-R)

NED TESIC - *Public Relations and Brand Manager*

MARTIN FORSTER - *Head of Site Services*

MICHAEL GOLDEN - *Chief Financial Officer / Company Secretary*

SHANE CHESTER - *Head of Special Projects*

BRIAN BIGELOW - *Head of Operations*

# annual report

# contents

## 30 June 2018

**SYDNEY MARKETS LIMITED**  
**ABN 51 077 119 290**  
**ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2018**

	PAGE
Joint message from the Chairman and Chief Executive Officer	2
Directors' report	9
Auditor's Independence Declaration	18
Financial statements	19
Notes to the financial statements	24
Directors' declaration	46
Independent auditor's report to the members	47

# joint message from the Chairman & CEO

## JOINT MESSAGE FROM THE CHAIRMAN & CHIEF EXECUTIVE OFFICER

We are pleased to present the 2017/2018 Sydney Markets Limited (SML) Annual Report.

Our business continues to evolve. We are in an exciting and challenging phase at present through the Future of the Markets Project. Phase 2 of the project, which is focusing on future development scenarios for the current site and a new site, is well underway. High level negotiations with Government representatives are continuing with a view to gaining an understanding of how the Government can assist SML with an appropriate financial and funding structure relating to the acquisition of land for a future Market operation.

This is not a short-term project. Our current site remains one of the best in the world and improvements will continue over time to ensure the Markets remains an extremely efficient operation. The basis of securing an alternative site is to ensure the long term future of our Central Market.

## FINANCIALS

The 2017/2018 Financial Year has resulted in another strong financial performance for SML as outlined below:

- Profit before income tax was \$7.9 million (2017: \$7.9 million).
- Profit after tax of \$5.7 million. (2017: \$5.7 million).
- Operating revenue for the year increased by 3% (2017: decreased by 3.9%) compared to last year.
- Total expenses were up by 6.9% (2017: down by 2.9%) during the year.
- The total capital expenditure for the year was \$13.6 million (2017: \$13.3 million). This was driven by the installation of solar systems, new warehouse construction and other infrastructure upgrades.
- Borrowings remained \$29 million.

## STRATEGIC

### Future of the Markets Project

- The Future of the Markets Project continues to progress.

The second phase of the project commenced during the reporting period and included the investigation of potential future development scenarios for the current site and the new site, including highest and best use opportunities and appropriate financial and funding structures to maximise the financial benefits to Sydney Markets Limited (SML) and its shareholders.

Several meetings have been held with the Minister for Planning, the Minister for Western Sydney and the Greater Sydney Commission.

A number of potential precincts have now been identified for consideration for the new Market site. An important requirement for a potential Market site is to ensure access to surrounding infrastructure i.e. main roads, motorways, and public transport – rail and bus routes.

The next step in the process is to re-engage with Government representatives to present the proposed suitable precincts in order to gain a clear understanding of how the Government can assist SML with an appropriate financial and funding structure.

SML will continue to keep Market stakeholders updated as this project continues to progress.

### Securing the Future of Paddy's Haymarket

#### *Paddy's Haymarket Masterplan*

- To ensure the Paddy's Haymarket brand remains a world leader in retail operations, a Master Planning process commenced in 2017. The Paddy's Haymarket Master Plan Subcommittee comprising SML Board Members, Senior Managers and traders has been overseeing the entire Paddy's Haymarket Strategy and Operational Plan.
- Early this year, SML Management presented a detailed Paddy's Haymarket Master Plan to Market City Management outlining proposed Base Building Works and a new Food & Specialty Precinct to improve and rejuvenate the Market.
- The Base Building projects include:
  - Relocation of the Market Office to the Market entrance at Thomas Street to provide improved service for traders and Market visitors.

# joint message from the Chairman & CEO

## JOINT MESSAGE FROM THE CHAIRMAN & CHIEF EXECUTIVE OFFICER (continued)

- Upgrade of North Quay Street Entry & South Quay Street Entry to promote pedestrian movements and improve signage, lighting and finishes.
- Upgrade of the public restroom amenities to bring them up to current building standards and provide better facilities for traders and customers.
- Upgrade of the Loading Dock to improve overall safety for all Market users and enhance operational efficiencies for trader operations.
- Works for the relocation of the Market Office commenced in July 2018 and SML is currently in the final stages of preparing the formal plans and costings for the other Base Build Upgrade works and the Food & Specialty Precinct for final approval by Market City.

### Paddy's Flemington Strategy

- SML has developed the Paddy's Flemington Strategic Plan which aims to improve occupancy rates on Friday and Sunday, whilst reinforcing the strong trade on Saturday.
- The key actions of the three-year Strategy are:
  - Improving the trading environment across all three days by providing targeted support for traders, improving the systems and procedures that control trading, improving the trading culture and establishing value-adding partnerships with groups, community, media and the government.
  - Extracting greater value from Sunday trading by attracting more high-spend customers, making the market a more attractive destination, introducing events and products that create diversity, improving the comfort and variety of eating arrangements, and improving the mobility and convenience for the shopper.
  - Extracting greater value from Friday trading by attracting targeted shoppers, improving the identity of the Friday market, improving the layout and presentation, and introducing new themed events and products.
  - Maintaining the strength of the Saturday Market by improving shopper mobility and convenience, attracting more buyer groups, and attracting more high-spend shoppers.
  - Improving the communication and engagement between SML and all stakeholders.
- Regular updates are provided and SML will continue to keep stakeholders informed as these strategies progress.

## CORPORATE

### WUWM Congress in Australia

- The 31st World Union of Wholesale Markets (WUWM) Congress was held in Australia from 23rd to 27th October 2017. The event was jointly hosted by Sydney Markets, Melbourne Market Authority and Queen Victoria Markets and welcomed more than 170 international and local delegates across 24 countries.
- Guest speakers covered a range of issues facing the wholesale and retail markets worldwide with a primary focus on the impact technology will have on a Market's role within the supply chain and the customer experience under the banner of market modernisation.
- Sydney Markets Limited's CEO was given the opportunity to present on the development of a business case for a new Market, highlighting the importance of master planning and understanding the businesses within our business.
- During the Sydney component of the Congress, delegates were treated to a technical tour of the Sydney Flower Market, Wholesale Markets, Growers Market and Green Point. This was followed by breakfast with special guest Dawn Fraser OAM addressing attendees. Delegates then continued on to Paddy's Markets Haymarket before boarding the Starship Sydney for an afternoon cruise around Sydney Harbour.
- Positive feedback was received in regards to the overall program, information sessions and speakers and in particular the operation of Sydney Markets and our associated social program including breakfast at the Markets and the Sydney Harbour cruise.

# joint message from the Chairman & CEO

## JOINT MESSAGE FROM THE CHAIRMAN & CHIEF EXECUTIVE OFFICER (continued)

### SML Directors

- Mr Mario Messina was re-elected as Nominee Director for the Retail Markets category, effective July 2018.  
Mr Bill Lynch was re-elected as Expertise Director, effective September 2018.  
These appointments are for a further term of three years.  
We congratulate Mr Messina and Mr Lynch on their appointments.

### SITE IMPROVEMENTS

#### Rooftop Solar Panel Systems – Buildings D & E

- The installation of two new solar panel systems on Building D rooftop (985kW) and Building E Awning (1,220kW) were completed in early 2018. The official launch of the new systems took place in March 2018 with participation by special guests Senator The Hon Concetta Fierravanti-Wells, Senator for New South Wales, and The Hon Anthony Roberts MP, NSW Minister for Planning.
- The addition of these expansive systems, made up of 8,594 solar panels, takes the site's total solar power generation to 3.1mW, making this the largest private sector rooftop solar panel system on a single site, providing around 11% of the site's annual power consumption and saving Sydney Markets around \$1 million per annum.
- SML's investment in this project has an anticipated payback period of around 6 years, although the system's performance to date has exceeded expectations so this may be even shorter. In addition, we are able to generate sustainable energy and drastically reduce our carbon footprint – saving around 3,500 tonnes of CO<sub>2</sub> per annum.
- Sydney Markets is committed to reducing waste, decreasing our carbon footprint and prioritising environmental conservation and sustainability.

#### Parramatta Road Frontage

##### *New Warehouse Z*

- Work has commenced on the construction of the new 4,550m<sup>2</sup> Warehouse Z with two storeys (2,800m<sup>2</sup>) of commercial office space above, adjacent to the Service Station for the future occupant, Vegie World Pty Ltd. Vegie World has been in the Fruit & Vegetable industry for over thirty years in the growing, wholesaling and processing of quality fresh produce and is acknowledged as a good fit for the Markets.
- The new Warehouse Z building will be architecturally pleasing and designed to fit well with Strathfield Council's plan for the Parramatta Road Corridor.
- It is expected construction will be completed by March 2019.

#### Property Sales

##### *Residential Development – Corner Parramatta Road & Smallwood Avenue*

- As previously reported, the parcel of land at the corner of Smallwood Avenue and Parramatta Road adjoining the Warehouse Z site is zoned B4 – Mixed Use, and therefore cannot be developed for Market activities. This being the case, this 3,028m<sup>2</sup> lot was sold for \$13.2 million with settlement occurring in August 2018, and will be developed into a commercial/residential building.

##### *Residential Developments – Smallwood Avenue*

- In August 2017 the sale of the residential property 35 Smallwood Avenue was settled for \$2.5million resulting in a profit of \$1.8 million and in July 2018, 23 Smallwood Avenue was settled for \$2.8 million resulting in a profit of \$2.3 million.



# joint message from the Chairman & CEO

## JOINT MESSAGE FROM THE CHAIRMAN & CHIEF EXECUTIVE OFFICER (continued)

### Site Infrastructure

#### *Relocation of Switch Rooms – Buildings A, B & C*

- The second stage of the upgrade of switch rooms located in the buyer's walkways in Buildings A, B and C is continuing, with relocation of the Building C switch rooms well underway. The old 'End of Life' switch rooms are being demolished and replaced by one new switch room which is being constructed to the external south side of the building. This will create:
    - Additional produce display area
    - Improved telecommunications
    - Improved Work Health & Safety
    - Improved buyer experience
- The project is on track for completion by November 2018.

#### *'Sydney Markets Central' Information Centre*

- Work has commenced at the northern end of Building B for the construction of Markets Central, a new two storey, purpose-built information centre which will provide facilities for:
  - General information and administration services
  - Work Health and Safety inductions
  - Photo ID / GTA Passes
  - Marketing & promotion
  - Meeting place for local and international delegations
  - Industry meetings

#### *Reverse Vending Machine*

- A Reverse Vending Machine (RVM) has been installed in the Plaza Shopper's Car Park on the eastern side of the Market Plaza.

An RVM is a facility where customers can deposit their uncrushed PET bottles, glass bottles and aluminium cans for recycling and receive a refund of 10¢ per deposited bottle or can. This amount can be redeemed as a shopping voucher to be spent at Paddy's Markets, deposited directly into a PayPal account or donated by deposit into a charity's account.

Over 650,000 containers have been deposited in the machine since it was installed in March 2018.

This initiative further promotes SML's Sustainability profile and benefits the environment by reducing the number of containers ending up in landfill.

#### *Ongoing Road Maintenance*

- Extensive roadway repairs and maintenance works have continued during the reporting period.  
As part of the Maintenance Program, a large section of the aged and damaged asphalt pavement on the ground level of Car Park V has been removed and replaced with concrete. This has made the area much safer and forklift movements much smoother.  
Further works will continue to be undertaken over the next 12 months in line with our comprehensive repair and maintenance program.

# joint message from the Chairman & CEO

## JOINT MESSAGE FROM THE CHAIRMAN & CHIEF EXECUTIVE OFFICER (continued)

### OPERATIONS

#### GTA Access Times – Update

- The buyer pedestrian and vehicle access times into the General Trading Area (GTA) introduced in July 2016 continue to work well. The improvements to safety, traffic flow and operational efficiencies have been very positive and have provided a much safer working environment for all Market users.

SML appreciates the cooperation of Market stakeholders throughout the supply chain in achieving the successful implementation of this initiative.

#### Work Health and Safety

- SML treats matters of safety with the utmost importance at all times and dedicates significant time and resources into adopting and upholding safe work practices, as well as educating stakeholders. We remain vigilant in enforcing Work Health and Safety laws and are in constant communication with SafeWork NSW, Roads & Maritime Services and the NSW Police to support these efforts.

#### Work Health & Safety Initiatives

- A wide-ranging programme of Work Health & Safety initiatives have been implemented during the reporting period, including:
  - Staged implementation of the comprehensive Site Traffic Management Plan (TMP) following formal classification of Private Roads and Road Related Areas for the Sydney Markets Flemington site as determined by Strathfield Council. Initiatives under the TMP include:
    - Extensive line marking throughout the site to formalise and direct traffic flow
    - New pedestrian crossings on Centre Road
    - Pedestrian islands and flashing warning signs at crossings around the site
    - Marked pedestrian accessways
    - Pedestrian safety barriers on rampways in Buildings A, B & C to reduce vehicle and pedestrian interaction
    - Safety bollards on rampways at the northern and southern ends of Buildings A, B & C
    - Additional signage
    - Changed traffic direction around Flower Circuit to improve traffic flow from the Austin Avenue roundabout
    - VMS Speed Indicator signs in ABC canopies to assist drivers in ensuring vehicles travel within the 10kph speed limit
  - Introduction of specific Traffic Management Plans for Paddy's Friday and Paddy's Saturday to further reduce pedestrian and vehicle interaction during Paddy's trade. Initiatives under this TMP include:
    - One-way traffic flow on Centre Road
    - Pedestrian Only zone on Centre Road to provide clear pedestrian / vehicle separation
    - Use of the more substantial 'Flakstack' safety barriers to prevent unsafe exit from pedestrian safety zone
  - Trialling of a GPS Speed Limiter device on one of SML's forklifts to determine how effective the system is at automatically controlling forklift speed according to the set speed zones throughout the Market.
  - Ongoing communication and consultation with Market stakeholders on all aspects of Work Health & Safety.

#### Environmental

- Reflecting its role in the sustainable management and conservation of Australia's environment, SML is committed to minimising its own ecological footprint by pursuing environmental best practice and the prevention of pollution in all operations. This is highlighted by our continued focus of solar panel installation and a 70% recycling rate for waste generated on site.



# joint message from the Chairman & CEO

## JOINT MESSAGE FROM THE CHAIRMAN & CHIEF EXECUTIVE OFFICER (continued)

- Since the introduction of our Green Point Facility in August 2005, the waste disposal initiatives introduced by SML has resulted in a saving of \$17 million compared to if the waste had been sent to landfill.

### **Foodbank – Food Waste Collection**

- SML is proud to continue our support of Foodbank, Australia's largest hunger relief organisation. In the twelve months from July 2017 to June 2018 they collected approximately 1,880 tonnes of edible but surplus fruit and vegetables that would otherwise be discarded from Market businesses. Other food rescue charity organisations have also commenced collecting from the Markets, including SecondBite and St Merkorious Charity.

### **Blue Star Sustainability Awards**

- SML received recognition for our environmental sustainability initiatives in November 2017 by receiving a Sustainability Certificate as a finalist at the 2017 Blue Star Metropolitan Sustainability Awards organised by Keep NSW Beautiful.

## MARKETING

### **The Fresh Awards**

- SML is delighted to have delivered a third successful year of the Fresh Awards, our awards program recognising the achievements of businesses who trade in the Markets. The Fresh Awards brings together Sydney Markets' long running greengrocer and florist retail excellence programs, which were expanded to include fruit & vegetable growers, flower growers and bloggers who champion fresh produce and the people who grow or sell fruit, vegetables or flowers. This year the program has grown to also include acknowledgement in the category of Fresh Produce Wholesalers. The 2018 Fresh Awards was celebrated at a gala event at the Star Event Centre July 2018, where the winners in each of the 15 award categories were announced. Congratulations to the participating businesses and individuals, and especially those who made it through as finalists and winners. It was fantastic to see the different sectors of our industry come together for an evening to acknowledge and celebrate the efforts of all involved.

### **Fresh for Kids Program**

- The Sydney Markets Fresh for Kids program was introduced twenty years ago in an effort to increase the consumption of fruit and vegetables among school aged children. Following a comprehensive review of the program, a brand-new website and design aesthetic aimed to appeal to children, parents, teachers and canteen managers was launched in February 2018.

Fresh for Kids have been working with the Department of Education to ensure that all content on the new website aligns with the current curriculum. A new Farm to Plate animation featuring the Fresh for Kids Fruit & Veggie Gang is available on the new website along with further educational resources, nutritional information and healthy recipe ideas.

The Canteen Campaign continues as an integral part of the Fresh for Kids initiative. The Campaign encourages schools to register and reward students for making healthy purchases at their school canteens or bringing fruit or vegetables from home. In 2017 more than 600 schools registered for the 7-week program, reaffirming that Fresh for Kids remains one of the most successful healthy eating campaigns targeted at children in Australia.

The Sydney Markets Fresh for Kids program was recognised as one of the five finalists for the Produce Plus Marketer of the Year Award at the Hort Connections Conference held in Brisbane in June 2018. Unfortunately, Fresh for Kids did not win this year, however the nomination did provide valuable exposure for the program after it's re-launch in February 2018.

# joint message from the Chairman & CEO

## JOINT MESSAGE FROM THE CHAIRMAN & CHIEF EXECUTIVE OFFICER (continued)

### Life Inside the Markets

- Season 3 of the documentary television program, Life Inside the Markets aired on Channel 10 from March 2018. The show has now attained international interest and has been taken up by:
  - TVNZ (New Zealand)
  - Qantas Domestic/International
  - Queensland Rail
  - Gee Cruise Ships
  - Amazon: North America, Canada & India

### Paddy's Night Food Markets

- After successfully launching in July 2017, the weekly Paddy's Night Food Markets has now transitioned to a monthly event which offers not only a wide range of Food Truck vendors and Retail Stalls but also incorporates themed events. To date, featured events have included 'The Feast and the Furious' car enthusiasts show, 'Zombie Feast', 'Burger Wars – May The Sauce Be With You', 'Sneaker Swap Meet' and 'Feast and The Furious 2 (Aussie Muscle Cars vs The World)'.

## OTHER NEWS

### Sydney Markets Foundation

- The Sydney Markets Foundation raised \$40,000 during the year, highlighted by the 2017 Cherry Auction which was held at Sydney Markets on Wednesday 1st November in support of Save our Sons Duchenne Foundation. The generosity of the Markets community was highly evident, with 'Your Local Greengrocer' successfully bidding for the first box of cherries to kick start the stone fruit season.

### Industry Participation

- SML's focus on Industry participation continued over the past twelve months through Chairman John Pearson and CEO Brad Latham attending a range of events, including:
  - Asia Fruit Congress & Asiafruit Logistica – Hong Kong – September 2017
  - WUWM Congress – Melbourne & Sydney, Australia – October 2017
  - 33rd WUWM Conference – Barcelona, Spain – April 2018
  - Hort Connections Conference – Brisbane, Australia – June 2018
  - Central Markets Association of Australia Meeting – Brisbane, Australia – June 2018
  - NSW Farmers Association Annual General Meeting – Sydney, Australia – July 2018

In conclusion, our sincere thanks go to our directors, management, staff and contractors and to all stakeholders, in particular those who give their time to represent on the Council of Market Representatives, the Fresh for Kids Committee and the Paddy's Advisory Committee.

All financial indicators show SML can once again look forward to another strong performance for the 2018-2019 year.



**MR BRADLEY LATHAM**  
CHIEF EXECUTIVE OFFICER



**MR JOHN PEARSON**  
CHAIRMAN

# Directors' report

Your Directors present their report on Sydney Markets Limited (the company) for the year ended 30 June 2018.

## DIRECTORS

The following persons were Directors of Sydney Markets Limited during the whole of the financial year and up to the date of this report:

Mr John C. Pearson	(Chairman)
Mr William W. Lee	(Deputy Chairman from 16 August 2017 to 16 August 2018)
Mr David J. Whiteman	
Mr William L. Lynch	
Mr Cosimo Cremona	
Mr David W. Hynes	
Mr Alvisio (John) Olivieri	
Mr Shaun M. McInerney	(Deputy Chairman from 17 August 2016 to 16 August 2017)
Mr Mario J. Messina	(Deputy Chairman from 16 August 2018)

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

## PRINCIPAL ACTIVITIES

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

There was no significant change in the nature of the activity of the company during the year.

## REVIEW OF OPERATIONS

A review of operations is provided in the Joint Message from the Chairman and CEO.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the company during the year.

## DIVIDENDS – SYDNEY MARKETS LIMITED

No dividends were paid or recommended during the year. Sydney Markets Limited's 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 Limited's 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.

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 bank loan facility and for the purchase of key adjoining properties to allow for future expansion.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Directors are unaware of any significant event or development in the operations of Sydney Markets Limited and the expected results of those operations in future financial years, which will significantly change the state of affairs of Sydney Markets Limited or its shareholders.

## MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Subsequent to the year end on 25 July 2018 the company has completed the sale of 23 Smallwood Avenue Homebush for a price of \$2.8 million. At 30 June 2018, the company disclosed this property as assets classified as held for sale for a carrying amount of \$0.5 million. The gain of \$2.3 million on sale of the property will be recorded in the statement of comprehensive income for the subsequent year ending 30 June 2019.

The company also completed the sale of 3-9 Smallwood Avenue and 218-220 Parramatta Road for a price of \$13.2 million. At 30 June 2018, the company disclosed this property as assets classified as held for sale for a carrying amount of \$7 million. The gain of \$6.2 million on sale of the property will be recorded in the statement of comprehensive income for the subsequent year ending 30 June 2019.

# Directors' report

The Directors are not aware of any matter or circumstance that has arisen since 30 June 2018 which has significantly affected or may significantly affect the operations of Sydney Markets Limited, the results of those operations, or the state of affairs of Sydney Markets Limited in subsequent financial years.

## ENVIRONMENTAL REGULATION

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

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 Limited 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 Limited has complied with all the required regulations during the year ended 30 June 2018.

## INFORMATION ON DIRECTORS

### Mr John C. Pearson

#### – Non-Executive Director & Chairman

Experience and expertise:

- Board Member since 2003
- Chairman since 18 May 2005
- Chair, Director Selection Committee, Freshcare Limited
- Experienced and successful finance executive with significant banking, building society and management exposure at senior levels.

Other current directorships:

- Director of R.P. Cricket Pty Ltd – T/A Randwick Petersham Foundation

SML Committees:

- Finance and Audit, Remuneration, Master Plan, Retail Markets Sub Committee

Interests in shares and options:

- Nil

### Mr William W. Lee

#### – Non-Executive Nominee Director – Growers Market Deputy Chairman from 16 August 2017 to 16 August 2018

Experience and expertise:

- Board Member since 26 October 2011
- Over 57 years experience in the growers industry

Other current directorships:

- Lee Bong Bros Pty Ltd

SML committees:

- Nil

Interests in shares:

- 3 Retail Markets Ordinary Shares, 2 Growers Market Ordinary Shares and 1 Warehouse Ordinary Share

### Mr David J. Whiteman

#### – Non-Executive Expertise Director

Qualifications:

- BA (Macquarie University) majoring in Economics & Financial Studies

Experience and expertise:

- Board member from 19 August 2015
- Deputy Chairman from 23 July 2009 to 25 August 2010, Board Member from 21 July 2004 to 17 July 2013
- Over 49 years experience in the fruit and vegetable industry

Other current directorships:

- Director of C J Lewis Pty Ltd
- Director of Mount View (Orchids Batlow) Pty Ltd
- Director of Davic Investments Pty Ltd
- Director of Chamber (Holdings) Pty Ltd
- Director of NSW Chamber (Services) Pty Ltd
- Director, The Australian Chamber of Fruit and Vegetable Industries Ltd
- Director, The NSW Chamber of Fruit and Vegetable Industries Inc.

SML Committees:

- Finance and Audit

Interests in shares:

- Nil

# Directors' report

## INFORMATION ON DIRECTORS (continued)

<b>Mr William L. Lynch</b>	<b>– Non-Executive Director</b>
Experience and expertise:	<ul style="list-style-type: none"> <li>– Board Member since 1998</li> <li>– Over 60 years in the Australian Horticulture Industry as a grower, wholesaler and retailer</li> <li>– Past President, Australian Flower Growers Association</li> <li>– Past President, Flower Growers Group of NSW Inc.</li> <li>– Associate Member, The NSW Chamber of Fruit and Vegetable Industries Inc.</li> </ul>
Other current directorships:	<ul style="list-style-type: none"> <li>– Director of W &amp; D Lynch Pty Ltd</li> <li>– Director of Carismatic Pty Ltd</li> <li>– Director of Fresh Flower Group Pty Ltd</li> <li>– Director of Lynch Group Events Pty Ltd</li> <li>– Director of Lynch Flowers Brisbane Pty Ltd</li> </ul>
SML Committees:	– Remuneration, Finance and Audit Committee
Interests in shares:	– 6 Flower Market Ordinary Shares
<b>Mr Cosimo Cremona</b>	<b>– Non-Executive Nominee Director – Warehouses</b>
Experience and expertise:	<ul style="list-style-type: none"> <li>– Board Member from 24 July 2002 to 13 July 2011 and from 17 July 2013</li> <li>– Over 38 years experience in the fruit and vegetable industry</li> <li>– Member of the Lions Club, Sydney Markets</li> </ul>
Other current directorships:	– Nil
SML Committees:	– Environment Management
Interests in shares:	– Nil
<b>Mr David W. Hynes</b>	<b>– Non-Executive Independent Director</b>
Qualifications:	– B.Ec / LL.B (Sydney Uni)
Experience and expertise:	– Deputy Chairman from 17 August 2011 to 15 August 2012 and from 20 August 2014 to 19 August 2015, Board Member since 2005
Other current directorships:	<ul style="list-style-type: none"> <li>– Executive Director of Winston Langley Pty Limited, a property development and property advisory organisation</li> <li>– President of the Australian Baseball Federation</li> </ul>
SML Committees:	– Remuneration, Master Plan, Retail Markets Sub Committee
Interests in shares:	– Nil
<b>Mr Alvisio (John) Olivieri</b>	<b>– Non-Executive Nominee Director – Flower Market Deputy Chairman from 19 August 2015 to 17 August 2016</b>
Experience and expertise:	<ul style="list-style-type: none"> <li>– Board Member since July 2008</li> <li>– Over 46 years involvement in the Australian horticulture industry</li> <li>– President of the Commercial Cut Flowers Growers Association of NSW for 15 years</li> <li>– Former Vice President of NSW Flower Growers Association</li> </ul>
Other current directorships:	– Director of A & L Property Developments Pty Ltd.
SML Committees:	– Master Plan
Interests in shares:	– 4 Flower Market Ordinary Shares

# Directors' report

## INFORMATION ON DIRECTORS (continued)

- Mr Shaun M. McInerney** – **Non-Executive Nominee Director – Wholesale Deputy Chairman from 17 August 2016 to 16 August 2017**
- Experience and expertise: – Board Member since July 2011  
– Over 36 years experience in the fruit and vegetable industry
- Other current directorships: – Director Fresh Fellas Pty Limited
- SML committees: – Environment Management
- Interests in shares: – 8 Retail Markets Ordinary Shares, 4 Wholesale Market Ordinary Shares, 2 Warehouse Ordinary Share and 1 Growers Market Ordinary Share
- 
- Mr Mario J. Messina** – **Non-Executive Nominee Director – Retail Markets Deputy Chairman from 16 August 2018**
- Qualifications: – Diploma – Marketing
- Experience and expertise: – Board Member since 18 July 2012  
– Over 31 years experience at Sydney Markets  
– Representative, Paddy's Advisory Committee  
– Member of Council of Market Representatives from September 1999 to June 2012
- Other current directorships: – Nil
- SML committees: – Environment Management, Master Plan
- Interests in shares: – 8 Retail Markets Ordinary Shares.

## COMPANY SECRETARY

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

### Mr Michael Golden

Mr Michael Golden has over 18 years experience in Chief Financial Officer roles. He is a Fellow of the Institute of Public Accountants and a Chartered Tax Advisor of the Taxation Institute of Australia.

# Directors' report

## MEETINGS OF DIRECTORS

Details of Directors' meetings held during the financial year ended 30 June 2018 and Directors' attendances at these meetings were as follows:

	Full meetings of Directors		Finance & audit committee meetings	
	A	B	A	B
Mr John C. Pearson (Chairman)	14	14	7	7
Mr William W. Lee	14	14	—	—
Mr David J. Whiteman	14	13	7	5
Mr William L. Lynch	14	12	7	5
Mr Cosimo Cremona	14	14	—	—
Mr David W. Hynes	14	12	—	—
Mr Alvisio (John) Olivieri	14	13	—	—
Mr Shaun M. McInerney	14	14	—	—
Mr Mario J. Messina	14	14	—	—

A = Number of meetings held during the time the Director held office or was a member of the committee during the year

B = Number of meetings attended

## DIRECTORS AND OFFICERS REMUNERATION

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

- Directors' and Officers' fees and remuneration as shown in Sydney Markets Limited's remuneration report below (Part B).
- Interests or involvement in a company or entity that has a lease or licence with Sydney Markets Limited on terms and conditions no more favourable than those of other Market tenants (note 24).

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

The key management personnel comprise the directors and the following persons who had authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, during the financial year:

Key Management Personnel	Position
Mr Bradley R. Latham	Chief Executive Officer
Mr Michael W. Golden	Chief Financial Officer/Company Secretary
Mr Shane R. Chester	Head of Special Projects
Mr Martin J. Forster	Head of Site Services
Mr. Brian W. Bigelow	Head of Operations



# Directors' report

## DIRECTORS AND OFFICERS REMUNERATION (continued)

### A Principles used to determine the nature and amount of remuneration

The compensation structure for key management personnel is based on the experience and capability of the individual concerned, the market level for jobs of comparable nature, size and level of responsibility and the overall performance of Sydney Markets Limited. The contracts for service between Sydney Markets Limited 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 agreed individual key performance indicators and reviews on the anniversary of employment date.

The objective of Sydney Markets Limited's 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 and operating objectives, 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 / alignment of executive compensation
- 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 of termination.

Directors' fees are determined within an aggregate Directors' fee pool limit. The pool limit for the 2018 year was \$517,163 (2017: \$494,168) as approved by the shareholders.

### B Details of remuneration

#### Amounts of remuneration

Details of the remuneration of the Directors and other key management personnel of the company (as defined in AASB 124 *Related Party Disclosures*) are set out in the following tables. The performance related % shows the % of total remuneration which is subject to the performance of the individual and Sydney Markets Limited as determined by the Remuneration Committee.

#### 2018

Name	Cash salary and fees \$	Cash bonus \$	Non- monetary benefits \$	Super- annuation \$	Total \$	Performance related %
<b>Non-executive Directors</b>						
Mr John C. Pearson (Chairman)	113,779	—	12,825	10,811	137,415	—
Mr William L. Lynch	46,272	—	1,200	—	47,472	—
Mr Alvisio (John) Olivieri	42,150	—	1,200	4,118	47,468	—
Mr Shaun M. McInerney	42,150	—	1,200	4,118	47,468	—
Mr David W. Hynes	42,150	—	1,200	4,118	47,468	—
Mr David J. Whiteman	42,150	—	1,200	4,118	47,468	—
Mr William W. Lee	42,150	—	1,200	4,118	47,468	—
Mr Mario J. Messina	42,150	—	1,200	4,118	47,468	—
Mr Cosimo Cremona	42,150	—	1,200	4,118	47,468	—
<b>Total</b>	<b>455,101</b>	<b>—</b>	<b>22,425</b>	<b>39,637</b>	<b>517,163</b>	<b>—</b>

# Directors' report

## DIRECTORS AND OFFICERS REMUNERATION (continued)

### B Details of remuneration (continued)

2018

Name	Cash salary and fees \$	Cash bonus \$	Non-monetary benefits \$	Super-annuation \$	Total \$	Performance related %
<b>Other key management personnel</b>						
Mr Bradley R. Latham	282,173	10,000	56,113	24,074	372,360	2.7
Mr Michael W. Golden	164,512	8,000	24,673	16,389	213,574	3.7
Mr Shane R. Chester	124,685	6,000	26,427	12,414	169,526	3.5
Mr Brian W. Bigelow	100,983	-	16,429	9,594	127,006	-
Mr Martin J. Forster	127,500	7,500	-	25,000	160,000	4.7
<b>Total</b>	<b>799,853</b>	<b>31,500</b>	<b>123,642</b>	<b>87,471</b>	<b>1,042,466</b>	
<b>Total</b>	<b>1,254,954</b>	<b>31,500</b>	<b>146,067</b>	<b>127,108</b>	<b>1,559,629</b>	

2017

Name	Cash salary and fees \$	Cash bonus \$	Non-monetary benefits \$	Super-annuation \$	Total \$	Performance related %
<b>Non-executive Directors</b>						
Mr John C. Pearson (Chairman)	103,143	-	12,000	6,514	121,657	-
Mr William L. Lynch	45,363	-	1,200	-	46,563	-
Mr Alvisio (John) Olivieri	41,324	-	1,200	4,040	46,564	-
Mr Shaun M. McInerney	41,324	-	1,200	4,040	46,564	-
Mr David W. Hynes	41,324	-	1,200	4,040	46,564	-
Mr David J. Whiteman	12,131	-	1,200	33,233	46,564	-
Mr William W. Lee	11,196	-	1,200	34,168	46,564	-
Mr Mario J. Messina	41,324	-	1,200	4,040	46,564	-
Mr Cosimo Cremona	41,324	-	1,200	4,040	46,564	-
<b>Total</b>	<b>378,453</b>	<b>-</b>	<b>21,600</b>	<b>94,115</b>	<b>494,168</b>	
<b>Other key management personnel</b>						
Mr Bradley R. Latham	274,797	10,000	58,314	25,050	368,161	2.7
Mr Michael W. Golden	161,195	7,500	26,836	16,026	211,557	3.5
Mr Shane R. Chester	123,447	5,000	21,779	12,202	162,428	3.1
Mr Brian W. Bigelow	100,983	-	10,104	9,593	120,680	-
Mr Martin J. Forster	115,711	5,000	-	34,289	155,000	3.2
<b>Total</b>	<b>776,133</b>	<b>27,500</b>	<b>117,033</b>	<b>97,160</b>	<b>1,017,826</b>	
<b>Total</b>	<b>1,154,586</b>	<b>27,500</b>	<b>138,633</b>	<b>191,275</b>	<b>1,511,994</b>	

### Shares under option

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

# Directors' report

## DIRECTORS AND OFFICERS REMUNERATION (continued)

### Equity instrument disclosures relating to key management personnel

#### Share holdings

The numbers of shares held directly, indirectly or beneficially held during the financial year by each Director of Sydney Markets Limited and other key management personnel of the company, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2018	Balance at the start of the year or on date of appointment	Changes during the year	Balance at end of the year
Name			
<b>Directors of Sydney Markets Limited</b>			
<b>Ordinary shares</b>			
Mr William L. Lynch	6	—	6
Mr Alvisio (John) Olivieri	4	—	4
Mr Shaun M. McInerney	15	—	15
Mr William W. Lee	6	—	6
Mr Mario J. Messina	8	—	8

2017	Balance at the start of the year or on date of appointment	Changes during the year	Balance at end of the year
Name			
<b>Directors of Sydney Markets Limited</b>			
<b>Ordinary shares</b>			
Mr William L. Lynch	6	—	6
Mr Alvisio (John) Olivieri	4	—	4
Mr Shaun M. McInerney	15	—	15
Mr William W. Lee	6	—	6
Mr Mario J. Messina	8	—	8

### Other transactions with key management personnel

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

	2018 \$	2017 \$
<b>Amounts recognised as revenue</b>		
Total income received or receivable by Sydney Markets Limited from Director-related entities for rents, dues and fees (recognised in revenue from continuing operations)	391,107	368,587
<b>Amounts recognised as expense</b>		
Total expenditure paid or payable by Sydney Markets Limited to Director-related entities for produce, sponsorships and scholarships (recognised in advertising and promotion costs and management and administration costs)	59,645	56,437

The names of Directors concerned with the above transactions were Mr David J. Whiteman, Mr William L. Lynch, Mr Alvisio (John) Olivieri, Mr William W. Lee, Mr Mario J. Messina and Mr Shaun M. McInerney.

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

# Directors' report

## CORPORATE GOVERNANCE STATEMENT

### 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 and Audit, Environment Management, Remuneration and Master Plan operated during the year and these committees meet on a regular basis.

### Ethical standards

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

### Insurance of officers

During the financial year, Sydney Markets Limited 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 Limited. The terms of the policy do not allow the amount of the premium to be disclosed.

## PROCEEDINGS ON BEHALF OF THE COMPANY

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

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 18.

## ROUNDING OF AMOUNTS

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

## AUDITOR


PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

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



**MR JOHN C. PEARSON**  
CHAIRMAN

Sydney  
21 September 2018



**MR WILLIAM L. LYNCH**  
DIRECTOR

# Auditor's independence declaration



## Auditor's Independence Declaration

As lead auditor for the audit of Sydney Markets Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Sydney Markets Limited.

A handwritten signature in black ink, appearing to read 'S.T. Maher'.

Shannon Maher  
Partner  
PricewaterhouseCoopers

Sydney  
21 September 2018

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### PricewaterhouseCoopers, ABN 52 780 433 757

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# financial report

# contents

## 30 June 2018

**SYDNEY MARKETS LIMITED**  
**ABN 51 077 119 290**  
**ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2018**

	PAGE
Financial statements	
Statement of comprehensive income	20
Balance sheet	21
Statement of changes in equity	22
Statement of cash flows	23
Notes to the financial statements	24
Directors' declaration	46
Independent auditor's report to the members	47

These financial statements are the financial statements of Sydney Markets Limited as an individual entity. The financial statements are presented in the Australian currency.

Sydney Markets Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

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

A description of the nature of the company's operations and its principal activities is included in the Directors' report on pages 9 to 17, which is not part of these financial statements.

The financial statements were authorised for issue by the Directors on 21 September 2018. The Directors have the power to amend and reissue the financial statements.

# statement of comprehensive income

## for the year ended

### 30 June 2018

	Notes	2018 \$'000	2017 \$'000
<b>Revenue from continuing operations</b>	4	<b>58,350</b>	56,646
Other income	5	<b>1,747</b>	—
Property cost		<b>(26,032)</b>	(23,794)
Payroll cost		<b>(6,750)</b>	(6,645)
Repairs and maintenance		<b>(6,117)</b>	(4,869)
Management and administration cost		<b>(1,226)</b>	(1,357)
Advertising and promotion		<b>(3,859)</b>	(4,157)
Professional fee		<b>(2,935)</b>	(3,399)
Depreciation expense	6	<b>(4,188)</b>	(3,504)
Finance expense	6	<b>(1,311)</b>	(1,329)
<b>Total expenses from continuing operations</b>		<b>(52,418)</b>	(49,054)
Theoretical valuation gain on derivatives		<b>282</b>	324
<b>Profit before income tax</b>		<b>7,961</b>	7,916
Income tax expense	7	<b>(2,280)</b>	(2,262)
<b>Profit for the year</b>		<b>5,681</b>	5,654
<b>Other comprehensive income</b>			
<b>Other comprehensive income for the year, net of tax</b>		<b>—</b>	—
<b>Total comprehensive income for the year</b>		<b>5,681</b>	5,654
Profit is attributable to:			
Owners of Sydney Markets Limited		<b>5,681</b>	5,654
Total comprehensive income for the year is attributable to:			
Owners of Sydney Markets Limited		<b>5,681</b>	5,654

*The above statement of comprehensive income should be read in conjunction with the accompanying notes.*



# balance sheet

## as at

### 30 June 2018

	Notes	2018 \$'000	2017 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	7,231	3,125
Trade and other receivables	10	14,085	18,693
Assets classified as held for sale	8	7,521	7,610
<b>Total current assets</b>		<b>28,837</b>	29,428
<b>Non-current assets</b>			
Property, plant and equipment	12	133,917	125,268
<b>Total non-current assets</b>		<b>133,917</b>	125,268
<b>Total assets</b>		<b>162,754</b>	154,696
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	14	7,765	7,308
Borrowings	15	29,000	29,000
Derivative financial instruments	11	323	298
Current tax liabilities	17	583	1,805
Employee benefit obligations	16	1,505	1,450
Other liabilities	18	12,758	10,838
<b>Total current liabilities</b>		<b>51,934</b>	50,699
<b>Non-current liabilities</b>			
Derivative financial instruments	11	1	308
Deferred tax liabilities	19	5,353	3,927
Employee benefit obligations	20	177	154
<b>Total non-current liabilities</b>		<b>5,531</b>	4,389
<b>Total liabilities</b>		<b>57,465</b>	55,088
<b>Net assets</b>		<b>105,289</b>	99,608
<b>EQUITY</b>			
Contributed equity	21	7	7
Retained earnings	22	105,282	99,601
<b>Total equity</b>		<b>105,289</b>	99,608

The above balance sheet should be read in conjunction with the accompanying notes.

# statement of changes in equity

## for the year ended

### 30 June 2018

	Contributed equity \$'000	Retained earnings \$'000	Total equity \$'000
<b>Balance at 1 July 2016</b>	<b>7</b>	<b>93,947</b>	<b>93,954</b>
Profit for the half-year	–	5,654	5,654
Other comprehensive income	–	–	–
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>5,654</b>	<b>5,654</b>
<b>Balance at 30 June 2017</b>	<b>7</b>	<b>99,601</b>	<b>99,608</b>
<b>Balance at 1 July 2017</b>	<b>7</b>	<b>99,601</b>	<b>99,608</b>
Profit for the half-year	–	5,681	5,681
Other comprehensive income	–	–	–
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>5,681</b>	<b>5,681</b>
<b>Balance at 30 June 2018</b>	<b>7</b>	<b>105,282</b>	<b>105,289</b>

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

# statement of cash flows

## for the year ended

### 30 June 2018

	Notes	2018 \$'000	2017 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of goods and services tax)		69,446	60,910
Payments to suppliers and employees (inclusive of goods and services tax)		(51,151)	(46,581)
		18,295	14,329
Interest received		199	7
Interest paid		(1,311)	(1,329)
Income taxes paid		(2,076)	(2,187)
<b>Net cash inflow from operating activities</b>	31	15,107	10,820
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	12	(13,618)	(13,329)
Proceeds from sale of property, plant and equipment		2,441	25
Proceeds from sale of assets held for sale		176	—
<b>Net cash (outflow) from investing activities</b>		(11,001)	(13,304)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		—	2,000
<b>Net cash inflow from financing activities</b>		—	2,000
<b>Net increase (decrease) in cash and cash equivalents</b>		4,106	(484)
Cash and cash equivalents at the beginning of the half-year		3,125	3,609
<b>Cash and cash equivalents at the end of the year</b>	9	7,231	3,125

The above statement of cash flows should be read in conjunction with the accompanying notes.

# notes to the financial statements

## contents

### 30 June 2018

	PAGE
1 Summary of significant accounting policies	25
2 Critical accounting estimates and judgements	32
3 Segment information	32
4 Revenue	32
5 Other income	33
6 Expenses	33
7 Income tax expense	33
8 Assets classified as held for sale	33
9 Cash and cash equivalents	34
10 Current assets – Trade and other receivables	34
11 Derivative financial instruments	35
12 Non-current assets – Property, plant and equipment	36
13 Non-current assets – Deferred tax assets	37
14 Current liabilities – Trade and other payables	37
15 Current liabilities – Borrowings	38
16 Current liabilities – Employee benefit obligations	38
17 Current tax liabilities	38
18 Current liabilities – Other liabilities	38
19 Non-current liabilities – Deferred tax liabilities	39
20 Non-current liabilities – Employee benefit obligations	39
21 Contributed equity	40
22 Retained earnings	41
23 Dividends	41
24 Related party transactions	41
25 Remuneration of auditors	42
26 Contingencies	42
27 Commitments	42
28 Financial risk management	43
29 Fair value measurements	45
30 Events occurring after the reporting period	45
31 Reconciliation of profit after income tax to net cash inflow from operating activities	45

# notes to the financial statements

## for the year ended

### 30 June 2018

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Sydney Markets Limited is a for-profit entity for the purpose of preparing the financial statements.

#### (i) Compliance with IFRS

The financial statements of the Sydney Markets Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### (ii) New and amended standards adopted by the company

The company has applied the following standards and amendments for first time in their annual reporting period commencing 1 July 2017:

- AASB 2014-4 *Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation*
- AASB 2015-1 *Amendments to Australian Accounting Standards – Annual improvements to Australian Accounting Standards 2012 - 2014 cycle, and*
- AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure initiative: Amendments to AASB 101.*

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

#### (iii) Historical cost convention

These financial statements have been prepared under the historical cost convention, except for certain assets which, as noted, are at fair value.

#### (iv) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

#### (v) Going concern

As at 30 June 2018 the company had an excess of current liabilities over current assets of \$23,097,000 primarily due to the \$29,000,000 loan facility maturing on 30 June 2018.

This loan was renewed for 3 years commencing 1 July 2018. The financial statements have been prepared on the basis that the company is a going concern as the directors have reviewed forecast earnings and cash flows for 12 months from the date of this report and expect the company will be able to meet its obligations as they become due and payable.

# notes to the financial statements

## for the year ended

### 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the business, have been identified as the Senior Management team.

#### (c) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in Australia. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

#### (d) 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 economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Land is not depreciated. Depreciation on 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 or, in case of leasehold improvements, the shorter lease term. 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 are:

	Depreciation rate
– Buildings	2.5%
– Plant and machinery	15%
– Fixtures, fittings and equipment	15%
– Leasehold improvements	2.5%
– Motor vehicles	22.5%

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (d) Property, plant and equipmentm (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. 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 (note 1(g)). Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

### (e) 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 profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the company is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

### (f) Financial instruments

#### *Recognition and measurement*

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

#### *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 Limited designates certain derivatives as hedging instruments. In such cases, on entering into a derivative contract, Sydney Markets Limited documents the relationship between the derivative and the items being hedged, such as the variable rate on interest payments, as well as its objective for entering into the derivative contract. It also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives have been and will continue to be highly effective in offsetting changes in cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion and changes in the fair value of derivatives that do not qualify as cash flow hedges are recognised immediately in profit or loss within other income or other expenses.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within 'finance costs'.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss.



# notes to the financial statements

## for the year ended

### 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (f) Financial instruments (continued)

##### *Fair value*

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

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using quoted market prices or dealer quotes for similar 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 Limited for similar financial instruments.

##### *Impairment*

At each reporting date, Sydney Markets Limited assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in profit or loss.

#### (g) Impairment of assets

At each reporting date, Sydney Markets Limited 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 profit or loss.

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

#### (h) Employee benefits

##### *(i) Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

##### *(ii) Other long-term employee benefit obligations*

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period 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 end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

#### (i) Provisions

Provisions are recognised when Sydney Markets Limited 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 obligations and the amount has been reliably estimated.

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (j) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, 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 in the balance sheet.

### (k) Foreign currency translation

#### *(i) Functional and presentation currency*

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian dollars, which is Sydney Markets Limited's functional and presentation currency.

### (l) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of taxes paid. The company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. Revenue is recognised on an accruals basis in accordance with tenancy agreements or as services are rendered. Rental and other amounts received or receivable from tenants in respect of periods subsequent to the reporting period are included within liabilities. Interest revenue is recognised using the effective interest method.

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

### (m) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal company classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the income statement.

### (n) Trade and other receivables

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

# notes to the financial statements

## for the year ended

### 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (n) Trade and other receivables (continued)

Collectability 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 Limited 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 profit or loss.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

#### (o) Trade and other payables

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

#### (p) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

#### (q) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

#### (r) 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.

#### (s) Promotional 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.

#### (t) Goods and Services Tax (GST)

Revenues, expenses and assets purchased are recognised net of the amount of goods and services tax (GST).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (t) Goods and Services Tax (GST) (continued)

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

### (u) Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

### (v) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 reporting periods and have not yet been applied in the financial statements. The company's assessment of the impact of these new standards and interpretations, which may be relevant to the company, is set out below.

#### (i) AASB 9 Financial Instruments (effective from 1 January 2018)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

Must be applied for financial years commencing on or after 1 January 2018.

Based on the transitional provisions in the completed AASB 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety.

The company is currently assessing the impact of adopting AASB 9.

#### (ii) AASB 15 Revenue from Contracts with Customers (effective 1 January 2018)

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Management is currently assessing the effects of applying the new standard on the company's financial statements.

At this stage, the company is not able to estimate the effect of the new rules on the company's financial statements. The company will undertake more detailed assessments of the effect over the next twelve months.

Mandatory for financial years commencing on or after 1 January 2018.

Expected date of adoption by the company: 1 July 2018.

#### (iii) AASB 16 Leases (effective 1 January 2019)

The AASB has issued the new standard which will replace AASB 117 which covers Leases. The new standard requires all lessees to recognise an asset (for the right to use the leased item) and a liability (obligation to pay rentals) for the present value of the minimum lease payments due under the lease term. This applies to all leases, except those with a maximum term of up to 12 months. There will be two different expense recognition patterns, depending on whether the lease is classified as type A or B lease.

Management is currently assessing the effects of applying the new standard on the company's financial statements.

# notes to the financial statements

## for the year ended

### 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (v) New accounting standards and interpretations (continued)

(iii) AASB 16 Leases (effective 1 January 2019) (continued)

At this stage, the company is not able to estimate the effect of the new rules on the company's financial statements. The company will make more detailed assessments of the effect over the next twelve months.

Transition methods - On transition, all existing leases will need to be reassessed and the new model will be applied using either a fully retrospective approach or a simplified retrospective approach.

Expected date of adoption by the company: 1 July 2019.

There are no other standards that are not yet effective and that are expected to have a material impact on the company in the current or future reporting periods and on foreseeable future transactions.

### 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

#### (a) Key estimates and judgements

(i) Impairment

Sydney Markets Limited 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.

(ii) Long service leave provision

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at reporting date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

(iii) Allowance for impairment loss on trade receivables

Where receivables are outstanding beyond the normal trading terms, the likelihood of the recovery of these receivables is assessed by management. Due to the larger number of debtors, this assessment is based on supportable past collection history and historical write-offs of bad debts.

### 3 SEGMENT INFORMATION

Sydney Markets Limited manages and administers the operations of the largest central produce and retail markets in Australia. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the business, have been identified as the Senior Management team. Internal reporting provided to the Senior Management team shows a single operating segment being the business as a whole.

4	REVENUE	2018 \$'000	2017 \$'000
	<b>From continuing operations</b>		
	Rents	24,703	24,484
	Dues and fees	16,906	17,668
	Other operating revenue	13,435	11,412
	Advertising and promotions	2,341	2,465
	Consideration on transfer of licences and leases	650	436
	Interest revenue	199	7
	Other revenue	116	174
		<b>58,350</b>	<b>56,646</b>

# 30 June 2018

<b>5 OTHER INCOME</b>	<b>2018 \$'000</b>	<b>2017 \$'000</b>
Net gain on disposal of property, plant and equipment	<b>1,747</b>	–
<b>6 EXPENSES</b>		
<b>Profit before income tax includes the following specific expenses:</b>		
<i>Depreciation</i>		
Buildings	<b>2,183</b>	1,922
Plant and equipment	<b>1,901</b>	1,499
Leasehold improvements	<b>104</b>	83
Total depreciation	<b>4,188</b>	3,504
<i>Finance costs</i>		
Interest and finance charges paid to external parties	<b>1,311</b>	1,329
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	<b>3,171</b>	3,105
Loss on disposal of property, plant and equipment	–	25
<b>7 INCOME TAX EXPENSE</b>		
<b>(a) Income tax expense</b>		
Current tax – current year	<b>2,640</b>	3,702
Current tax – prior year	–	(148)
Deferred tax	<b>(168)</b>	(1,248)
Deferred tax – prior year	<b>(192)</b>	(44)
	<b>2,280</b>	2,262
Deferred income tax expense (revenue) included in income tax expense comprises:		
(Increase) decrease in deferred tax assets (note 13)	<b>1,382</b>	(1,190)
(Decrease) increase in deferred tax liabilities (note 19)	<b>44</b>	(58)
	<b>1,426</b>	(1,248)
<b>(b) Numerical reconciliation of income tax expense to prima facie tax payable</b>		
Profit from continuing operations before income tax expense	<b>7,961</b>	7,916
Tax at the Australian tax rate of 30.0% (2017 – 30.0%)	<b>2,388</b>	2,375
Adjustments from prior periods	<b>(192)</b>	(192)
Permanent differences	<b>84</b>	79
Income tax expense	<b>2,280</b>	2,262
<b>8 ASSETS CLASSIFIED AS HELD FOR SALE</b>		
The following assets were reclassified as held for sale as at 30 June 2018:		
Assets classified as held for sale – Property, plant and equipment	<b>7,521</b>	7,610

# notes to the financial statements

## for the year ended

9	CASH AND CASH EQUIVALENTS	2018 \$'000	2017 \$'000
	<b>Current assets</b>		
	Cash at bank and in hand	7,231	3,125

### 10 CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

Trade receivables	7,571	9,585
Receivables invoiced in advance	3,227	3,308
Provision for impairment of receivables (a)	(135)	(125)
	<b>10,663</b>	<b>12,768</b>
Accrued income and other receivables	1,323	2,799
Prepayments	2,099	3,126
	<b>14,085</b>	<b>18,693</b>

#### (a) Provision for impairment of trade receivables

Current trade receivables are non-interest bearing and generally on 30 day terms. A provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. These amounts have been included in other expenses.

Movements in the provision for impairment of receivables are as follows:

Opening balance	125	80
Provision for impairment recognised during the year	10	45
Closing balance	<b>135</b>	<b>125</b>

#### (b) Past due but not impaired

As at 30 June 2018, trade receivables of \$761,000 (2017: \$1,214,000) were past due but not impaired. These relate to number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

Up to 3 months	294	568
3 to 6 months	467	646
	<b>761</b>	<b>1,214</b>

## 11 DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are only used for economic hedging purposes and not as trading or speculative investments. The group has the following derivative financial instruments:

### Current liabilities

Interest rate collars	323	298
Total current derivative financial instrument liabilities	323	298

### Non-current liabilities

Interest rate collars	1	308
Total non-current derivative financial instrument liabilities	1	308

<b>Total derivative financial instrument liabilities</b>	<b>324</b>	<b>606</b>
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### (a) Instruments used by the company

Sydney Markets Limited has entered into interest rate collar agreements, in which variable interest rate obligations move up or down only within a narrow band (between a cap and a floor).

Derivatives currently in place cover 34% (2017: 34%) of the variable loan principal outstanding. The derivatives are timed to match the repayment terms of the existing loans or the forecast terms of replacement loans which will be negotiated prior to the expiry of the existing loans. Details of the terms of the derivatives are set out below.

	2018 \$'000	2017 \$'000
Settlement of interest rate collars:		
Less than 1 year Max 6.81%, Min 3.75%	10,000	—
1 to 5 years Max 6.81%, Min 3.75%	—	10,000
	10,000	10,000

The fair values of derivative financial instruments are determined based on dealer quotes for similar instruments.



# notes to the financial statements

## for the year ended

### 12 NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	Freehold land \$'000	Buildings \$'000	Plant and equipment \$'000	Leasehold improvements \$'000	Capital work in progress \$'000	Total \$'000
<b>At 1 July 2016</b>						
Cost	55,497	72,711	36,924	1,272	7,366	173,770
Accumulated depreciation	–	(20,882)	(29,491)	(948)	–	(51,321)
Net book amount	55,497	51,829	7,433	324	7,366	122,449
<b>Year ended 30 June 2017</b>						
Opening net book amount	55,497	51,829	7,433	324	7,366	122,449
Additions	–	–	685	–	12,644	13,329
Disposals	–	–	(50)	–	–	(50)
Depreciation charge	–	14,181	1,118	–	(15,299)	–
Transfers	–	(1,922)	(1,499)	(83)	–	(3,504)
Assets classified as held for sale	(6,832)	(124)	–	–	–	(6,956)
Closing net book amount	48,665	63,964	7,687	241	4,711	125,268
<b>At 30 June 2017</b>						
Cost	48,665	86,768	38,587	1,272	4,711	180,003
Accumulated depreciation	–	(22,804)	(30,900)	(1,031)	–	(54,735)
Net book amount	48,665	63,964	7,687	241	4,711	125,268
<b>Year ended 30 June 2018</b>						
Opening net book amount	48,665	63,964	7,687	241	4,711	125,268
Additions	–	282	352	11	12,973	13,618
Disposals	–	(72)	(143)	–	–	(215)
Depreciation charge	–	–	4,807	227	(5,034)	–
Transfers	–	(2,184)	(1,900)	(104)	–	(4,188)
Assets classified as held for sale	(356)	(210)	–	–	–	(566)
Closing net book amount	48,309	61,780	10,803	375	12,650	133,917
<b>At 30 June 2018</b>						
Cost	48,309	86,745	43,450	1,509	12,650	192,663
Accumulated depreciation	–	(24,965)	(32,647)	(1,134)	–	(58,746)
Net book amount	48,309	61,780	10,803	375	12,650	133,917

# 30 June 2018

## 13 NON-CURRENT ASSETS – DEFERRED TAX ASSETS

	2018 \$'000	2017 \$'000
<b>The balance comprises temporary differences attributable to:</b>		
Provisions and accruals	593	1,793
Derivative financial instrument	–	182
	<b>593</b>	<b>1,975</b>
Set-off of deferred tax liabilities pursuant to set-off provisions (note 19)	<b>(593)</b>	<b>(1,975)</b>
Net deferred tax assets	<b>–</b>	<b>–</b>

	Provisions and accruals \$'000	Derivative financial instrument \$'000	Total \$'000
<b>Movements:</b>			
<b>At 1 July 2016</b>	506	279	785
(Charged)/credited			
– to profit or loss	1,287	(97)	1,190
<b>At 30 June 2017</b>	<b>1,793</b>	<b>182</b>	<b>1,975</b>
<b>At 1 July 2017</b>	1,793	182	1,975
(Charged)/credited			
– to profit or loss	(1,200)	(182)	(1,382)
<b>At 30 June 2018</b>	<b>593</b>	<b>–</b>	<b>593</b>

	2018 \$'000	2017 \$'000
<b>Recovery of deferred tax assets</b>		
Deferred tax assets expected to be recovered within 12 months	591	1,883
Deferred tax assets expected to be recovered after more than 12 months	2	92
	<b>593</b>	<b>1,975</b>

## 14 CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

Trade payables and accruals	<b>7,765</b>	<b>7,308</b>
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# notes to the financial statements

## for the year ended

<b>15 CURRENT LIABILITIES – BORROWINGS</b>	<b>2018 \$'000</b>	<b>2017 \$'000</b>
<b>Secured</b>		
Current commercial bill facility	<b>29,000</b>	29,000
Total secured current borrowings	<b>29,000</b>	29,000
<b>Bank loan facility</b>		
Total facilities	<b>50,000</b>	50,000
Used at balance date	<b>(29,000)</b>	(29,000)
Unused at balance date	<b>21,000</b>	21,000
<b>First mortgage</b>		
Freehold land and buildings	<b>117,610</b>	120,239
<b>Floating charge</b>		
All other assets	<b>45,144</b>	34,457
Total assets pledged as security	<b>162,754</b>	154,696

Sydney Markets Limited has a 3 year \$50 million loan facility (overdraft and commercial bill facility) secured by a mortgage over the land and buildings and a charge over the assets of Sydney Markets Limited and provides for quarterly interest payments. This facility was received on 1 July 2018 for 3 years.

The availability of finance under the facility is subject to borrowing covenants, which include a number of financial ratio and EBITDA covenants.

<b>16 CURRENT LIABILITIES – EMPLOYEE BENEFIT OBLIGATIONS</b>	<b>2018 \$'000</b>	<b>2017 \$'000</b>
Employee benefits – long service leave	<b>767</b>	692
Employee benefits – annual leave	<b>738</b>	758
	<b>1,505</b>	1,450

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not to be expected to be taken or paid within the next 12 months:

	<b>2018 \$'000</b>	<b>2017 \$'000</b>
Current leave obligations expected to be settled after 12 months	<b>406</b>	379

<b>17 CURRENT TAX LIABILITIES</b>		
Current tax liabilities	<b>583</b>	1,805

<b>18 CURRENT LIABILITIES – OTHER LIABILITIES</b>		
Rents and other income received in advance	<b>5,684</b>	2,473
Rents and other income billed in advance	<b>7,074</b>	8,365
	<b>12,758</b>	10,838

# 30 June 2018

## 19 NON-CURRENT LIABILITIES – DEFERRED TAX LIABILITIES

The balance comprises temporary differences attributable to:

	2018 \$'000	2017 \$'000
Tax allowances relating to property, plant and equipment	5,644	5,175
Prepayments	302	727
	5,946	5,902
Set-off of deferred tax liabilities pursuant to set-off provisions (note 13)	(593)	(1,975)
Net deferred tax liabilities	5,353	3,927

### Movements:

	Property, plant and equipment \$'000	Prepayments \$'000	Total \$'000
At 1 July 2016	5,369	591	5,960
Charged/(credited)			
– profit or loss	(194)	136	(58)
At 30 June 2017	5,175	727	5,902
At 1 July 2017	5,175	727	5,902
Charged/(credited)			
– profit or loss	469	(425)	44
At 30 June 2018	5,644	302	5,946

### Recovery of deferred tax liabilities

	2018 \$'000	2017 \$'000
Deferred tax liabilities expected to be recovered within 12 months	302	727
Deferred tax liabilities expected to be recovered after more than 12 months	5,644	5,175
	5,946	5,902

## 20 NON-CURRENT LIABILITIES – EMPLOYEE BENEFIT OBLIGATIONS

Employee benefits – long service leave	177	154
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# notes to the financial statements

## for the year ended

### 21 CONTRIBUTED EQUITY

#### (a) Share capital

Issued capital comprises 6,578 (2017: 6,551) fully paid shares of \$1 each

	2018 Shares	2017 Shares	2018 \$	2017 \$
Flowers Ordinary Shares	262	262	262	262
Growers Ordinary Shares	738	738	738	738
Retail Markets Ordinary Shares	5,060	5,060	5,060	5,060
Warehouse Ordinary Shares	268	241	268	241
Wholesale Ordinary Shares	250	250	250	250
	<b>6,578</b>	6,551	<b>6,578</b>	6,551

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.

#### (b) Capital risk management

Sydney Markets Limited controls its capital in order to maintain an appropriate debt to equity ratio and ensure that it can fund its operations and continue as a going concern.

As stated in the Director's Report, the Directors have established a policy that all operating profits and reserves earned by Sydney Markets Limited will be maintained, invested and accumulated in order to fund the costs associated with the continuation of the Central Markets.

The only externally imposed capital requirement arises from the company's loan facility (overdraft and commercial bill facility) with a major Australian bank. Ongoing funding will be provided as long as Sydney Markets Limited continues to comply with the facility agreement. There have been no changes in the strategy adopted by Sydney Markets Limited to manage its capital since the prior year.

	2018 \$'000	2017 \$'000
Total borrowings	29,000	29,000
Less: cash and cash equivalents	(7,231)	(3,125)
Net debt	21,769	25,875
Total equity	105,289	99,608
Total capital	127,058	125,483
Gearing ratio	17%	21%

# 30 June 2018

## 22 RETAINED EARNINGS

Movements in retained earnings were as follows:

	2018 \$'000	2017 \$'000
Balance 1 July	99,601	93,947
Net profit for the year	5,681	5,654
Balance 30 June	105,282	99,601

## 23 DIVIDENDS

### (a) Franked dividends

The franked portions of any final dividends recommended after 30 June 2018 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ended 30 June 2019.

	2018 \$'000	2017 \$'000
Franking credits available for subsequent reporting periods based on a tax rate of 30.0% (2017 – 30.0%)	51,650	49,475

The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the year.

- (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.

## 24 RELATED PARTY TRANSACTIONS

### (a) Key management personnel compensation

	2018 \$	2017 \$
Short-term employee benefits	1,432,520	1,320,719
Post-employment benefits	127,109	191,275
	1,559,629	1,511,994

Detailed remuneration disclosures are provided in the remuneration report on pages 13 to 16.

### (b) Other transactions with key management personnel

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

#### Amounts recognised as revenue

Total income received or receivable by Sydney Markets Limited from Director-related entities for rents, dues and fees (recognised in revenue from continuing operations)

391,107	368,587
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#### Amounts recognised as expense

Total expenditure paid or payable by Sydney Markets Limited to Director-related entities for produce, sponsorships and scholarships (recognised in advertising and promotion costs and management and administration costs)

59,645	56,437
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Apart from the matters mentioned above, no Director has entered into a material contract with Sydney Markets Limited during the financial year.

# notes to the financial statements

## for the year ended

### 25 REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the company, its related practices and non-related audit firms:

#### (a) PwC

##### (i) Audit and other assurance services

Audit and review of financial statements	2018 \$	2017 \$
Other assurance services	164,537	159,745
New accounting standards services	17,500	6,600
Total remuneration for audit and other assurance services	20,000	—
	202,037	166,345

##### (ii) Taxation services

Tax compliance services	20,500	30,000
Total remuneration for taxation services	20,500	30,000

##### (iii) Other services

Assistance with financial statements preparation	25,462	24,372
Advisory service for the future of the market	250,000	—
Total remuneration for other services	275,462	24,372
Total remuneration of PwC	497,999	220,717

### 26 CONTINGENCIES

The company had no contingent liabilities or assets at 30 June 2018.

### 27 COMMITMENTS

#### (a) Operating commitments

Operating commitments contracted for but not recognised in the financial statements:

Payable:

Less than 1 year	3,278	3,182
Later than one year but not later than five years	13,867	13,446
Later than five years	78,917	82,555
	96,062	99,183

The above commitments relate to the Paddy's Market Haymarket site pursuant to a 30 year licence from 1 January 2010 until 31 December 2039 to the Sydney Markets Limited.

The licence lease is for a fixed annual lump sum payment indexed on 1 January each year by annual CPI.

#### (b) Capital expenditure commitments

Commitments in relation to amounts contracted for at the reporting date, but not recognised as liabilities, payable:

Less than one year	12,946	783
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## 28 FINANCIAL RISK MANAGEMENT

Sydney Markets Limited financial instruments consist of cash balances and short-term deposits with banks, commercial bills, accounts receivable and payable and interest rate derivatives. The main risks Sydney Markets Limited is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Sydney Markets Limited manages its exposure to key financial risks in accordance with its financial risk management policy. The objective of the policy is to support the delivery of Sydney Markets Limited financial targets whilst protecting future financial security.

Primary responsibility for identification and control of financial risks rests with the Finance and Audit Committee under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below.

### (a) Interest rate risk

Sydney Markets Limited manages its funding costs by using derivative financial instruments to reduce exposure created by its variable rate debt. Details relating to Sydney Markets Limited hedging are set out in note 11.

Sydney Markets Limited regularly analyses its interest rate exposure. Within this analysis, consideration is given to potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates.

As at the end of the reporting period, the company had the following variable rate borrowings and interest rate derivatives outstanding:

	2018 \$'000	2017 \$'000
Commercial bill facility	29,000	29,000
Interest rate derivatives (notional principal amount)	(10,000)	(10,000)
Net exposure to cash flow interest rate risk	19,000	19,000

The loans drawn down under the commercial bill facility bear an average variable interest rate of 3.07% (2017: 3.08%). The cap and the floor of the collars are 6.81% and 3.75% (2017: 6.81% and 3.75%) respectively.

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

	Profit/(loss) +1% (100 basis points)		Profit/(loss) -1% (100 basis points)	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Interest income	(203)	(203)	203	203
Valuation of derivatives	70	129	(70)	(143)



# notes to the financial statements for the year ended

## 28 FINANCIAL RISK MANAGEMENT (continued)

### (b) Credit risk

Credit risk with respect to receivables represents the loss that would be recognised if a substantial number of tenants failed to meet their obligations under lease or licence arrangements. The risk is minimal as the majority of tenancies (especially warehouse leases and wholesale licences) have inherent market value which Sydney Markets Limited can offset against outstanding receivables. Credit risks are identified in a timely fashion as the majority of revenue is invoiced in advance. Ageing analysis and monitoring of specific overdue debtors are undertaken to manage credit risk. There is no significant concentration of credit risk involving any one tenant.

Credit risk with respect to derivatives arises with unrealised gains and the potential failure of a counterparty to meet their obligations at maturity of contracts. All of Sydney Markets Limited's derivatives have been entered into with a single AAA+ credit rated counterparty.

### (c) Liquidity risk

Sydney Markets Limited manages liquidity risk by monitoring forecast cash flows, taking into account forecast capital expenditure and repairs and maintenance, and ensuring that adequate borrowing facilities are maintained.

The table below reflects undiscounted cashflows arising from all contractually fixed settlement terms for recognised financial liabilities including derivative financial instruments as of 30 June 2018.

	Less than 6 months \$'000	6-12 months \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total \$'000	Carrying Value \$'000
<b>Year ended 30 June 2018</b>						
<b>Financial liabilities</b>						
Trade and other payables	(7,765)	—	—	—	(7,765)	(7,765)
Interest bearing loans *	(29,000)	—	—	—	(29,000)	(29,000)
Interest rate collars	(162)	(162)	(1)	—	(324)	(324)
	<b>(36,927)</b>	<b>(162)</b>	<b>(1)</b>	<b>—</b>	<b>(37,089)</b>	<b>(37,089)</b>
<b>Year ended 30 June 2017</b>						
<b>Financial liabilities</b>						
Trade and other payables	(7,308)	—	—	—	(7,308)	(7,308)
Interest bearing loans *	(431)	(29,431)	—	—	(29,862)	(29,000)
Interest rate collars	(149)	(149)	(308)	—	(606)	(606)
Total non-derivatives	<b>(7,888)</b>	<b>(29,580)</b>	<b>(308)</b>	<b>—</b>	<b>(37,776)</b>	<b>(36,914)</b>

\*These maturities are in line with Sydney Markets Limited's strategy. On 1 July 2015, the facilities were extended until 30 June 2018.

### (d) Foreign currency risk and price risk

Sydney Markets Limited has no exposure to foreign currency nor equity securities price risk.

### (e) Fair value measurements

The net fair value of financial assets and financial liabilities approximate their carrying values.

# 30 June 2018

## 29 FAIR VALUE MEASUREMENTS

The company uses interest rate derivatives, which are carried at fair value based on observable market data as there is no prices quoted in an active market for the financial instruments (level 2). The valuation inputs are calculated based on dealer quotes in accordance with industry norms.

The company does not have any financial instruments that are carried at fair value using inputs classified as level 1 or level 3 inputs.

The company also has receivables, payables and borrowings which are not measured at fair value in the balance sheet. The Directors consider the carrying amounts of these financial assets and liabilities approximate their fair value.

## 30 EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to the year end on 25 July 2018 the company has completed the sale of 23 Smallwood Avenue Homebush for a price of \$2.8 million. At 30 June 2018, the company disclosed this property as assets classified as held for sale for a carrying amount of \$0.5 million. The gain of \$2.3 million on sale of the property will be recorded in the statement of comprehensive income for the subsequent year ending 30 June 2019.

The company also completed the sale of 3-9 Smallwood Avenue and 218-220 Parramatta Road for a price of \$13.2 million. At 30 June 2018, the company disclosed this property as assets classified as held for sale for a carrying amount of \$7 million. The gain of \$6.2 million on sale of the property will be recorded in the statement of comprehensive income for the subsequent year ending 30 June 2019.

No other matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the company, the results of those operations or the state of affairs of the company or economic entity in subsequent financial years.

## 31 RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2018 \$'000	2017 \$'000
Profit for the year	5,681	5,654
Depreciation	4,188	3,504
Net loss on sale of non-current assets	39	25
Net gains on sale of assets held for sale	(1,786)	—
Change in operating assets and liabilities:		
Decrease (increase) in trade and other receivables	4,608	(3,835)
Increase (decrease) increase in deferred tax liabilities	1,426	(1,248)
Increase in trade and other payables	2,377	5,725
(Decrease) in derivative financial instrument	(282)	(324)
(Decrease) increase in provision for income taxes payable	(1,222)	1,323
Increase (decrease) in employee benefit obligations	78	(4)
Net cash inflow from operating activities	15,107	10,820

# Directors' declaration

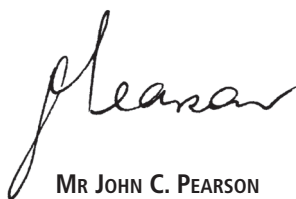
## 30 June 2018

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 19 to 45 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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



**MR JOHN C. PEARSON**  
CHAIRMAN



**MR WILLIAM L. LYNCH**  
DIRECTOR

Sydney  
21 September 2018

# Independent Auditor's report

## 30 June 2018



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

#### Our opinion

In our opinion:

The accompanying financial report of Sydney Markets Limited (the Company) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### What we have audited

The financial report comprises:

- the balance sheet as at 30 June 2018
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

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

#### Independence

We are independent of the Company in accordance with the auditor independence requirements of 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.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2018, including the Joint message from the Chairman and Chief Executive Officer, Directors' report, but does not include the financial report and our auditor's report thereon.

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

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#### PricewaterhouseCoopers, ABN 52 780 433 757

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# Independent Auditor's report

30 June 2018

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

In connection with our audit of the financial report, our responsibility is to read the other information identified above 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 on the other information obtained prior to the date of this auditor's report, 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 Company 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 Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial report

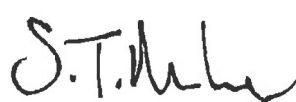
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that 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 the 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 at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.

### Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report of Sydney Markets Limited for the year ended 30 June 2018 included on Sydney Markets Limited's web site. The directors of the Company are responsible for the integrity of Sydney Markets Limited's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

  
PricewaterhouseCoopers

  
Shannon Maher  
Partner

Sydney  
21 September 2018

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# SYDNEY MARKETS LIMITED

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