

2020 ANNUAL REPORT



SYDNEY *MARKETS*®



JOHN PEARSON - *Chairman*

BOARD OF DIRECTORS (L-R)

DAVID WHITEMAN - *Expertise Director*

MARIO MESSINA - *Nominee Director Retail Markets*

BILL LYNCH - *Expertise Director*

SAM LENTINI - *Nominee Director Growers Market*

CAROLINE PISCIUNERI - *Nominee Director*

STEPHEN PELLIZZER - *Flower market*

COS CREMONA - *Nominee Director Warehouse*

DAVID HYNES - *Independent Director*



BRADLEY LATHAM - *Chief Executive Officer*

SENIOR MANAGEMENT (L-R)

NED TESIC - *Public Relations and Brand Manager*

MICHAEL GOLDEN - *Chief Financial Officer / Company Secretary*

SHANE CHESTER - *Head of Special Projects*

JOHN PASCUCCI - *Head of Operations*

annual report

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30 June 2020

SYDNEY MARKETS LIMITED
ABN 51 077 119 290
ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

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joint message from the Chairman & CEO

JOINT MESSAGE FROM THE CHAIRMAN & CHIEF EXECUTIVE OFFICER

We are pleased to present the 2019/2020 Sydney Markets Limited (SML) Annual Report.

For the period July 2019 to February 2020 the financial performance of the Company was exceeding financial expectations.

Since March 2020 the COVID-19 pandemic global health crisis has produced unprecedented circumstances necessitating the most far reaching changes to Market operations in the history of Sydney Markets and severely impacting our financial performance.

Despite these challenging times, Sydney Markets continues to maintain its standing as one of the most successful wholesale fruit, vegetable, flower and retail Markets in the world with an outstanding reputation both domestically and internationally.

We would like to express our most sincere thanks to all Markets stakeholders who have shown remarkable resilience since the onset of the COVID-19 pandemic. It is with your cooperation and support that Sydney Markets has been able to effectively implement the ever-changing protocols introduced by the Government to keep the market safe.

COVID-19 STRATEGIES

Since the onset of the COVID-19 pandemic crisis, Sydney Markets has been working with Government agencies to develop and implement a range of procedures and changes to Market trading in line with advice from the NSW Government and health authorities.

COVID-19 Emergency Response Plan

Management has developed a COVID-19 Emergency Response Plan – this is a living document subject to change according to the Government guidance of the day.

Market Operational Changes

New procedures and changes to trading have been implemented for the various sectors of the Markets.

General Trading Area – Wholesale Market & Growers Market

- No General Public access to the General Trading Area (GTA) Monday to Friday. This commenced from Monday 23 March 2020.
- All Commercial Buyers are allowed access to the GTA but are required to register for a BUYER'S GTA ENTRY PASS which must be worn all times.
- All other stakeholders must wear a lanyard displaying a valid GTA Entry Pass.

Sydney Flower Market

- No General Public access to the Flower Market Monday to Saturday. This commenced from Friday 27 March 2020 (entry for General Public was subsequently allowed on Saturdays only).
- All Commercial Buyers were allowed access to the Flower Market but are now required to register for a FLOWER MARKET ENTRY PASS which must be displayed at all times.

Paddy's Markets

Closure of Paddy's Markets

- Paddy's Markets at all locations were temporarily closed, effective from 25 March 2020, in line with NSW Government requirements.
- Regular rental was not charged while Paddy's Markets were closed.

joint message from the Chairman & CEO

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

Staged Reopening of Paddy's Markets

- With the Government easing some of the COVID-19 restrictions, and after a detailed Reopening Plan for Paddy's Retail Operations was developed and submitted to and approved by the NSW Government COVID-19 Task Force, the predominantly food-based sectors of Paddy's Markets reopened for trade from 5 June 2020. This included Friday Paddy's Flemington, Saturday Paddy's Fresh Food Market Flemington and Paddy's Haymarket Fresh Food Sections.
- Extensive rental abatements were applied to all Paddy's traders to assist with their recovery.

Cleaning

Cleaning of the Markets site has been intensified, with deep cleaning and sterilising of the site on a daily basis.

- Service touch-points – i.e. toilets, railings, lift buttons, doors, etc. – are sterilised on a daily basis.
- 150 hand sanitiser units were installed throughout the Market and are being serviced as required. Small hand sanitiser bottles have also been distributed to traders.
- Introduction of compulsory hand sanitisation for stakeholders upon entry to the Markets. Sydney Markets staff were issued with spray bottles containing liquid hand sanitiser to ensure all stakeholders enter the Markets with sanitised hands.

Social Distancing & Hygiene

- All stakeholders were frequently reminded to continue being vigilant with social distancing measures and personal and stand hygiene practices.
- Increased digital and printed signage was implemented to remind all stakeholders to stand 1.5 metres or two arm lengths apart.
- Rosters were put in place and staff have been equipped with the tools to be able to work from home where appropriate or take annual leave. However, there was always sufficient staff on site for the office and Market operations to operate smoothly and effectively.

Free Flu Vaccinations

In the interests of the health and safety of our stakeholders, SML arranged for flu vaccinations to be available at the Sydney Markets Medical Centre in the Market Plaza for all market tenants at no cost.

Communications

Stakeholder Communications

The necessity for delivering effective communication has been imperative throughout the COVID-19 pandemic. Regular print and video updates have been released through the Sydney Markets Trader App and across Sydney Markets social media channels to keep stakeholders informed on all operational changes to the Markets.

Communication with Government

Regular communication continues with both sides of Government in regards to our operations.

Communication with Industry Organisations

Regular phone conference meetings are being undertaken with industry organisations to provide updates.

joint message from the Chairman & CEO

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

FINANCIALS

- Profit before income tax was \$1.9 million (2019: \$14.4 million).
- Profit after tax of \$1.3 million. (2019: \$10.1 million).
- The total capital expenditure for the year was \$16.2 million (2019: \$18.3 million). This was driven by new warehouse construction and other infrastructure upgrades.
- Borrowings increased to \$30 million (2019: \$25 million).

STRATEGIC

Future Market Opportunities

SML has continued its discussions with Government centred around the Agribusiness Precinct planned for the new Western Sydney Aerotropolis and potential business opportunities that may be of benefit to Sydney Markets in the future.

SML submitted its Initial Business Case (IBC) to the NSW Government via the Western City and Aerotropolis Authority (WCAA), outlining our proposal for expansion into the Agribusiness Precinct.

The IBC outlines SML's high-level vision for a Sydney Markets presence within the proposed Agribusiness Precinct at the Western Sydney Aerotropolis, and articulates the need for financial assistance from the NSW Government to deliver it.

We are pleased to announce that we have since been invited to commence formal negotiations with the WCAA, through the 'SML Foundation Partners Process', the first stage of which is the provision of supplementary information which further supports our request for financial assistance.

We will keep you informed on our progress as we move through this exciting process.

Sydney Markets Master Plan Projects

One of the five major Strategic Imperatives under the Sydney Markets Strategic Plan 2019-2024 is to 'Maximise the Efficiency and Effectiveness of the Sydney Markets Flemington Site'.

Under this imperative, a comprehensive Master Plan has been created for Flemington that includes a number of projects for site improvements and development of additional warehouse space on site. Four of these projects have been prioritised and are currently in the initial design and planning stages.

More information on these site maximisation projects will be provided to all stakeholders as we progress.

Innovation & Digital Technology Strategy

Another Strategic Imperative is to 'Introduce Improvements through Innovation and New Technologies'.

Management is currently working with expert consultants on the development of an overall Innovation and Technology strategy for Sydney Markets. The initial stages of the project will include a Customer Relationship Management (CRM) System, Trader Portal and Digital Devices for Market Officers. The CRM System will ultimately enable our stakeholders to access information relating to their business and conduct various transactions with SML.

Information workshops will be held with Market stakeholders and updates will be provided as the plan moves forward.

Securing the Future of Paddy's Haymarket

Paddy's Haymarket Masterplan

Although it was necessary to temporarily close Paddy's Markets due to the need to minimise the risk of COVID-19 transmission, SML was still able to continue with the construction and fit-out of the new Food & Specialty Retail Precinct at Haymarket.

We are pleased to advise that the new Precinct has now been completed and Traders commenced operating their businesses when Paddy's reopened in June.

joint message from the Chairman & CEO

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

The Precinct will provide exciting opportunities for take-away food traders to improve the food offering and includes new communal seating and student zones, with Specialty Retail stands such as a juice bar, barber, nail artist, florist, jewellery, lifestyle and homewares, with more to come.

This major development for Paddy's Haymarket is situated in a new precinct adjacent to the Light Rail and new Darling Square residences.

Paddy's Flemington Strategy

Many of the planned events had to be placed on hold during the temporary closure of Paddy's Markets, however work continues on initiatives developed under the Paddy's Flemington Strategic Plan that aim to improve occupancy rates on Friday and Sunday, whilst reinforcing the strong trade of the Saturday Paddy's Fresh Food Market.

With all Paddy's Markets now reopened for trade, SML will resume the program of theme-based events and special interest offerings implemented at Paddy's Markets Flemington to drive specific demographic groups to the Market and increase foot traffic, particularly on Fridays and Sundays.

The Paddy's Savvy Trader Program, a collaborative effort with our Paddy's Traders designed to assist in maintaining standards in Market Stand display and product quality, has also recommenced. This program forms part of the initiative to create an ambient Market environment and memorable customer experience.

CORPORATE

SML Directors

Mrs Caroline Pisciueneri was elected as Nominee Director for the Wholesale Category and Mr Stephen Pellizzer was elected as Nominee Director for the Flowers Category effective from July 2020 and Mr David Whiteman was re-elected unopposed as Expertise Director effective from September 2020. These appointments are for a term of three years and we congratulate all on their appointments.

Our thanks go to departing Directors Mr John Olivieri and Mr Shaun McNerney for their contribution during their time on the Board.

Assistance to Bushfire Affected Communities

Following the devastating bushfires faced by Australians over the 2019/2020 summer, the Sydney Markets Board agreed to provide a donation of \$150,000 to assist those in regions that were affected. SML is working closely with the Sydney Markets Foundation on the application of the donated funds.

MARKETING

Promotion of Greengrocers, Independent Supermarkets and Florists

During the period when Paddy's Markets were temporarily closed due to the need to enforce strict COVID-19 social distancing protocols, SML released a number of advertisements, video messages and flyers encouraging shoppers to visit their local Greengrocer, Independent Supermarket or Florist where supplies of local fresh fruit and vegetables and fresh flowers remained plentiful.

Additionally, the Sydney Markets website has been updated and now includes a listing of Greengrocers and Florists.

Produce Donations

Sydney Markets provided donations of fresh produce over a six-week period to support the healthcare workers at St Vincent's hospital and to Tierney and Stanford House (homeless and mental health sections of St Vincent's Hospital).

Sydney Markets also donated boxes of fresh produce to the staff at St George Hospital in April 2020 on behalf of Joseph Tannous, a COVID-19 survivor, as a token of his appreciation for the exceptional care he received whilst in hospital.

Punnets of fresh strawberries were sent to guests in all of the 275 hotel rooms at the Hilton Hotel, Sydney who had been placed in mandatory isolation after returning from overseas, with a message that the strawberries were from Sydney Markets and their local Greengrocer.

joint message from the Chairman & CEO

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

Foodbank & Other Charities – Food Waste Collection

SML is proud to continue our support Foodbank, Australia's largest hunger relief organisation. In the twelve months from July 2019 to June 2020 they collected approximately 2,200 tonnes of surplus edible fruit and vegetables that would otherwise be discarded from Market businesses.

Other food rescue charity organisations are also collecting from the Markets, including SecondBite, Sydney Care, Reach Out, St Merkorious Charity and various animal shelter organisations.

The Fresh Awards

The Fresh Awards were established in 2015, bringing together Sydney Markets' long running greengrocer and florist retail excellence programs, and expanding them to include Fruit & Vegetable Growers and Wholesalers, Flower Growers and the online community of bloggers, storytellers and social media or content creators who champion fresh produce and the people who grow or sell fruit, vegetables or flowers.

SML is pleased to have conducted the fourth year of the Fresh Awards, recognising the achievements of businesses who trade in the Markets.

To celebrate the 2019 Fresh Awards, a gala event took place at the Star Event Centre, where the winners in each of the 15 award categories were announced.

SML congratulates the businesses and individuals who participated in the program, and especially those who made it through as finalists and winners. It was once again tremendous to see the different sectors of our industry come together for an evening to celebrate and acknowledge the efforts of all involved.

Unfortunately, due to the impact of the COVID-19 Pandemic on all areas of business throughout our industry, SML decided it would be best to cancel the 2020 Fresh Awards program. However, our industry is resilient and we look forward to resuming the Fresh Awards Program in 2021.

We thank all of our Fresh Awards sponsors and stakeholders for your patience during this time.

Fresh for Kids Program

The Sydney Markets Fresh for Kids Program, introduced over twenty years ago, is aimed at helping school aged children achieve a healthy lifestyle by encouraging them to eat plenty of fresh fruit and vegetables along with participating in physical activity.

Fresh for Kids continues to work with the Department of Education to ensure that all content on the website aligns with the current curriculum. The website includes the Farm to Plate animation featuring the Fresh for Kids Fruit & Veggie Gang, supported with further educational resources, nutritional information and healthy recipe ideas.

The Fresh for Kids 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.

The Fresh for Kids 'Eat Fresh & Win' Canteen Campaign was selected as a finalist for the PMA Produce Plus Marketer of the Year Award 2020, once again recognising that Fresh for Kids remains one of the most successful healthy eating campaigns targeted at children in Australia.

Unfortunately, due to the COVID-19 Pandemic, the 2020 Fresh for Kids 'Eat Fresh & Win' Canteen Campaign is now on hold until next year.

joint message from the Chairman & CEO

SITE IMPROVEMENTS

Parramatta Road Frontage

New Warehouse Z

Construction of the new 4,550m² Warehouse Z adjacent to the Service Station on Parramatta Road has been completed. The new tenants, Tess Fresh, are currently finalising their internal fit-out.

The new Warehouse Z building also includes two storeys (2,400m²) of commercial office space above the warehouse which is now available for lease.

Site Infrastructure

Relocation of Switch Rooms – Buildings A, B & C

The third and final stage of the upgrade of electrical switch rooms in Buildings A, B & C – the relocation of the Building A switch rooms – was completed in February 2020. The old bunker-style switch rooms located in the buyer's walkways were demolished and replaced by one new switch room which is located at the external south side the building.

This has created additional produce display areas, improved telecommunications for tenants, improved Work Health & Safety and improved buyer experience.

Large LED TV Screens – ABC Buyers Walkways

Large LED TV screens have been installed in the Buyers walkways of Buildings A, B & C and a number of other locations around the Markets. These screens display SML media releases, stakeholder updates, Work Health & Safety messages and other important messages.

Large LED Screen Signage – Parramatta Road

New signage consisting of two large LED screens has been installed opposite the Market Plaza Building facing onto Parramatta Road. The signage is used to advertise businesses in the Plaza as well as Paddy's Markets opening times and other important messages.

Repair & Maintenance Programs

The SML Site Services Department has in place a range of ongoing Repair & Maintenance Programs to ensure both the Flemington and Haymarket sites continue to operate as efficiently and safely as possible for the benefit of all stakeholders.

When carrying out works under these programs it is sometimes necessary for the power supply to sections of the Market to be temporarily shut down. SML appreciates the cooperation of all Market Tenants in the coordination of these shutdowns.

OPERATIONS

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 those efforts.

SML maintains 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 recycling rate in excess of 70% for waste generated on site.

joint message from the Chairman & CEO

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

Assistance to Drought-Affected Farmers

The SML Green Point Team continually assists drought-affected NSW farmers by supplying organic waste to feed livestock. Between July 2019 and June 2020 Sydney Markets provided approximately 8,100 tonnes of organic waste through Green Point to more than 30 farmers.

OTHER NEWS

Sydney Markets Foundation

The Sydney Markets Foundation continues to raise funds for those in need. The generosity of the Markets community was clearly evident again this year in the donations made to the Foundation by Market Tenants and Stakeholders during the catastrophic bushfire season over the 2019-2020 summer.

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 a detailed presentation on Sydney Markets at the 36th World Union of Wholesale Markets Congress – Guiyang, China - October 2019. Other events were cancelled or delayed due to the COVID-19 Pandemic.

In conclusion, we acknowledge that completing and implementing the extensive range of initiatives, undertakings and achievements outlined above, especially in the extraordinary situation of the global COVID 19 Pandemic, has only been possible due to the collaboration, participation and cooperation of all Stakeholders throughout the Sydney Markets community, which is highly valued and much appreciated by the Board, Management and Staff at SML.

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.



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 2020.

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 David J. Whiteman	
Mr William L. Lynch	(Deputy Chairman from 19 August 2020)
Mr Cosimo Cremona	(Deputy Chairman from 21 August 2019 to 19 August 2020)
Mr David W. Hynes	
Mr Alvisio (John) Olivieri	(Director to 15 July 2020)
Mr Shaun M. McInerney	(Director to 15 July 2020)
Mr Mario J. Messina	
Mr Samuel L. Lentini	(Director from 17 July 2019)
Mr Stephen Pellizzer	(Director from 15 July 2020)
Mrs Caroline J. Piscuneri	(Director from 15 July 2020)

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.

Further information on likely developments in the operations of the company and the expected results of operations have not been included in this annual report because the Directors believe it would be likely to result in unreasonable prejudice to the company.

Directors' report

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The Directors are not aware of any matter or circumstance that has arisen since 30 June 2020 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 2020.

INFORMATION ON DIRECTORS

Mr John C. Pearson

Experience and expertise

Other current directorships

SML Committees

Interests in shares

Mr David J. Whiteman

Qualifications

Experience and expertise

Other current directorships

SML Committees

Interests in shares

Mr William L. Lynch

Experience and expertise

Other current directorships

SML Committees

Interests in shares

– Non-Executive Director & Chairman

- Board Member since 2003
- Deputy Chairman from September 2004 to May 2005
- 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.
- Director of R.P. Cricket Pty Ltd – T/A Randwick Petersham Foundation
- Finance and Audit, Remuneration, Master Plan, Retail Markets Sub Committee
- Nil

– Non-Executive Expertise Director

- BA (Macquarie University) majoring in Economics & Financial Studies
- Board member from 19 August 2015 and from 21 July 2004 to 17 July 2013
- Deputy Chairman from 23 July 2009 to 25 August 2010
- Over 50 years experience in the fruit and vegetable industry

- Director of C J Lewis Pty Ltd
- Director of Mount View (Orchards Batlow) Pty Ltd
- Director of Davic Investments Pty Ltd
- Director of Teleen Pty Ltd

- Finance and Audit

- Nil

– Non-Executive Expertise Director

- Board Member since 1998
- Deputy Chairman from September 2000 to November 2001 and from 18 May 2005 to 17 May 2006 and from 19 August 2020
- Over 62 years in the Australian Horticulture Industry as a grower, wholesaler and retailer
- Past President, Australian Flower Growers Association
- Past President, Flower Growers Group of NSW Inc.

- Director of W & D Lynch Pty Ltd
- Director of Carismatic Pty Ltd
- Director of Fresh Flower Group Pty Ltd
- Director of Lynch Group Events Pty Ltd
- Director of Lynch Flowers Brisbane Pty Ltd

- Remuneration, Finance and Audit Committee

- 2 Flower Market Ordinary Shares

Directors' report

INFORMATION ON DIRECTORS (continued)

Mr Cosimo Cremona	– Non-Executive Nominee Director – Warehouses
Experience and expertise	– Board Member from 17 July 2013 and from 24 July 2002 to 13 July 2011 – Deputy Chairman from 17 May 2006 to 22 August 2007 and from 21 August 2019 to 19 August 2020 – Over 40 years experience in the fruit and vegetable industry – Member of the Lions Club, Sydney Markets
Other current directorships	– Nil
SML Committees	– Environment Management
Interests in shares	– Nil
Mr David W. Hynes	– Non-Executive Independent Director
Qualifications	– B.Ec / LL.B (Sydney Uni)
Experience and expertise	– Board Member since 2005 – Deputy Chairman from 17 August 2011 to 15 August 2012 and from 20 August 2014 to 19 August 2015
Other current directorships	– Executive Director of Winston Langley Pty Limited, a property development and property advisory organisation – President of the Australian Baseball Federation
SML Committees	– Remuneration, Master Plan, Retail Markets Sub Committee
Interests in shares	– Nil
Mr Alvisio (John) Olivieri	– Non-Executive Nominee Director – Flower Market
Experience and expertise	– Board Member from 23 July 2008 to 15 July 2020 – Deputy Chairman from 19 August 2015 to 17 August 2016 – Over 48 years involvement in the Australian horticulture industry – President of the Commercial Cut Flowers Growers Association of NSW for 15 years – Former Vice President of NSW Flower Growers Association
Other current directorships	– Director of A & L Property Developments Pty Ltd
SML Committees	– Master Plan
Interests in shares	– 4 Flower Market Ordinary Shares
Mr Shaun M. McInerney	– Non-Executive Nominee Director – Wholesale
Experience and expertise	– Board Member from 13 July 2011 to 15 July 2020 – Deputy Chairman from 17 August 2016 to 16 August 2017 – Over 38 years experience in the fruit and vegetable industry
Other current directorships	– Director Fresh Fellas Pty Limited
SML Committees	– Environment Management, Master Plan
Interests in shares	– 8 Retail Markets Ordinary Shares, 4 Wholesale Market Ordinary Shares, 2 Warehouse Ordinary Shares and 1 Growers Market Ordinary Share

Directors' report

INFORMATION ON DIRECTORS (continued)

Mr Mario J. Messina	– Non-Executive Nominee Director – Retail Markets
Qualifications	– Diploma – Marketing
Experience and expertise	– Board Member since 18 July 2012 – Deputy Chairman from 16 August 2018 to 21 August 2019 – Over 33 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
Mr. Samuel L. Lentini	– Non-Executive Nominee Director – Growers Market
Experience and expertise	– Board Member since July 2019 – Over 20 years experience at Sydney Markets
Other current directorships	– Nil
SML Committees	– Nil
Interests in shares	– Nil
Mr Stephen Pellizzer	– Non-executive Nominee Director – Flower Markets
Experience and expertise	– Board member since 15 July 2020 – NSW Flower Growers Group Committee for 11 years, Treasurer for 8 years – Member of Council of Market Representatives for 9 years
Other current directorships	– Dumont Rose Gardens Pty Ltd
SML Committees	– Master Plan Committee
Interests in shares	– 3 Flower Market Ordinary Shares
Mrs Caroline J. Pisciueneri	– Non-Executive Nominee Director – Wholesale
Experience and expertise	– Board Member since 15 July 2020
Other current directorships	– Director & Vice President of NSW Chamber of Fruit & Vegetable Industries Inc. – Director & Deputy Chairman of Sydney Markets Foundation – Director of Pisciueneri Investments Pty Ltd – Director & Company Secretary of ASP Super Pty Ltd – Company Secretary of All Seasons Produce Pty Ltd – Company Secretary of Crisp Transport Pty Ltd – Company Secretary of Delrosa Pty Ltd – Company Secretary of Harvest Cove Pty Ltd
SML Committees	– Master Plan Committee, Environment Management Committee, Innovation Committee
Interests in shares	– Nil

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 20 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 2020 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)	13	12	3	3
Mr David J. Whiteman	13	12	3	2
Mr William L Lynch	13	13	3	2
Mr Cosimo Cremona	13	13	–	–
Mr David W. Hynes	13	12	–	–
Mr Alvisio (John) Olivieri	13	12	–	–
Mr Shaun M. McInerney	13	13	–	–
Mr Mario J. Messina	13	13	–	–
Mr Samuel L. Lentini	13	12	–	–

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 23).

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:

<i>Key Management Personnel</i>	<i>Position</i>
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 John Pascucci	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 2020 year was \$535,233 (2019: \$527,132) 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.

2020

Name	Cash salary and fees \$	Cash bonus \$	Non-monetary benefits \$	Super-annuation \$	Total \$	Performance related %
Non-executive Directors						
Mr John C. Pearson (Chairman)	118,143	—	11,950	11,223	141,316	0.00
Mr William L. Lynch	48,047	—	1,200	—	49,247	0.00
Mr Alvisio (John) Olivieri	43,767	—	1,200	4,272	49,239	0.00
Mr Shaun M. McInerney	43,767	—	1,200	4,272	49,239	0.00
Mr David W. Hynes	43,767	—	1,200	4,272	49,239	0.00
Mr David J. Whiteman	43,767	—	1,200	4,272	49,239	0.00
Mr Mario J. Messina	43,767	—	1,200	4,272	49,239	0.00
Mr Cosimo Cremona	43,767	—	1,200	4,272	49,239	0.00
Mr Samuel L. Lentini	43,767	—	1,200	4,272	49,239	0.00
Total	472,559	—	21,550	41,126	535,235	—

Directors' report

DIRECTORS AND OFFICERS REMUNERATION (continued)

B Details of remuneration (continued)

2020

Name	Cash salary and fees \$	Cash bonus \$	Non-monetary benefits \$	Super-annuation \$	Total \$	Performance related %
Other key management personnel						
Mr Bradley R. Latham	294,107	10,000	65,512	24,994	394,613	2.60
Mr Michael W. Golden	169,088	10,000	25,172	17,013	221,273	4.70
Mr Shane R. Chester	126,530	10,000	26,613	12,970	176,113	5.90
Mr John Pascucci	92,709	5,000	8,432	9,282	115,423	4.50
Total	682,434	35,000	125,729	64,259	907,422	
Total	1,154,993	35,000	147,279	105,385	1,442,657	

2019

Name	Cash salary and fees \$	Cash bonus \$	Non-monetary benefits \$	Super-annuation \$	Total \$	Performance related %
Non-executive Directors						
Mr John C. Pearson (Chairman)	113,779	–	11,950	10,809	136,538	–
Mr William L. Lynch	47,237	–	1,200	–	48,437	–
Mr Alvisio (John) Olivieri	43,035	–	1,200	4,202	48,437	–
Mr Shaun M. McInerney	43,035	–	1,200	4,202	48,437	–
Mr David W. Hynes	43,035	–	1,200	4,202	48,437	–
Mr David J. Whiteman	43,035	–	1,200	4,202	48,437	–
Mr William W. Lee	43,035	–	1,200	4,202	48,437	–
Mr Mario J. Messina	43,035	–	1,200	4,202	48,437	–
Mr Cosimo Cremona	43,035	–	1,200	4,202	48,437	–
Total	462,261	–	21,550	40,223	524,034	–
Other key management personnel						
Mr Bradley R. Latham	288,025	10,000	64,649	25,077	387,751	2.6
Mr Michael W. Golden	167,800	8,000	25,172	16,701	217,673	3.8
Mr Shane R. Chester	125,927	8,000	26,613	12,723	173,263	4.8
Mr John Pascucci	89,142	4,000	8,432	8,849	110,423	3.8
Total	670,894	30,000	124,866	63,350	889,110	
Total	1,133,155	30,000	146,416	103,573	1,413,144	

Shares under option

No option to acquire shares in the company has been granted to any person. No shares have been issued during the financial year or since the end thereof by virtue of the exercise of any options. There are no unissued shares under option at the date of this report.

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.

2020	Balance at the start of the year or on date of appointment	Changes during the year	Balance at end of the year
Name			
Directors of Sydney Markets Limited			
Ordinary shares			
Mr William L. Lynch	6	(4)	2
Mr Alvisio (John) Olivieri	3	—	3
Mr Shaun M. McInerney	17	—	17
Mr Mario J. Messina	8	—	8
Mr Samuel L. Lentini	4	—	4

2019	Balance at the start of the year or on date of appointment	Changes during the year	Balance at end of the year
Name			
Directors of Sydney Markets Limited			
Ordinary shares			
Mr William L. Lynch	6	—	6
Mr Alvisio (John) Olivieri	4	(1)	3
Mr Shaun M. McInerney	15	2	17
Mr William W. Lee	6	1	7
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.

	2020 \$	2019 \$
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)	238,761	351,295
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)	25,061	20,000

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, Mr Shaun M McInerney and Mr Samuel L. Lentini.

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.

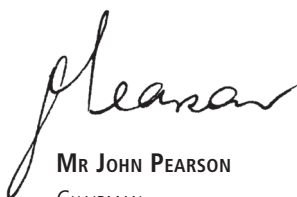
ROUNDING OF AMOUNTS

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 the Directors.



MR JOHN PEARSON
CHAIRMAN

Sydney
16 September 2020



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 2020, 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
16 September 2020

PricewaterhouseCoopers, ABN 52 780 433 757

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financial report

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30 June 2020

SYDNEY MARKETS LIMITED
ABN 51 077 119 290
ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

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These financial statements are the financial statements of Sydney Markets Limited as an individual entity. The financial statements are presented in the Australian dollar (\$).

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

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 16 September 2020. The Directors have the power to amend and reissue the financial statements.

statement of comprehensive income

for the year ended

30 June 2020

	Notes	2020 \$'000	2019 Restated* \$'000
Revenue from continuing operations	5	55,163	59,302
Other income	6	344	8,461
Property cost		(23,912)	(23,925)
Payroll cost		(6,700)	(6,801)
Repairs and maintenance		(5,298)	(5,886)
Management and administration cost		(2,208)	(1,359)
Advertising and promotion		(3,483)	(4,218)
Professional fee		(2,440)	(1,200)
Depreciation expense	7	(6,737)	(6,630)
Finance expense	7	(2,933)	(3,537)
Total expenses from continuing operations		(53,711)	(53,556)
Theoretical valuation gain on derivatives		72	252
Profit before income tax		1,868	14,459
Income tax expense	8	(560)	(4,322)
Profit for the year		1,308	10,137
Other comprehensive income			
Other comprehensive income for the year, net of tax		–	–
Total comprehensive income for the year		1,308	10,137
Profit is attributable to:			
Owners of Sydney Markets Limited		1,308	10,137
Total comprehensive income for the year is attributable to:			
Owners of Sydney Markets Limited		1,308	10,137

- See note 2 for changes in accounting policies

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

balance sheet

as at

30 June 2020

	Notes	2020 \$'000	2019 Restated* \$'000
ASSETS			
Current assets			
Cash and cash equivalents	9	5,820	6,608
Trade and other receivables	10	9,524	13,957
Current tax receivables		191	–
Assets classified as held for sale	11	1,381	–
Total current assets		16,916	20,565
Non-current assets			
Property, plant and equipment	12	157,267	147,354
Right-of-use assets	13	36,094	37,929
Total non-current assets		193,361	185,283
Total assets		210,277	205,848
LIABILITIES			
Current liabilities			
Trade and other payables	15	11,602	10,204
Borrowings	16	30,000	–
Derivative financial instruments		–	72
Current tax liabilities		–	468
Employee benefit obligations	17	1,642	1,487
Lease liabilities	13	1,235	1,064
Other liabilities	18	7,344	9,011
Total current liabilities		51,823	22,306
Non-current liabilities			
Borrowings	16	–	25,000
Deferred tax liabilities	19	1,734	1,888
Employee benefit obligations	17	123	130
Lease liabilities	13	47,631	48,866
Total non-current liabilities		49,488	75,884
Total liabilities		101,311	98,190
Net assets		108,966	107,658
EQUITY			
Contributed equity	20	7	7
Retained earnings	21	108,959	107,651
Total equity		108,966	107,658

• See note 2 for changes in accounting policies

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

statement of changes in equity

for the year ended

30 June 2020

	Notes	Contributed equity \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2018		7	105,282	105,289
Adoption of AASB 16 Lease	21	–	(7,768)	(7,768)
Restated total equity at the beginning of the financial year		7	97,514	97,521
Profit for the year (restated)*		–	10,137	10,137
Other comprehensive income		–	–	–
Total comprehensive income for the year (restated)*		–	10,137	10,137
Balance at 30 June 2019		7	107,651	107,658
Balance at 1 July 2019		7	107,651	107,658
Profit for the year		–	1,308	1,308
Other comprehensive income		–	–	–
Total comprehensive income for the year		–	1,308	1,308
Balance at 30 June 2020		7	108,959	108,966

- See note 2 for changes in accounting policies

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

statement of cash flows

for the year ended

30 June 2020

	Notes	2020 \$'000	2019 Restated* \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		62,114	62,164
Payments to suppliers and employees (inclusive of GST)		(46,690)	(47,539)
		15,424	14,625
Interest received		10	43
Interest paid		(2,933)	(3,537)
Income taxes paid		(1,373)	(4,573)
Net cash inflow from operating activities	30	11,128	6,558
Cash flows from investing activities			
Payments for property, plant and equipment	12	(16,253)	(18,280)
Proceeds from sale of property, plant and equipment		37	48
Proceeds from sale of assets held for sale		-	15,982
Net cash (outflow) from investing activities		(16,216)	(2,250)
Cash flows from financing activities			
Proceeds from borrowings		5,000	-
Repayment of borrowings		-	(4,000)
Principal elements of lease payments		(700)	(931)
Net cash inflow (outflow) from financing activities		4,300	(4,931)
Net (decrease) in cash and cash equivalents		(788)	(623)
Cash and cash equivalents at the beginning of the half-year		6,608	7,231
Cash and cash equivalents at the end of the year	9	5,820	6,608

• See note 2 for changes in accounting policies

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

notes to the financial statements

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30 June 2020

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for the year ended

30 June 2020

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 the first time in their annual reporting period commencing 1 July 2019:

- AASB 16 Leases
- AASB 2020-4 *Amendments to Australian Accounting Standards – Covid-19 – Related rent concessions*
- AASB 2018-1 *Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle*
- AASB 2018-2 *Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement*
- Interpretation 23 *Uncertainty over Income Tax Treatments*.

The company had to change its accounting policies as a result of adopting AASB 16. The company has applied AASB 16 retrospectively and has restated comparatives for the prior reporting period presented. This is disclosed in note 2. The other amendments listed above did not have any significant impact on the amounts recognised in prior years and are not expected to significantly affect the current or future years.

(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) Going concern

As at 30 June 2020 the company had a working capital deficiency of \$34.9 million primarily due to the \$30 million borrowings maturing on 30 June 2021.

The company has a positive shareholders' equity of \$109 million and recorded profit after tax of \$1.3 million, as well as positive cash flows from operating activities of \$11.1 million for the year ended 30 June 2020. The company has unused bank loan facility of \$20 million as at 30 June 2020.

The directors have reviewed the historical performance, forecast business plan and current financial position of the company taking into consideration an estimate of the potential continued impact of COVID-19. This analysis outlines that the company will remain operating cash flow positive and have sufficient cash resources to make payments to suppliers as and when they fall due in the 12 month period from the date of this financial report. In addition, the directors believe the company will renew or refinance the existing \$50 million loan facility prior to its expiry on 30 June 2021. Accordingly, the financial report has been prepared on a going concern basis.

(v) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2020 reporting periods and have not been early adopted by the company. The company's assessment indicates that there are no new Australian Accounting Standards or interpretations that have been issued but are not yet effective with an expected material impact on the company's financial statements in the period of initial application.

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 credit for the year is the tax payable on the current year'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 where there is a legally enforceable right to offset current tax assets and liabilities and where 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 year 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	5% - 50%
– Fixtures, fittings and equipment	5% - 50%
– Leasehold improvements	2.5%
– Motor vehicles	22.5%

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

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(h)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(e) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions. When the grant relates to an expense item, it is recognised as a reduction of the expense to which it relates.

The company was eligible for the Australian Government's JobKeeper wage subsidy scheme and received wage subsidies in the year ended 30 June 2020.

(f) Leases

The company leases Paddy's Market Haymarket site. Rental contracts are typically made for fixed periods of 30 years. Contracts may contain both lease and non-lease components. The company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The company has applied AASB 16 retrospectively and has restated comparatives for the prior reporting period presented.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the company under residual value guarantees,
- the exercise price of a purchase option if the company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Sydney Markets Limited, which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

The company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

notes to the financial statements

for the year ended

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Leases (continued)

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

The company tests right-of-use assets for impairment where there is an indicator that the asset may be impaired. 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.

(g) 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.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) 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.

(h) 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.

(i) 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 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.

(j) 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.

(k) 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.

notes to the financial statements

for the year ended

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) 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.

(m) Revenue recognition

Revenue from providing services is recognised in the accounting period in which the services are rendered because the customer receives and uses the benefits simultaneously. Revenue from these service is recognised based on the price specified in the tenancy agreements.

Where the contracts include multiple performance obligations, transaction price will be allocated to each performance obligations based on the stand-alone selling prices. Where there are not directly observable, they are estimated based on the expected cost plus margin. A contract liability is recognised when rental and other income received in respect of periods subsequent to the reporting period.

Revenue from contracts with customers

Revenue is recognised over time if:

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

Where the above criteria is not met, revenue is recognised at a point in time.

Interest revenue is recognised using the effective interest method. All revenue is stated net of the amount of goods and service tax (GST).

(n) 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 group 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.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Trade and other receivables

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

The company applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables that considers the followings:

- probability that the debtor will enter bankruptcy or financial reorganisation, and probability that the debtor will enter bankruptcy or financial reorganisation, and
- default or delinquency in payments (more than 30 days overdue).

Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash.

(p) 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.

(q) 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 year 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 year 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 year.

(r) 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 year in which they are incurred.

(s) 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.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(t) 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.

(u) 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.

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.

notes to the financial statements

for the year ended

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) 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 that Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

2 CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of AASB 16 Leases on the company's financial statements. The company has adopted AASB 16 Leases retrospectively and has restated comparatives for the prior reporting period presented.

(i) Practical expedients applied

Covid-19 related rent concessions

The company has adopted the practical expedient for rent concessions negotiated as a consequence of Covid-19. This allows the company to elect not to account for changes in lease payments as a lease modification where a change in lease payment to the revised consideration are substantially the same or less than the consideration for the lease preceding the change, the reduction only affects payments which fall due before 30 June 2021 and there has been no substantive change in terms and condition. Where the practical expedient has been applied, rent concessions of \$0.4 million are accounted for as rent concession income in statement of comprehensive income.

(ii) Impact on financial statements

The company has applied AASB 16 retrospectively and has restated comparatives for the prior reporting period presented. The table below show the adjustments recognised for each individual line item as at 30 June 2020, 30 June 2019 and 1 July 2018. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

Balance sheet (extract)	2020 (AASB117) \$'000	AASB16 \$'000	2020 as presented \$'000	2019 (AASB117) \$'000	AASB16 \$'000	2019 restated \$'000
Assets						
Non-current assets						
Right-of-use assets	–	36,094	36,094	–	37,929	37,929
Total assets	174,183	36,094	210,277	167,919	37,929	205,848
Liabilities						
Current liabilities						
Lease liabilities	–	1,235	1,235	–	1,064	1,064
Non current liabilities						
Lease liabilities	–	47,631	47,631	–	48,866	48,866
Deferred tax	5,566	(3,832)	1,734	5,488	(3,600)	1,888
Total liabilities	56,277	45,034	101,311	51,860	46,330	98,190
Net assets	117,906	(8,940)	108,966	116,059	(8,401)	107,658
Equity						
Retained earnings	117,899	(8,940)	108,959	116,052	(8,401)	107,651
Total equity	117,906	(8,940)	108,966	116,059	(8,401)	107,658

30 June 2020

2 CHANGES IN ACCOUNTING POLICIES (continued)

(ii) Impact on financial statements (continued)

Balance sheet (extract)	1 July 2018 As originally presented \$'000	AASB16 \$'000	1 July 2018 Restated \$'000
Assets			
Non-current assets			
Right-of-use assets	–	39,764	39,764
Total assets	162,754	39,764	202,518
Liabilities			
Current liabilities			
Lease liabilities	–	931	931
Non current liabilities			
Lease liabilities	–	49,930	49,930
Deferred tax	5,353	(3,329)	2,024
Total liabilities	57,465	47,532	104,997
Net assets	105,289	(7,768)	97,521
Equity			
Retained earnings	105,282	(7,768)	97,514
Total equity	105,289	(7,768)	97,521

Statement of comprehensive income (extract)	2020 (AASB117) \$'000	AASB16 \$'000	2020 as presented \$'000	2019 as originally presented \$'000	AASB16 \$'000	2019 restated \$'000
Property cost	(26,821)	2,909	(23,912)	(27,111)	3,186	(23,925)
Depreciation expense	(4,902)	(1,835)	(6,737)	(4,795)	(1,835)	(6,630)
Finance expense	(725)	(2,208)	(2,933)	(1,282)	(2,255)	(3,537)
Profit before income tax	3,002	(1,134)	1,868	15,363	(904)	14,459
Income tax expense	(791)	231	(560)	(4,593)	271	(4,322)
Profit for the year	2,211	(903)	1,308	10,770	(633)	10,137
Total comprehensive income for the year	2,211	(903)	1,308	10,770	(633)	10,137

notes to the financial statements for the year ended

2 CHANGES IN ACCOUNTING POLICIES (continued)

(ii) Impact on financial statements (continued)

Statement of cash flows (extract)	2020 (AASB117) \$'000	AASB16 \$'000	2020 as presented \$'000	2019 as originally presented \$'000	AASB16 \$'000	2019 restated \$'000
Cash from generated from operation	13,334	2,909	16,243	11,439	3,186	14,625
Interest paid	(725)	(2,208)	(2,933)	(1,282)	(2,255)	(3,537)
Net cash inflow from operating activities	10,428	700	11,128	5,627	931	6,558
Principal elements of lease payments	–	(700)	(700)	–	(931)	(931)
Net cash inflow (outflow) from financing activities	5,000	(700)	4,300	(4,000)	(931)	(4,931)
Net decrease in cash and cash equivalents	(788)	–	(788)	(623)	–	(623)

3 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.

(iv) Coronavirus (COVID-19) impact

In preparing its financial statements the company has considered the current and ongoing impact that the COVID-19 pandemic has had on its business operations and upon the business operations of its tenant customers. In assessing such impacts management have relied upon certain key estimates to evaluate current and future business conditions. Inherent in any estimate is a level of uncertainty. In particular, due to COVID-19, estimation uncertainty is associated with:

- the extent and duration of the disruption to the company's tenant customers arising from the actions by governments, businesses and consumers to contain the spread of the virus;
- the extent and duration of the expected economic downturn
- the effectiveness of government and central bank measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn
- judgements in impairment assessments

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(iv) Coronavirus (COVID-19) impact (continued)

In response to the increased uncertainty the company has assessed the carrying values of its assets and liabilities in light of COVID-19. Specific areas of assessment include impairment testing, refining methodologies and calculation of expected credit losses and associated disclosures within the financial statements.

The company has developed various accounting estimates in this report based on forecasts of economic conditions which reflect expectations and assumptions as at 30 June 2020 about future events that the management and Directors believe are reasonable in the circumstances. There is a considerable degree of judgement involved in preparing forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the company. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in this report.

4 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.

5 REVENUE

	2020 \$'000	2019 \$'000
Revenue from contracts with customers		
Rents	24,879	25,032
Dues and fees	13,539	16,533
Other operating revenue	14,011	14,426
Advertising and promotions	1,480	2,574
Consideration on transfer of licences and leases	1,176	598
Interest revenue	10	43
Other revenue	68	96
Total	55,163	59,302

(a) Disaggregation of revenue from contracts with customers

The company derives revenue from the transfer of goods and services over time and at a point in time in the following:

Timing of revenue recognition

At a point in time	1,102	1,151
Over time	54,061	58,151
	55,163	59,302

(b) Assets and liabilities related to contracts with customers

The company has identified a number of items which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the financial performance of the company.

Contract liabilities

Rents and other income received in advance	3,479	3,408
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notes to the financial statements

for the year ended

6 OTHER INCOME	2020	2019
	\$'000	\$'000
Net (loss)/gain on disposal of property, plant and equipment	(20)	8,461
Rent concession income	364	–
	<u>344</u>	<u>8,461</u>
7 EXPENSES	2020	2019
	\$'000	Restated
		\$'000
Profit before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Buildings	2,274	2,204
Plant and equipment	2,543	2,486
Leasehold improvements	85	105
Right-of-use assets	1,835	1,835
Total depreciation	<u>6,737</u>	<u>6,630</u>
<i>Finance costs</i>		
Interest and finance charges paid to external parties	724	1,282
Interest charges for lease liabilities	2,209	2,255
Finance costs expensed	<u>2,933</u>	<u>3,537</u>
8 INCOME TAX EXPENSE	2020	2019
	\$'000	Restated
		\$'000
(a) Income tax expense		
Current tax	714	4,458
Deferred tax	(154)	(136)
	<u>560</u>	<u>4,322</u>
Deferred income tax (revenue) included in income tax expense comprises:		
Increase in deferred tax assets (note 14)	(506)	(298)
Increase in deferred tax liabilities (note 19)	352	162
	<u>(154)</u>	<u>(136)</u>
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	1,868	14,459
Tax at the Australian tax rate of 30.0% (2019 – 30.0%)	560	4,338
Adjustments from prior periods	(3)	(22)
Permanent differences	3	6
Income tax expense	<u>560</u>	<u>4,322</u>

30 June 2020

9	CURRENT ASSETS – CASH AND CASH EQUIVALENTS	2020	2019
		\$'000	\$'000
	Cash at bank and in hand	5,820	6,608
10	CURRENT ASSETS – TRADE AND OTHER RECEIVABLES	2020	2019
		\$'000	\$'000
	Trade receivables	4,159	5,689
	Receivables invoiced in advance	2,537	4,094
	Provision for impairment of receivables (a)	(905)	(145)
		5,791	9,638
	Accrued income and other receivables	1,446	1,472
	Prepayments	2,287	2,847
		9,524	13,957

(a) Provision for impairment of trade receivables

Current trade and other receivables are non-interest bearing generally on 30 day terms. The company applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime of expected loss allowance for all trade receivables.

As at 30 June 2020, the expected loss rates have been adjusted to incorporate forward-looking information about the potential impacts of COVID-19, including the impact of COVID-19 initiatives implemented by the company. Such forward-looking information reflects management's estimate based on the information available as at 30 June 2020, noting the uncertainty in relation to the magnitude and duration of COVID-19 impacts on the collectability of trade and other receivables.

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

Opening balance	145	135
Provision for impairment recognised during the year	760	10
Closing balance	905	145

(b) Past due but not impaired

As at 30 June 2020, trade receivables of \$870,000 (2019: \$564,000) 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	464	303
3 to 6 months	406	261
	870	564

11	ASSETS CLASSIFIED AS HELD FOR SALE	2020	2019
		\$'000	\$'000
	The following assets were reclassified as held for sale as at 30 June 2020:		
	Assets classified as held for sale		
	Property, plant and equipment	1,381	–

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
At 1 July 2019						
Cost	48,195	90,653	49,275	1,509	21,006	210,638
Accumulated depreciation	–	(27,081)	(34,963)	(1,240)	–	(63,284)
Net book amount	48,195	63,572	14,312	269	21,006	147,354
Year ended 30 June 2020						
Opening net book amount	48,195	63,572	14,312	269	21,006	147,354
Additions	–	–	770	–	15,483	16,253
Disposals	–	–	(57)	–	–	(57)
Depreciation charge	–	(2,274)	(2,543)	(85)	–	(4,902)
Assets classified as held for sale	(990)	(391)	–	–	–	(1,381)
Closing net book amount	47,205	60,907	12,482	184	36,489	157,267
At 30 June 2020						
Cost	47,205	90,262	49,831	1,509	36,489	225,296
Accumulated depreciation	–	(29,355)	(37,349)	(1,325)	–	(68,029)
Net book amount	47,205	60,907	12,482	184	36,489	157,267

The COVID-19 impact on asset values from the decline in economic conditions, combined with the lower utilisation of these assets, are considered impairment triggers for the year ended 30 June 2020. Given this, impairment testing has been performed for the company's property, plant and equipment. This testing indicates that the recoverable amount of each property, plant and equipment exceeds their relevant carrying amount and no impairment was identified as at 30 June 2020.

30 June 2020

13 LEASES

	2020 \$'000	2019 Restated \$'000
(a) Amounts recognised in the balance sheet		
The balance sheet shows the following amounts relating to leases:		
Right-of-use assets		
Buildings	36,094	37,929
	<u>36,094</u>	<u>37,929</u>
Lease liabilities		
Current	1,235	1,064
Non-current	47,631	48,866
	<u>48,866</u>	<u>49,930</u>

Additions to the right-of-use assets during the 2020 financial year were \$nil.

(b) Amounts recognised in the statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to leases:

Depreciation charge of right-of-use assets

Buildings	1,835	1,835
Interest expense (included in finance cost)	2,209	2,255

The total cash outflow for leases in 2020 was \$2.9 million.

The COVID-19 impact on asset values from the decline in economic conditions, combined with the lower utilisation of these assets, are considered impairment triggers for the year ended 30 June 2020. Given this, impairment testing has been performed for the company's right-of-use assets. This testing indicates that the recoverable amount of each right-of-use asset exceeds their relevant carrying amount and no impairment was identified as at 30 June 2020.

notes to the financial statements for the year ended

14	NON-CURRENT ASSETS – DEFERRED TAX ASSETS	2020 \$'000	2019 Restated \$'000
	The balance comprises temporary differences attributable to:		
	Provisions and accruals	894	620
	Net lease liabilities	3,832	3,600
		4,726	4,220
	Set-off of deferred tax liabilities pursuant to set-off provisions (note 19)	(4,726)	(4,220)
	Net deferred tax assets	–	–
		Provisions and accruals \$'000	Net lease liabilities \$'000
	Movements (Restated)		Total \$'000
	At 1 July 2018	593	–
	(Charged)/credited		593
	– to profit or loss	27	271
	Adjustment on adoption of AASB 16	–	3,329
	At 30 June 2019	620	3,600
	Movements		
	At 1 July 2019	620	3,600
	(Charged)/credited		4,220
	– to profit or loss	274	232
	At 30 June 2020	894	3,832
15	CURRENT LIABILITIES – TRADE AND OTHER PAYABLES	2020 \$'000	2019 \$'000
	Trade payables and accruals	11,602	10,204

30 June 2020

16 BORROWINGS

	2020			2019		
	Current \$'000	Non- current \$'000	Total \$'000	Current \$'000	Non- current \$'000	Total \$'000
Secured						
Commercial bill facility	30,000	–	30,000	–	25,000	25,000
Total secured borrowings	30,000	–	30,000	–	25,000	25,000
					2020	2019
(a) Financing arrangements					\$'000	\$'000
Bank loan facility						
Total facilities				50,000	50,000	
Used at balance date				(30,000)	(25,000)	
Unused at balance date				20,000	25,000	
(b) Secured liabilities and assets pledged as security						
<i>First mortgage</i>						
Freehold land and buildings				108,112	111,767	
<i>Floating charge</i>						
All other assets				66,071	56,152	
Total assets pledged as security				174,183	167,919	

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 and the directors believe the company will renew or refinance the existing \$50 million loan facility prior to its expiry on 30 June 2021.

17 EMPLOYEE BENEFIT OBLIGATIONS

	2020			2019		
	Current \$'000	Non- current \$'000	Total \$'000	Current \$'000	Non- current \$'000	Total \$'000
Employee benefits – long service leave	856	123	979	760	130	890
Employee benefits – annual leave	786	–	786	727	–	727
Total employee benefit obligations	1,642	123	1,765	1,487	130	1,617

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:

	2020	2019
	\$'000	\$'000
Current leave obligations expected to be settled after 12 months	400	374

notes to the financial statements

for the year ended

18	CURRENT LIABILITIES – OTHER LIABILITIES	2020	2019
		\$'000	\$'000
	Contract liabilities – rents and other income received in advance	3,479	3,408
	Rents and other income billed in advance	3,865	5,603
		7,344	9,011
19	NON-CURRENT LIABILITIES – DEFERRED TAX LIABILITIES	2020	2019
		\$'000	\$'000
	The balance comprises temporary differences attributable to:		
	Tax allowances relating to property, plant and equipment	6,228	5,981
	Prepayments	232	127
		6,460	6,108
	Set-off of deferred tax liabilities pursuant to set-off provisions (note 14)	(4,726)	(4,220)
	Net deferred tax liabilities	1,734	1,888
		Property, plant and equipment	Prepayments
		\$'000	\$'000
	Movements:		Total
			\$'000
	At 1 July 2018	5,644	302
	Charged/(credited)		
	– profit or loss	337	(175)
		5,981	127
	At 30 June 2019	5,981	127
	At 1 July 2019	5,981	127
	Charged/(credited)		
	– profit or loss	247	105
		6,228	232
	At 30 June 2020	6,228	232
			6,460

30 June 2020

20 CONTRIBUTED EQUITY

	2020 Shares	2019 Shares	2020 \$	2019 \$
Issued capital comprises 6,578 (2019: 6,578) fully paid shares of \$1 each				
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	268	268	268
Wholesale Ordinary Shares	250	250	250	250
	6,578	6,578	6,578	6,578

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.

	2020 \$'000	2019 Restated \$'000
Total borrowings	30,000	25,000
Less: cash and cash equivalents	(5,820)	(6,608)
Net debt	24,180	18,392
Total equity	108,966	107,658
Total capital	133,146	126,050
Gearing ratio	18%	15%

notes to the financial statements

for the year ended

21 RETAINED EARNINGS	2020	2019
	\$'000	Restated
		\$'000
Movements in retained earnings were as follows:		
Balance 1 July	107,651	105,282
Adoption of AASB 16	–	(7,768)
Net profit for the period	1,308	10,137
Balance 30 June	108,959	107,651

22 DIVIDENDS

(a) Franked dividends

The franked portions of any final dividends recommended after 30 June 2020 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 2021.

	2020	2019
	\$'000	\$'000
Franking credits available for subsequent reporting periods based on a tax rate of 30.0% (2019 – 30.0%)	52,910	56,236

The above amounts are calculated from the balance of the franking account as at the end of the reporting year, 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.

23 RELATED PARTY TRANSACTIONS	2020	2019
	\$	\$

(a) Key management personnel compensation

Short-term employee benefits	1,337,272	1,309,572
Post-employment benefits	105,385	103,575
Total key management personnel compensation	1,442,657	1,413,147

(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.

30 June 2020

23 RELATED PARTY TRANSACTIONS (continued)	2020	2019
	\$	\$
(b) Other transactions with key management personnel (continued)		
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)	238,761	351,295
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)	25,061	20,000
Apart from the matters mentioned above, no Director has entered into a material contract with Sydney Markets Limited during the financial year.		
24 REMUNERATION OF AUDITORS	2020	2019
	\$	\$
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>(i) Audit and other assurance services</i>		
Audit and review of financial statements	183,000	215,000
Other assurance services	22,000	22,360
Total remuneration for audit and other assurance services	205,000	237,360
<i>(ii) Taxation services</i>		
Tax compliance services	22,950	20,500
Total remuneration for taxation services	22,950	20,500
<i>(iii) Other services</i>		
Assistance with financial statements preparation	25,000	25,000
Advisory services for the future of the market and other strategic projects	1,046,863	207,465
Total remuneration for other services	1,071,863	232,465
Total remuneration of PwC	1,299,813	490,325

notes to the financial statements

for the year ended

25 CONTINGENCIES

The company had no contingent liabilities or assets at 30 June 2020 (2019:nil).

26 COMMITMENTS

(a) Capital expenditure commitments

Commitments in relation to amounts contracted for at the reporting date, but not recognised as liabilities, payable:	2020	2019
	\$'000	\$'000
Less than 1 year	6,137	14,530

27 FINANCIAL RISK MANAGEMENT

Sydney Markets Limited financial instruments consist of cash balances and short-term deposits with banks, commercial bills, accounts receivable and payable. 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 exposed to interest rate risk on its borrowing.

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:

	2020	2019
	\$'000	\$'000
Commercial bill facility	30,000	25,000
Interest rate derivative (notional principal amount)	–	(10,000)
Net exposure to cash flow interest rate risk	30,000	15,000

At 30 June 2020, if interest rate 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)		Profit/(loss)	
	+1% (100 basis points)		-1% (100 basis points)	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Interest income	(210)	(175)	210	175
Valuation of derivatives	–	70	–	(70)

27 FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The credit risk on financial assets (including trade receivables) of the company that has been recognised on the balance sheet is the carrying value amount, net of any uncollectible receivables (measured on a collective basis). The company applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

(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 cash flows arising from all contractually fixed settlement terms for recognised financial liabilities as of 30 June 2020.

	Less than 6 months \$'000	6 - 12 months \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total \$'000	Carrying value \$'000
Year ended 30 June 2020						
Financial liabilities						
Trade and other payables	(11,602)	–	–	–	(11,602)	(11,602)
Interest bearing loans *	–	(30,000)	–	–	(30,000)	(30,000)
Lease liabilities	(1,691)	(1,703)	(13,919)	(57,591)	(74,904)	(48,866)
Total	(13,293)	(31,703)	(13,919)	(57,591)	(116,506)	(90,468)
Year ended 30 June 2019 (Restated)						
Financial liabilities						
Trade and other payables	(10,204)	–	–	–	(10,204)	(10,204)
Interest bearing loans *	–	–	(25,000)	–	(25,000)	(25,000)
Lease liabilities	(1,611)	(1,664)	(13,781)	(61,123)	(78,179)	(49,930)
Interest rate collars	(72)	–	–	–	(72)	(72)
Total	(11,887)	(1,664)	(38,781)	(61,123)	(113,455)	(85,206)

*These maturities are in line with Sydney Markets Limited's strategy. On 1 July 2018, the facilities were extended until 30 June 2021.

(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.

notes to the financial statements

for the year ended

30 June 2020

28 FAIR VALUE MEASUREMENTS

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.

29 EVENTS OCCURRING AFTER THE REPORTING PERIOD

No 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.

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

	2020 \$'000	2019 Restated \$'000
Profit for the year	1,308	10,137
Depreciation	6,737	6,630
Loss on derivatives financial instruments	(72)	(252)
Rent concession income	(364)	–
Loss allowance	760	10
Net loss on sale of property, plant and equipment	20	–
Net gains on sale of assets held for sale	–	(8,461)
Change in operating assets and liabilities:		
Decrease in trade and other receivables	3,673	118
Increase in current tax receivables	(191)	–
Decrease in deferred tax liabilities	(154)	(136)
Increase/(decrease) in trade and other payables	(269)	(1,308)
(Decrease) in current tax liabilities	(468)	(115)
Increase/(decrease) in employee benefit obligations	148	(65)
Net cash inflow from operating activities	11,128	6,558

Directors' declaration

30 June 2020

In the Directors' opinion:

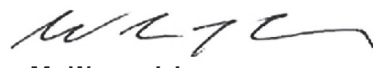
- (a) the financial statements and notes set out on pages 19 to 48 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the company's financial position as at 30 June 2020 and of its performance for the 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 PEARSON
CHAIRMAN



MR WILLIAM L LYNCH
DIRECTOR

Sydney
16 September 2020

Independent Auditor's report

30 June 2020



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 2020 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 2020
- 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 2020, 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.

PricewaterhouseCoopers, ABN 52 780 433 757

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Independent Auditor's report

30 June 2020

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. 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 2020 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
16 September 2020

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