

Annual Report

Year ended 30 June 2018





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Introduction

Vision

Delivering shareholder value through serving the fresh produce industry.

Background

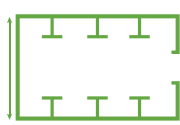
Perth Markets Limited is an industry based facility owner, manager and developer.

The Market City Site, owned by Perth Markets Limited, is a diverse cluster of businesses involved in wholesale trading, food retailing, business service providers and weekend consumer markets. The site, as a whole, not only plays a critical role in fresh produce supply and makes a significant contribution to the State's economy but it impacts on local communities and families.

The Market City site is situated on 51 hectares of land in Canning Vale, 16km south of the CBD of Perth, WA and is the only Wholesale Fresh Produce Market in WA. The site was acquired by Perth Markets Limited (PML) with ownership assumed on 31 March 2016, from the Western Australian Government under its asset sales program.

PML is an industry focused, unlisted public company with stapled securities holders who are predominantly horticulture value chain industry participants.

PML is focused on providing a marketing and distribution hub for fresh produce and other products.



86,819m²
Total lettable building area



99.20%
Occupancy



\$177,331,000
Total Assets



169
Leases & Licenses



26

Primary wholesalers
located in the CTA

37

Secondary wholesalers
providers and distributors
located in the warehouses



2,000

Employees on site



669

Registered Buyer Groups



24,747 MWh

Electricity consumed

63,108 kL

Water used



235,513

Tonnes of fresh produce traded
over the year to 30 June 2018



355

Registered forklifts onsite



2,640

Car & Truck Parking Bays



721

Registered Transport Operators



555

Registered Growers



Weekend Markets

Saturday

Sunday average

Sunday average

1,232 cars average attendance

5,095 people attendance per Sunday

379 stalls booked per Sunday

PERTH MARKETS LIMITED

www.perthmarket.com.au

Year ended 30 June 2018

Key Financial Highlights

For the period ended 30 June 2018

Consolidated Operating Profit Highlights:

• Revenue	\$23.754M (+5.2% from prior year)
• Operating Profit	\$8.873M (+16.6% from prior year)
• Gain on revaluation of Investment property	\$12.996M
• Profit after income tax	\$18.191M

Borrowing Facilities

To assist the purchase, the PML group entered into a \$75.3M four year revolving cash advance facility with the National Australia Bank Limited which remains fully drawn.

The PML group also has an undrawn revolving \$2M overdraft facility with the National Australia Bank Limited.

Note: PML is required to pay an additional \$10M (undiscounted) in approximately eight years to the previous owner.

Investment Property Valuation

The group holds investment property at fair value. The property portfolio was revalued at 31 December 2017 with land and building valued at \$163M (June 2017: \$150M). This resulted in a gain to the Statement of Profit or Loss and Other Comprehensive Income for the year of \$13M.

Distributions

- There have been two distributions paid from the Perth Markets Land Trust to stapled security holders during the period ended 30 June 2018.
- A distribution of \$0.034 per security being \$2,000,564 was paid on 30 September 2017.
- A distribution of \$0.028 per security being \$1,647,524 was paid on 31 March 2018.
- No dividends were paid by PML during the period ended 30 June 2018.
- This gives a total distribution of \$3,648,088 paid to 30 June 2018.



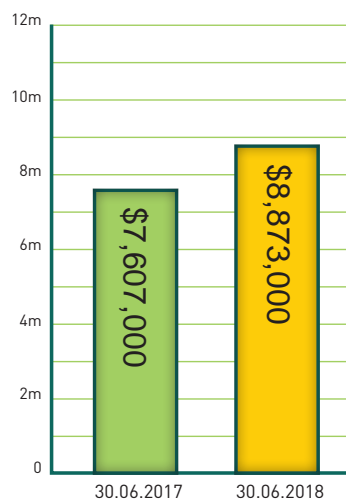
\$8,873,000
Net Operating Profit



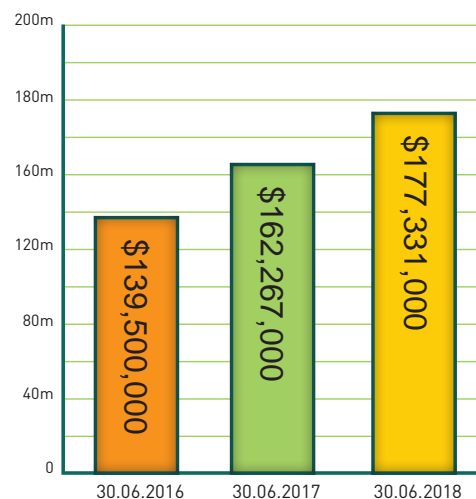
\$89,252,000
Net Assets



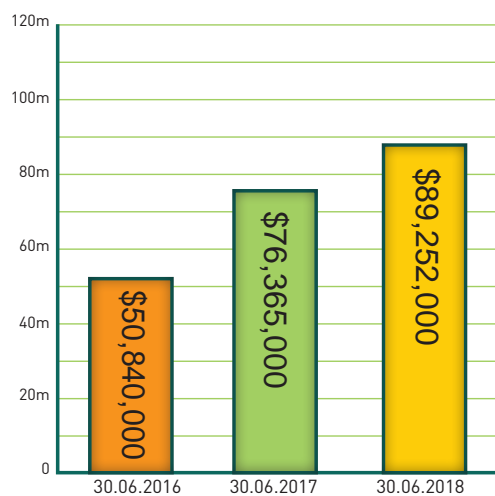
Revenue



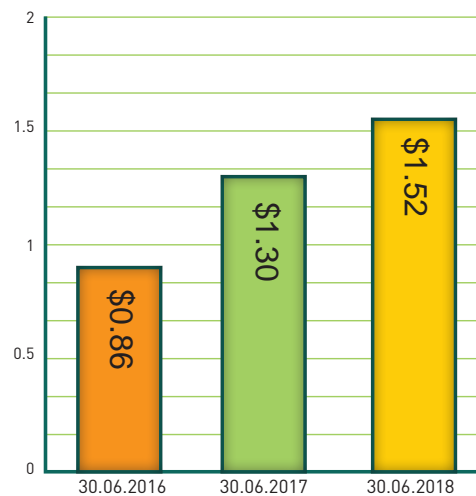
Operating Profit



Total Assets



Net Tangible Assets



NTA Per Stapled Security



Joint Message from Chairman & CEO

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

This report covers our second full year of operations following the industry based and supported bid to secure the Market City site and operations upon its privatisation from the WA Government in March 2016.

Financial and performance highlights for the year are addressed below including the significant uplift in site valuation over 2016/2017 which supported a distribution to stapled security holders of \$3,648,088.10 paid in the year to 30 June 2018 (\$3,601,380 paid prior year).

The Board and management team remain focused on PML's strategic outlook, risk management, corporate performance, shareholder value delivery, stakeholder interests and assured governance systems and processes.

Financials

The 2017/2018 Financial Year result confirms the positive operating results for the second full financial year following purchase of the Market City site and business.

The consolidated operating profit after finance expense and income tax of the group for the 2017/2018 financial year was \$18.191M. This includes a gain on revaluation of investment properties of \$12.996M following revaluation of the property portfolio as at 31 December 2017 with land and buildings valued at \$163M (June 2017: \$150M).

The "underlying" operating profit for the period was \$8.873M from total revenue of \$23.754M of which \$12.822M was rental revenue. This financial performance enabled a total distribution of \$3,648,088 to be paid to investors prior to 30 June 2018 with a further \$2,000,564 recommended to be paid by 30 September 2018.

Strategic Plan

We have finalised the PML 5 year Strategic Plan and look forward to sharing key aspects of that plan prior to the AGM including the following;

- Our Vision - Delivering shareholder value through serving the fresh produce industry
- Our Values
 - o Ethical professional behaviour
 - o A safe environment
 - o Fresh
 - o Staff respect and development
 - o Commitment and sustainable performance
- Strategic Intent
 - o Over five years, we will build on our strengths as the physical hub for wholesale distribution of fresh produce in Western Australia. We will continue to service business tenants at Market City and will improve the overall value of the total Market City site through development.
- Our picture of success

- o Our success is a level of sustainable profit and property value that delivers shareholder value. Our performance will be measured by Return on Equity (RoE) at the group level and Return on Investment (ROI) at business / project level along with other key metrics
- o By 2035, Market City will be a fully developed, mixed use, destination precinct
- Strategic Objectives
 - o Disciplined and sustainable investment in site development
 - o Efficient and fit for purpose operations
 - o High occupancy and customer satisfaction
 - o Sustainable returns and value for all stakeholders

Strategic Corporate Activity of the Group

PML has taken a strategic share placement of 937,500 shares (currently \$1.60 partly paid) in Brisbane Markets Limited (BML) to assist it in funding its development growth.. This investment in BML is based on our belief in the strategic opportunities arising in the fresh produce markets industry at a national level. The total investment when fully paid (by April 2019) will be \$3M.

The PML Board has approved a distribution policy objective of distributing approximately 70% of trading profit with the retention to assist the appropriate funding and capital management options and structure for the group's future.

PML continues to believe that the group would be better suited to a simplified corporate structure that does not include the stapled securities under the current two Trusts and operational framework. Regulatory applications have been made for duty relief to facilitate this outcome prior to reverting to security holders for formal restructuring approval.

Master Plan for the SE Development Triangle Vacant Land

The master plan for the area has been completed and the Development Application for Stage 1(a) and 1(b) comprising 3 buildings totalling approx. 12,000m² plus infrastructure has been submitted. The prospective tenant expression of interest remains strong.

Other expansion development work for an existing tenant adjoining the development area is also in progress.

Site Operations Work Health and Safety

PML treats matters of safety with the utmost importance and dedicates significant time and resources into adopting and upholding safe work practices, as well as educating stakeholders.

Site rules are in place to assist all site users and warnings issued where applicable. Our focus remains on education of site users to ensure safe practices and cooperation with Work Safe, tenants and site users.

Site Improvement Projects in varying stages of development

- Rooftop Solar Panel System - proposed 1MW (initially) Solar Power project to provide a, long term, environmentally friendly, alternative sources of electricity for the site.
- National Broadband Network – Connection upgrade underway
- Site Infrastructure repairs including ongoing road maintenance

Fresh Produce Industry Support

- Fresh Logic Research – Continuation of Reports on the WA Horticulture value chain size that supports the continued key (dominant) roll of the Market City Tenants in the sale of produce.
- National Retailer Support Programme – a better choice to replace the Great Green Grocer campaign, both of which are industry based strategies to support independent fruit and vegetable retailers in WA
- Support of the Market City Ball and the Fresh Produce Retailer of the Year awards – Record 589 attendees to this gala event
- Foodbank WA - School Breakfast Program and the donation of an onsite warehouse.
- Continuation of our strong relationship with Market West, the representative group for the wholesale and other tenants.

People Changes

Over 2017/2018 PML farewelled from the Board Pippa Hobson (independent director and chair of finance and audit committee) with her replacement foreshadowed for approval at the 2018 AGM

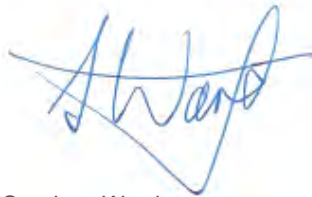
It also welcomed to the PML executive team Brett Rose as CCO to head up the Property and Facilities Team

Summary

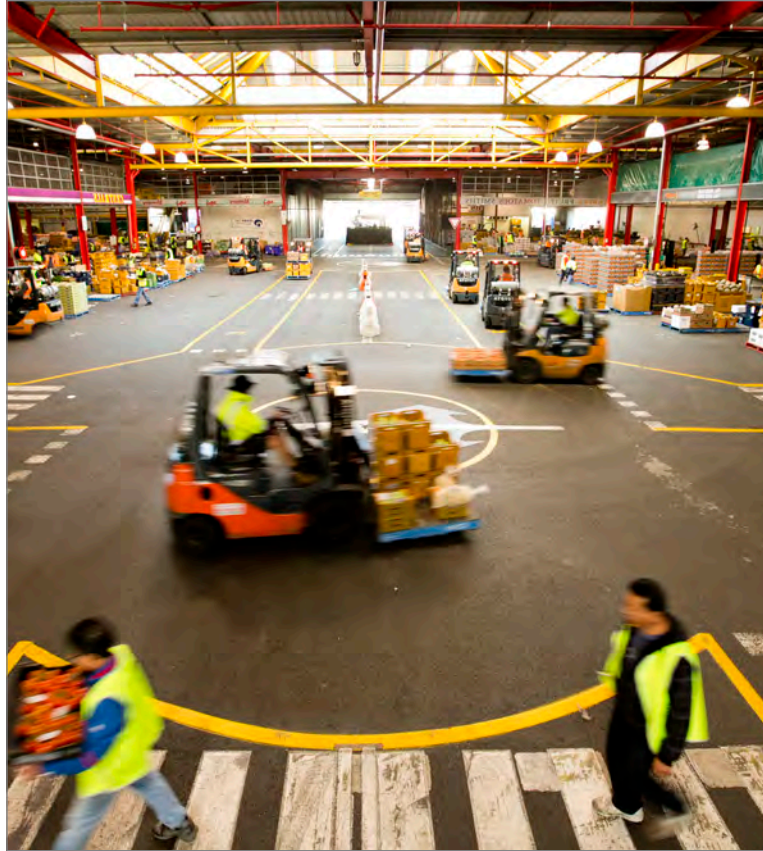
In closing, we thank the whole PML team, and those with whom PML does business, especially its valued industry stakeholder tenant base, for their continuing support and their combined efforts to pull together to make Market City a special place to come and do business.



Steven Cole
Chairman



Stephen Ward
CEO



PERTH
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MARKET CITY
The centre of freshness.



Industry Support

Retailer Support

Market West, with the support of Perth Markets Limited continued the Great GreenGrocer campaign. The key objectives for this campaign include elevating consumer knowledge of fresh produce and seasonality, providing independent retailers the opportunity to position their fresh produce against the national chains, establish a long-term communications platform and harnessing the power of independent greengrocers by uniting them with a single voice. Over the next year this programme is to be merged with a new national programme for retailers that is branded 'A better choice'.

Price Reporting

In conjunction with Market West, Perth Markets has provided funding to enable the collection and publishing of Market Pricing Reports and Market Throughput Reports that are valuable to the industry and available to the industry on the Perth Markets and Market West websites.

Weekly Market Report

Perth Markets has provided the Market City Weekly Update reports providing up to date information on new products, trends, supply and pricing to over 600 industry and interested participants.

Host Industry Events and Site Tours

Perth Markets continues to support access to industry training services and professional service providers for product testing, inspection and certification. We have also continued to conduct tours of the wholesale markets for overseas delegations, industry participants and students to build relationships with industry groups.

Horticulture Industry Value Chain Assessment

Perth Markets has again funded the research conducted by Freshlogic to confirm the annual size of the WA fresh fruit and vegetable supply, key changes and trends along with the long term outlook.

One of the conclusions of this research is that traders at the Market City site transact 50% by volume and 61% by value of the total wholesale market for WA.





Community Support - Foodbank

Perth Markets Limited partners with Foodbank WA, helping them provide produce to the charities who feed the hungry. Foodbank is by far the largest hunger relief organisation in Australia, and is also the largest provider of nutrition education and healthy eating programs in WA.

Foodbank has gratis facilities at Perth Markets, where they receive and distribute produce donated from tenants at the site. Donated produce is used to support Foodbank's various programs in WA and we thank the Market City tenants for their support of this life changing project.

Programs the produce contributes to:

The Foodbank WA School Breakfast Program provides a nutritious breakfast to high-risk students and communities in Western Australia, and directly reaches over 18,000 children, serving over 61,400 breakfasts and 21,600 'emergency' meals per week across metropolitan, rural and remote Western Australia.

The Program provides food products to registered schools so they can serve free of charge breakfast food, and with the help of Perth Markets it has access to fresh produce, including fresh fruit and vegetables. An evaluation of the initiative found that the program positively contributed to a number of factors, including:

- Physical health
- Student concentration
- Social skills
- Mental health
- Awareness of healthy eating
- Behaviour
- Eating behaviours generally
- Food selection and preparation skills
- Academic outcomes.

Food Sensations® is a program developed for adults, parents and schools. In schools, it is a practical nutrition education program which has been developed for Foodbank WA's school and community networks. *Food Sensations®* aims to improve knowledge, attitudes and skills around healthy eating and cooking – for healthier bodies, minds and futures.

Food Sensations® for adults is a free nutrition and cooking program that is hands on, fun and provides a safe environment to try new recipes and skills. The program covers a variety of nutrition topics including healthy eating, label reading, budgeting, meal planning and either lunchboxes and snacks, healthy mind and healthy body, supermarket tour or gardening for health.

With 3.6 million Australians experiencing food insecurity in the past 12 months, and 27% of these being children, the work Foodbank does is more important than ever. Perth Markets Limited are proud to be involved with Foodbank and support those in need in WA.

Directors' Report

Directors' Report

Your directors present their report on the consolidated entity consisting of Perth Markets Limited and the entities it controlled at the end of, or during, the period ended 30 June 2018, referred to throughout this report as the 'Group'.

The controlled entities of Perth Markets Limited include the other members of the stapled group, being Perth Markets Land Trust ('PMLT') and its controlled entities.

Directors and Company Secretary

The following persons were directors or officers of Perth Markets Limited during the year and up to the date of this report:

NAME	ROLE	DATE APPOINTED	DATE RESIGNED
Steven Cole	Independent Non-Executive Chairman	22 May 2017	-
Patricia Skinner	Non-Executive Director	7 October 2015	-
Eric Smith	Non-Executive Director	7 October 2015	-
Andrew Young	Non-Executive Director	20 October 2015	-
David Schirripa	Non-Executive Director	26 February 2016	-
Miro Lendich	Non-Executive Director	26 February 2016	-
Frank Romano	Non-Executive Director	12 April 2016	-
Pippa Hobson	Non-Executive Director	22 August 2017	31 December 2017
Stephen Ward	Chief Executive Officer	1 January 2017	-
Paul Campbell	Company Secretary	27 February 2017	-

Principal Activities

On 31 March 2016 Perth Markets Limited (PML) acquired the business and assets of Market City, WA's primary trading centre for fruit and vegetable. Perth Markets stapled entity won a bid to purchase Market City from the WA State Government after being named the preferred bidder for the Canning Vale site in December 2015.

The acquisition was effected through the acquisition of 100% interest in Market City Operator Co Pty Ltd by PML and the Market City Asset Trust by Perth Markets Land Trust.

The Group generates income from its owned properties as well as income from services and activities provided to tenants at the Market City site in Canning Vale, Western Australia.

There has been no change in principal activities during the year.

Dividends and Distributions

No dividends were paid by PML during the year ended 30 June 2018. However distributions from PMLT to stapled security holders of \$3,648,088 were paid during the financial year. Refer also to "Events since the End of the Financial Year" below and Note 19 of the Financial Statements.

Review of Results of Operations

The consolidated operating profit after financial expenses and income tax of the Group for the year ended 30 June 2018 amounted to \$18.2M. This includes a gain on revaluation of investment property of \$13M referred to below:

The Group holds investment property at fair value. The investment property portfolio was revalued based on independent valuation at 31 December 2017 with land and buildings valued at \$163M, (June 2017: \$150M) resulting in a gain to the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year of \$13M.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Group during the financial year.

Events Since the End of the Financial Year

PML Board have agreed on 02 July 2018 to participate in a placement offer to purchase 937,500 shares in Brisbane Markets Limited at \$3.20 per share (\$3,000,000 total). Payment for these shares will be by 2 equal instalments. First payment was made on 20 July 2018 and another payment to be made on 15 April 2019.

A discretionary Distribution of \$2,000,564 being 3.4cents per stapled security, has been recommended by the Board of PML to the Trustee of the PMLT to be paid for the year ending 30 June 2018 and for payment to be made by 30 September 2018.

Likely Developments and Expected Results of Operations

The Group will continue to operate the Market City business and aims to derive incrementally improving financial returns relative to prior trading periods through organic growth and improved efficiencies of operations. It remains the strategic goal of the directors to develop the vacant land on the Market City site to its highest and best use through the construction of cold chain warehouses.

Information on Directors

Steven Cole – Independent Non-Executive Chair

Experience and expertise

- Over 40 years of legal, business and corporate experience as well as a range of executive management and non-executive appointments. His extensive boardroom and board sub-committee experience includes ASX listed, statutory, proprietary and NFP organisations covering the industrial, financial, educational, professional services, health, agribusiness, local government and resources sectors.
- Mr Cole is also Chair of Neometals Limited (ASX listed), Director of Matrix Composites & Engineering Limited (ASX listed), and Chair of the Queen Elizabeth II Medical Centre Trust (statutory authority).
- From a general industry perspective Mr Cole is currently Vice President of the Chamber of Commerce & Industry (WA) and was previously WA State President and a national board member of the Australian Institute of Company Directors.
- Qualifications/Memberships : LLB(hons) and FAICD

Patricia Skinner

Experience and expertise

- 29 years experience in fresh produce wholesaling industry began with the Sumich Group in 1989 to current position with Australian Produce Brokers, a leading fruit and vegetable wholesaler operating in the central trading area at Perth Markets for the past 20 years.
- President of Market West formerly The Chamber of Fruit and Vegetable Industries in Western Australia since 2011.
- Member of the Market West Management Committee and Director of FPAA Credit Service Pty Ltd since 2002.
- Director of Fresh Markets Australia since 2001.
- Industry representative on numerous industry committees including reviews of the Perth Market Act and the Bylaws and two government reviews of the Mandatory Horticultural Code of Conduct.

Eric Smith

Experience and expertise

- Vice President of Market West.
- Involved in the fruit and vegetable industry for more than 30 years.
- Director of Smiths Enterprises, a successful and well respected fruit and vegetable wholesaler in Market City for nearly 40 years.

Information on Directors

David Schirripa

Experience and expertise

- Chairman of the Board, South Australian Produce Markets Limited.
- Previously held interests in wholesale produce businesses in both SA and WA.
- Director of Schirripa Evans Lawyers, a private client and family business commercial law practice.
- Director of Schirripa Orchards Pty Ltd, an avocado orchard business.
- Holds degrees in Economics and Law from The University of Adelaide.
- Legal Practitioner and Notary Public.

Frank Romano

Experience and expertise

- 40 year history of establishing, owning and managing food franchise companies including Chicken Treat, Red Rooster and Oporto.
- Significant corporate transaction and expansion experience through multiple food franchise operations.
- Current owner of Olympic Fine Foods Pty Ltd, which specialises in snacks, nuts, cereal and confectionary, and Packaging Pty Ltd, a confectionary manufacture and packing business based out of Melbourne.
- Other investments include sandalwood plantations, vineyards, and various commercial, retail, and residential property/property development interests.

Miro Lendich

Experience and expertise

- Current Chairman of United Crate, a grower-owned cooperative and the largest supplier of plastic crates and bins to Market City.
- Miro is also a grower based in the Swan Valley predominately growing table grapes, watermelons, honeydew melons and rock melons.

Andrew Young

Experience and expertise

- Current Chief Executive Officer of Brisbane Markets Limited, the industry-owned entity which owns Brisbane's wholesale fruit and vegetable market.
- Took on the role of Managing Director in January 2000, was appointed to Chief Executive Officer of BML on October 2002 and also retains the position of Chief Executive Officer of Brismark.
- Extensive managerial experience with tertiary qualifications in agricultural science, accounting and corporate management.
- Detailed knowledge of the operations of the fresh produce industry, central markets and property development experience.

Meetings of Directors

The number of meetings of the Company's board of directors held during the year ended 30 June 2018, and the number of meetings attended by each director were:

	No. of meetings	No. attended
S. Cole	12	12
P. Skinner	12	11
E. Smith	12	11
D. Schirripa	12	11
F. Romano	12	12
M. Lendich	12	12
A. Young	12	11
P. Hobson	4	4

Meeting of Audit, Finance and Risk Committee Members

The number of meetings of the committee held during the year ended 30 June 2018, and the number of meetings attended by each member were:

	No. of meetings	No. attended
S. Cole	4	4
P. Skinner	4	4
A. Young	4	3
M. Lendich	1	1
P. Hobson	2	2

Meeting of Nominations & Remuneration Committee members

The number of meetings of the committee held during the year ended 30 June 2018, and the number of meetings attended by each member were:

	No. of meetings	No. attended
S. Cole	0	0
F. Romano	0	0
D. Schirripa	0	0

The new structure of the Nominations and Remuneration Committee was only committed to early in 2018 and although no formal Committee meetings occurred prior to the end of the reporting period a number of informal meetings did take place in furtherance of the Committee's functional remit.

Directors' Report

Meeting of Master Planning Committee members

The number of meetings of the committee held during the year ended 30 June 2018, and the number of meetings attended by each member were:

	No. of meetings	No. attended
F. Romano	6	6
A. Young	6	6
M. Lendich	6	6
S. Cole	6	5
E. Smith	5	5

Internal Audit

Given the scale and nature of the Group's business, the Group has determined that there does not exist a need for a dedicated internal audit/auditor.

Environmental Regulation

The Group is subject to a number of environmental regulations as part of operating the Market City business, which the Group is committed to meeting. The Board is not aware of any significant or material breaches of environmental requirements during the period covered by this report.

Insurance of Officers

During the financial year, the Group paid a premium under a contract ensuring all Directors and Officers against liabilities incurred in that capacity. Disclosure of the nature of the liabilities insured and the premium is subject to a confidentiality clause under the contract of insurance.

Proceedings on Behalf of the Company

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 21.

Rounding of Amounts

The Company is of a kind referred to in ASIC Legislative Instruments 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.

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



Chair
Steven Cole
28 August 2018

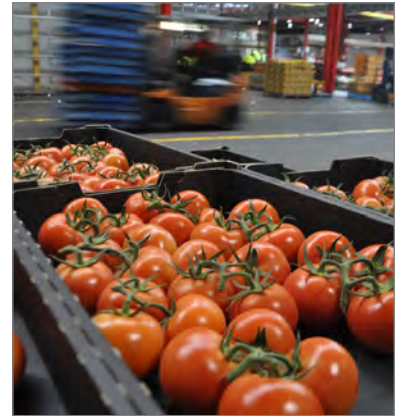


Director
Rick Smith
28 August 2018

PERTH MARKETS LIMITED

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Year ended 30 June 2018



PERTH
MARKETS
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MARKET CITY
The centre of freshness.





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Australia

DECLARATION OF INDEPENDENCE BY NEIL SMITH TO THE DIRECTORS OF PERTH MARKETS LIMITED

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

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Perth Markets Limited and the entities it controlled during the period.

Neil Smith

Director

BDO Audit (WA) Pty Ltd

Perth, 28 August 2018

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

PERTH MARKETS LIMITED

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Year ended 30 June 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Continuing operations			
Revenue	4a	23,356	22,008
Other income	4b	398	566
Total Income		23,754	22,574
Operating expenses			
Weekend markets expenses		(443)	(462)
Operational expenses	5	(5,267)	(5,842)
Commercial site management expenses	6	(8,789)	(8,293)
Depreciation and amortisation expense		(382)	(370)
Operating profit		8,873	7,607
Gain on revaluation of investment properties	11	12,966	22,784
Finance expenses		(2,857)	(2,858)
Acquisition related costs		(641)	(903)
Profit before income tax		18,341	26,630
Income tax expense	7	(150)	(30)
Profit after income tax for the year		18,191	26,600
Other comprehensive income			
<i>Items not reclassified subsequently to profit or loss:</i>			
Changes in the fair value of cash flow hedges	18b	(332)	2,401
Total other comprehensive income		(332)	2,401
Total comprehensive income for the Year		17,859	29,001
Profit after income tax attributable to members			
Perth Markets Limited (PML) members		330	246
Perth Markets Land Trust (PMLT) members		17,861	26,354
		18,191	26,600
Total comprehensive income attributable to members			
Perth Markets Limited (PML) members		330	246
Perth Markets Land Trust (PMLT) members		17,529	28,755
		17,859	29,001

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

PERTH MARKETS LIMITED

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Year ended 30 June 2018

Consolidated Statement of Financial Position

As at 30 June 2018

	Note	2018 \$'000	2017 \$'000
Assets			
Current Assets			
Cash and cash equivalents	20a	5,499	4,516
Receivables	8	153	508
Other financial assets	9a	1,840	-
Other assets	9b	451	521
Total Current Assets		7,943	5,545
Non-Current Assets			
Property, plant and equipment	10	4,746	5,052
Investment property	11	163,051	150,012
Deferred tax asset	7	97	91
Other assets	9b	1,494	1,567
Total Non-Current Assets		169,388	156,722
Total Assets		177,331	162,267
Liabilities			
Current Liabilities			
Payables	13	2,740	1,368
Employee benefit obligations	15	94	68
Other current liabilities	16	80	89
Total Current Liabilities		2,914	1,525
Non-Current Liabilities			
Borrowings	14	74,925	74,686
Employee benefit obligations	15	36	22
Other non-current liabilities	16	10,204	9,669
Total Non-Current Liabilities		85,165	84,377
Total liabilities		88,079	85,902
Net assets		89,252	76,365

Consolidated Statement of Financial Position Cont'd

As at 30 June 2018

Equity	Note	2018 \$'000	2017 \$'000
Contributed equity	18a	54,718	54,718
Reserves	18b	(1,274)	(942)
Retained earnings	18b	35,808	22,589
Total Equity		89,252	76,365

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2018

	Note	Contributed equity \$'000	Cash flow hedge reserve \$'000	Retained earnings \$'000	Total equity \$'000
Consolidated					
Balance at 30 June 2016		54,724	(3,343)	(541)	50,840
Profit for the year		-	-	26,600	26,600
Other comprehensive income	18b	-	2,401	-	2,401
Total comprehensive income for the year		-	2,401	26,600	29,001
Contributions of equity, net of transaction costs		(6)	-	-	(6)
Distributions to unit holders	19	-	-	(3,470)	(3,470)
Balance at 30 June 2017		54,718	(942)	22,589	76,365
Profit for the year		-	-	18,191	18,191
Other comprehensive income	18b	-	(332)	-	(332)
Total comprehensive income for the year		54,718	(1,274)	40,780	94,224
Distributions to unit holders	19	-	-	(4,972)	(4,972)
Balance at 30 June 2018		54,718	(1,274)	35,808	89,252
Balance at 30 June 2018 attributable to:					
PML members		3,344	-	460	3,804
PMLT members		51,374	(1,274)	35,348	85,448
		54,718	(1,274)	35,808	89,252

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

PERTH MARKETS LIMITED

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Year ended 30 June 2018

Consolidated Statement of Cash Flows

For the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Cash flows from operating activities			
Receipts and Payments			
Receipts from customers		23,695	23,518
Payments to suppliers and employees		(14,116)	(15,434)
		9,579	8,084
Interest income		92	60
Interest payments		(2,846)	(2,612)
Acquisition related costs		-	(624)
Income tax		(192)	(23)
Net cash inflow from operating activities	20(b)	6,633	4,885
Cash flows from investing activities			
Payment for plant and equipment		(76)	(86)
Payment for investment property		(74)	(199)
Payment for fixed term deposits		(1,840)	-
Net cash flows used in investing activities		(1,990)	(285)
Cash flows from financing activities			
Repayment of borrowings		(12)	(12)
Distribution paid		(3,648)	(3,602)
Net cash flow used in financing activities		(3,660)	(3,614)
Net increase in cash and cash equivalents		983	986
Cash and cash equivalents at the beginning of the year		4,516	3,530
Cash and cash equivalents at the end of the year	20(a)	5,499	4,516

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

Notes to the Consolidated Financial Statements

1. Reporting entity

Perth Markets Limited ('the company', 'the parent' or 'PML') is a company incorporated in Australia and limited by shares.

These financial statements have been prepared as an aggregation of the financial statements of the PML and its controlled entities and Perth Markets Land Trust ('PMLT') and its controlled entities. The combined entity (hereafter referred to as the Group) was formed through the stapling of securities in PML and PMLT, which cannot be traded separately. The financial statements have been aggregated in recognition of this stapling. PML has been deemed to be the parent entity of the Group as its management are responsible for the Group's operations.

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Perth Markets Limited is a for-profit entity for the purpose of preparing the financial statements. Perth Markets Limited is the Group's Ultimate Parent Company. Perth Markets Limited is a public company incorporated and domiciled in Australia. The consolidated financial statements for the year ending on 30 June 2018 were approved and authorised for issue by the Board of Directors on 28 August 2018.

2. Judgments and estimates made by management in applying accounting policies

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgments, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgments and estimates will seldom equal the related actual results. The judgments, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimates of fair value of investment properties

Critical judgments are made by the consolidated entity in respect of the fair values of investment properties. The fair value of these investments are reviewed by management with reference to external independent property valuations and market conditions existing at the reporting date, using generally accepted market practices. The critical assumptions underlying management's estimates of fair values are those relating to gross and net market rents, average market rental growth and capitalisation and discount rates.

Estimates of fair value of interest rate derivatives

The fair value of interest rate derivatives have been determined using a pricing model based on discounted cash flow analysis and incorporating assumptions supported by market data at reporting date, including market expectation of future interest rates and discount rates and taking into account estimates prepared by external counter-parties.

Notes to the Consolidated Financial Statements

3. New accounting standards and interpretations

New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2017:

- AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses
- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107, and
- AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle

The adoption of these amendments did not have any impact on the amounts recognised in prior periods and will also not affect the current or future periods.

The amendments to AASB 107 require disclosure of changes in liabilities arising from financing activities, see note 14.

New accounting standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 reporting periods. These standards and interpretations have not been early adopted.

- AASB 9 Financial Instruments (effective for annual reporting periods beginning on or after 1 January 2018). AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. PML expects that AASB 9 will have no material impact on the way the Group accounts for its currently held financial instruments.
- AASB 15 Revenue from Contracts with Customers (effective for annual reporting periods beginning on or after 1 January 2018). AASB 15 introduces a new framework for accounting for revenue and will replace AASB 118 Revenue and AASB 111 Construction Contracts. The new standard is based on the principle that revenue is recognised when control over goods and services transfers to a customer, therefore the notion of control replaces the existing notion of risks and rewards. PML expects that AASB 15 will have no material impact on the way the Group accounts for its revenue from contracts with customers.
- AASB 16 Leases (effective for annual reporting periods beginning on or after 1 January 2019). AASB 16 introduces a new framework for accounting for leases and will replace AASB 117 Leases. The new standard will primarily affect the accounting by lessees and will result in the recognition of almost all leases on the balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for almost all lease contracts. Management is continuing to assess the impact of the new standard on PML's financial statements.

Notes to the Financial Statements

4(a). Revenue

	2018 \$'000	2017 \$'000
Rental revenue ^(a)	12,822	12,450
Provision of services revenue ^(a)	9,428	8,440
Weekend markets revenue	1,106	1,118
Total revenue	23,356	22,008

^(a) Rental income in the current year includes parking revenue of \$473,000 (2017: \$407,000). As a result, comparative has been restated to conform to current year classification.

Revenue is recognised for the major business activities using the methods outlined below:

Rental revenue

Timing of recognition: The Group enters into contractual rental arrangements with tenants for its investment properties. These arrangements specify the duration of the lease, amount of the lease payable (usually on a monthly basis) and lease incentives (if any). Rental revenue from investment properties is recognised on a straight-line basis over the lease term based on contractual arrangements.

Measurement of revenue: Revenue not received at the reporting date is reflected in the statement of financial position as a receivable or if paid in advance, as rent in advance (unearned income). Lease incentives granted are considered an integral part of the total rental revenue and are recognised as a reduction in rental income over the term of the lease, on a straight-line basis. Contingent rentals are recognised as income in the periods in which they are earned.

Weekend markets revenue and Provision of services revenue

Timing of recognition: The Group provides ancillary services to its tenants. This revenue is recognised in the accounting period in which the services are rendered or by reference to the stage of completion of the transaction. The Group also allows general public to hire spaces and access the market during the weekend for a fee. The revenue is recognised in the accounting period for which the services are rendered.

Measurement of revenue: Revenue is measured at the amount receivable under the contract usually based on usages. For the weekend markets, revenue is measured based on where the fee is received or is receivable.

4(b). Other income

	2018 \$'000	2017 \$'000
Interest revenue	92	60
Other revenue	306	506
Total other income	398	566

Interest revenue is recognised as the interest is earned.

Notes to the Financial Statements

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established. Gain or loss on disposal of assets is calculated as the difference between the carrying amount of the asset at the date of disposal and the net proceeds from disposal and is included in the profit or loss in the year of disposal. Where the gain or loss is obtained from sale of properties, it is recognised when the significant risks and rewards have transferred to the buyer, which is normally when legal title passes to the buyer.

5. Operational expenses

	2018 \$'000	2017 \$'000
Information technology and telecommunications	260	249
Professional fees	653	924
Salaries and board fees	1,509	1,316
Legal fees	260	357
Land tax	1,704	2,114
Other	881	882
Total operational expenses	5,267	5,842

6. Commercial site management expense

	2018 \$'000	2017 \$'000
Rates and water consumption	1,696	1,266
Cleaning and waste removal	821	807
Electricity	3,247	3,108
Repairs and maintenance	628	503
Insurance	377	366
Staff costs	1,392	1,432
Other	628	811
Total commercial site management expenses	8,789	8,293

Notes to the Financial Statements

7. Income tax expense / (benefit)

	2018 \$'000	2017 \$'000
Current tax expense		
Current tax expense/(benefit)	137	91
Deferred tax expense	(6)	(91)
Under/over provision	19	30
Total income tax expense/(benefit)	150	30

Numerical reconciliation of income tax expense to prima facie tax payable

Profit/(loss) before income tax expense/(benefit)	18,341	26,630
Income tax at the Australian tax rate of 30%	5,503	7,989
Unrecognised tax losses and other deferred tax assets		-
Tax effect amounts which are not deductible/(taxable)	(5,355)	(7,904)
Timing differences not previously recognised	(17)	(85)
Under/over provision	19	30
Total income tax expense / (benefit)	150	30

Deferred tax asset

Other	97	91
Total deferred tax asset	97	91

8. Receivables

	2018 \$'000	2017 \$'000
Receivables	153	508
Total current receivables	153	508

Classification and measurement of receivables

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written off against the allowance account. The carrying amount is equivalent to fair value as it is due for settlement within 30 days and therefore all classified as current. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Group will not be able to collect the debts.

In most cases the Group holds collateral as security or other credit enhancements relating to receivables for lease rentals. These normally include a bank guarantee or cash security deposit held on trust.

PERTH MARKETS LIMITED

Notes to the Financial Statements

9a. Other financial assets

	2018 \$'000	2017 \$'000
Current		
Short-term investment deposits	1,840	-
Total current	1,840	-

Term deposits are presented as current other financial assets if they have a maturity of more than three months but less than a year.

9b. Other assets

	2018 \$'000	2017 \$'000
Current		
Prepayment	441	517
Inventories	10	4
Total current	451	521
Non-current		
Receipts from customer security deposits	1,490	1,566
Software capitalisation	4	1
Total non- current	1,494	1,567

Receipts from customer security deposits

Receipts from customer security deposits are held as cash in a separate bank account and are not expected to be used for any other purpose than refunding or utilising the security deposit, which is shown as a liability in note 16. Amounts held as customer security deposits are therefore restricted and therefore not expected to use to settle a liability for at least twelve months after the reporting date.

Notes to the Financial Statements

10. Property, plant and equipment

	2018 \$'000	2017 \$'000
Plant and equipment comprises:		
Property, plant and equipment at cost	5,615	5,539
Less: Accumulated depreciation	(869)	(487)
	4,746	5,052
Reconciliation:		
Carrying amount at start of year	5,052	5,336
Additions	76	86
Depreciation	(382)	(370)
Carrying amount at end of year	4,746	5,052

Measurement and recognition of property, plant and equipment

Initial recognition and measurement

All items of property, plant and equipment are initially recognised at cost.

For items of property, plant and equipment acquired at no cost or for nominal cost, the cost is the fair value at the date of acquisition.

Subsequent measurement

Subsequent to initial recognition as an asset, items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

De-recognition

Upon disposal or de-recognition of an item of property, plant and equipment, any gain or loss is recognised in the consolidated statement of profit or loss.

Depreciation

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Depreciation is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable assets are:

Plant and equipment	3 to 20 years
Office equipment	5 to 10 years

Notes to the Financial Statements

11. Investment property

	Land \$'000	Buildings \$'000	Total \$'000
2017			
Carrying amount at start of year	88,274	38,755	127,029
Acquired as part of business combination	13,726	9,058	22,784
Additions	-	199	199
Fair value at end of year (note 12)	102,000	48,012	150,012
2018			
Carrying amount at start of year	102,000	48,012	150,012
Revaluation	-	12,966	12,966
Additions	-	73	73
Fair value at end of year (note 12)	102,000	61,051	163,051

Investment properties

Investment properties are properties held either to earn rental income, for capital appreciation or for both that are not occupied by the consolidated entity. Initially, investment properties are measured at cost including transaction costs. Investment properties are subsequently remeasured annually at fair value. Movements in the fair value of investment properties are recognised directly to profit or loss. As part of the process of determining the fair value of all property, an external independent valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, will value the Group's property annually. Refer to Note 12.

Property under construction held for future use as investment property is also carried at fair value unless fair value cannot yet be reliably determined. If fair value cannot yet be reliably determined, the property will be accounted for at cost until either the fair value can be reliably determined or when construction is complete.

12. Fair value measurements

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2017 Consolidated				
Assets				
Investment properties	-	150,012	-	150,012
	-	150,012	-	150,012
Liabilities				
Derivative financial instruments	-	(942)	-	(942)
	-	(942)	-	(942)
2018 Consolidated				
Assets				
Investment properties	-	163,051	-	163,051
		163,051		163,051
Liabilities				
Derivative financial instruments	-	(1,274)	-	(1,274)
	-	(1,274)	-	(1,274)

There were no transfers between Levels 1, 2 or 3 during the current and previous period.

PERTH MARKETS LIMITED

Notes to the Financial Statements

Valuation techniques to derive Level 2 fair values

Level 2 fair values are derived using the income based approach to arrive at a market value type valuation. The cash flow associated with the asset are discounted using a discount rate that reflects the cost of capital risk and required return. They are derived from market based information, such as rental yields or interest rate forward curves. An independent valuation of the investment properties was completed during the financial year by CBRE, a qualified valuer with relevant experience in the type of property being valued.

13. Payables

	2018 \$'000	2017 \$'000
Current		
Accounts payable	604	556
Sundry creditors	296	269
Employee salaries payable	10	13
Interest payable	38	27
Net GST payable	386	399
Income tax payable/(receivable)	57	91
Corporate purchasing card	25	13
Unpaid distribution	1,324	-
Total current payable	2,740	1,368

Trade and other payables

Trade and other payables are recognised at the amounts payable when the Group becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as they are generally settled within 30 days. Trade and other payables are unsecured.

Accrued salaries

Accrued salaries when applicable represent the amount due to staff but unpaid at the end of the financial year, as the pay date for the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Group considers the carrying amount of accrued salaries to be equivalent to its net fair value.

14. Borrowings

	2018 \$'000	2017 \$'000
Non-current		
Hire Purchase	64	76
Term loan (net of associated costs)	74,861	74,610
Total non-current	74,925	74,686

Borrowings

All borrowings are initially recognised at cost, being the fair value of the net proceeds received. Subsequent measurement is at amortised cost using the effective interest rate method. The Group has an undrawn \$2,000,000 overdraft facility with the National Australia Bank which expires on 31 March 2019. The Group has a \$499,999 Asset Finance – Leasing facility with the National Australia Bank drawn to \$63,953 as at 30 June 2018.

Terms of the borrowings

The Group entered into a four year, \$75,300,000 revolving cash advance facility with the National Australia Bank Limited on 28 March 2016. The facility is interest bearing at a floating rate of interest linked to BBSY and is secured by the assets of the Group. Information on the Group's management of interest rate risk is set out in note 23.

PERTH MARKETS LIMITED

Notes to the Financial Statements

Reconciliation of borrowings arising from financing activities:

	2017	Cash flows	Non-cash changes		2018
	\$'000	\$'000	Addition	Fair Value changes	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000
Non-current					
Hire Purchase	76	(12)	-	-	64
Term loan (net of associated costs)	74,610	-	-	251	74,861
Total non-current	74,686	(12)	-	251	74,925

15. Employee benefit obligations

	2018	2017
	\$'000	\$'000
Current		
<i>Employee benefit obligations</i>		
Annual leave	94	68
Total current	94	68
Non-current		
<i>Employee benefit obligations</i>		
Long service leave	36	22
Total non-current	36	22

Employee benefit obligations

Annual leave and long service leave

The liability for annual and long service leave expected to be settled within 12 months after the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Annual leave that is not expected to be settled wholly within 12 months after the end of the reporting period and is considered to be 'other long-term employee benefits'.

Annual and long service leave expected to be settled more than 12 months after the reporting period is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the end of the reporting period.

When assessing expected future payments consideration is given to expectations of future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Annual leave and unconditional long service leave provisions are classified as current liabilities when the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

	2018	2017
	\$'000	\$'000
Current leave obligation expected to be settled after 12 months	-	-

PERTH MARKETS LIMITED

Notes to the Financial Statements

16. Other Liabilities

	2018 \$'000	2017 \$'000
Current		
Deposit – magnetic access cards	80	84
Income in advance	-	5
Total current	80	89
Non-current		
Security deposits	1,490	1,566
Deferred settlement consideration	7,440	7,161
Derivative financial liabilities – Cash flow hedges	1,274	942
Total non-current	10,204	9,669

Deferred settlement consideration

Deferred settlement consideration relates to \$10 million payable to the Western Australian Government for the acquisition of Market City on 31 March 2026. The liability is initially recognised at their fair value and subsequently measured at amortised cost using effective interest method. The amount is classified as non-current at the reporting date as the Group has an unconditional right to defer settlement of the liability until 31 March 2026.

Derivatives

The Group's accounting policy for its cash flow hedges is set out in note 29. For information about the methods and assumptions used in determining the fair value of derivatives. Please refer to note 29.

17. Related Party Disclosure

Parent Entity

Perth Markets Limited

Subsidiaries

Interests in subsidiaries are set out below:

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 29(c).

	Principal place of business / Country of incorporation	2018 %	2017 %
Market City Operator Co Pty Ltd	Perth, Australia	100%	100%
Market City Asset Manager Co Pty Ltd	Perth, Australia	100%	100%
Perth Markets Land Trust (PMLT)	Perth, Australia	-	-
Market City Asset Trust	Perth, Australia	-	-

As discussed in Note 1, PMLT and its controlled entity, the Market City Asset Trust form part of the Group's stapled structure. Whilst the Company has no financial ownership of the Trusts, it exerts control over them through its management obligations and joint ownership.

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Year ended 30 June 2018

Notes to the Financial Statements

Key management personnel compensation

Note: key management personnel includes non-executive board members.

The aggregate compensation made to directors and other members of key management personnel of the Group is set out in note 24.

Directors and Director-related entities hold directly, indirectly or beneficially as at reporting date the following number of shares and units (stapled securities) in this Group.

	Consolidated Shares and Units			Parent Shares		
	2017	Change	2018	2017	Change	2018
	('000)	('000)	('000)	('000)	('000)	('000)
Brisbane Markets Limited	49,103	-	49,103	24,552	-	24,552
United Crate Co-operative Ltd	19,970	-	19,970	9,985	-	9,985
South Australian Produce Markets Limited	15,219	-	15,219	7,610	-	7,610
Market West (The Chamber of Fruit & Vegetable Industries WA (Inc))	3,871	200	4,071	1,935	100	2,035
Oresusa Pty Ltd	2,190	220	2,410	1,095	110	1,205
Maria Ann Lendich	1,000	-	1,000	500	-	500
Miro Lendich	1,000	-	1,000	500	-	500
Jonathan Michael Lendich	200	-	200	100	-	100
Nicole Louise Lendich	200	-	200	100	-	100
Rachel Samantha Lendich	200	-	200	100	-	100
Lendich Superannuation Fund	476	-	476	238	-	238
ME & D Schirripa Super Fund Pty Ltd < ME & D Schirripa Superannuation Fund>	438	-	438	219	-	219
E & T Smith Superannuation Fund Pty Ltd	500	-	500	250	-	250
Total	94,367	420	94,787	47,184	210	47,394

Notes to the Financial Statements

Transactions with related parties

The Group transacted with several Directors in the Group and their related entities as customers and suppliers, in relation to leased premises, market services and reimbursement of director costs. The amounts charged by / received from were based on normal market rates (including GST) and amounted to:

	2018		2017	
	\$'000	\$'000	\$'000	\$'000
	Charged by	Received from	Charged by	Received from
Brisbane Markets Limited ^(a)	60	-	15	-
P.D. and R.M. Omodei Pty Ltd < P.D. & R.M Omodei Family Trust ^(a)	-	-	11	-
Rural Funds Management Ltd ^(a)	-	-	8	-
Market West ^(b)	231	52	169	46
Smith Enterprises Pty Ltd ^(c)	-	375	-	356
Miro Lendich ^(a)	-	-	1	-
Schirripa Evans Lawyers ^(a)	10	-	5	-
Gidleigh Pty Ltd As Trustee for the Ledge Trust ^(a)	1	-	-	-
Total	302	427	209	402

Director Related entities

A. Young	Brisbane Markets Limited
A. Lemmon	Rural Funds Management Ltd
P. Skinner	Market West (Chamber of Fruit & Vegetable Industries in Western Australia (Inc))
E. Smith	Smith Enterprises Pty Ltd
D. Schirripa	Schirripa Evans Lawyers
M. Lendich	Miro Lendich family entities and United Crate Co-operative Ltd
F. Romano	Oresusa Pty Ltd
S. Cole	Gidleigh Pty Ltd As Trustee for the Ledge Trust

These amounts exclude any amount payable as a director fee as these are disclosed in Remuneration of members of the accountable Group and senior officers at note 24. These amounts are the total value of any amount receivable or payable from or to the related party.

- (a) These relate to the reimbursement for travel expenses for Board representation at Board meetings and other meetings.
- (b) These relate to acquisition of gas for forklift operations, for the Waste Transfer Facility (2018: \$7.2k; 2017: \$7.9k), contribution to the Market West Ball (2018:\$18.5k; 2017:\$11.0k). Market price reporting (2018: \$59k; 2017: \$51k), Retailer of the Year (2018:\$19k), Produce Executive Program (2018:\$8.3k), Great Green Grocer (2018: \$100k; 2017: \$100k) and rental income, utilities and other costs (2018:\$8k; 2017:\$40.7k).
- (c) These relate to rent and tenant outgoing expenses (2018: \$329k; 2017:\$336k), Utilities, waste disposal and other costs (2018: \$47k; 2017: \$20k).

PERTH MARKETS LIMITED

Notes to the Financial Statements

18. Contributed Equity

(a) Issued Capital

	PML \$'000	PMLT \$'000	Consolidated \$'000
Stapled Securities			
Balance at incorporation	-	-	-
3,633,631 Fully paid stapled issued shares @ \$0.333	1,210	-	1,210
3,633,631 Fully paid stapled issued units @ \$0.00	-	-	-
55,206,500 Fully paid stapled issued shares @ \$0.04	2,209	-	2,209
55,206,500 Fully paid stapled issued units @ \$0.96	-	52,998	52,998
Less costs associated with the capital raises	(74)	(1,625)	(1,699)
Balance at 30 June 2017	3,345	51,373	54,718
Balance at 30 June 2017	3,345	51,373	54,718
Less costs associated with the capital raises	-	-	-
Balance at 30 June 2018	3,345	51,373	54,718

Stapled Shares

Stapled shares have the right to receive dividends and distributions as declared from both PML and PMLT and, in the event of winding up the company or the trust, to participate in the proceeds from the sale of all surplus assets in proportion to the number of, and amounts paid up on, stapled shares held. Stapled shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

(b) Reserves

	Retained earnings \$'000	Cash flow hedge reserve \$'000
Balance at 30 June 2016	(541)	(3,343)
Result for the year after tax	26,600	-
Movements in fair value of cash flow hedges	-	2,401
Distribution paid or provided for the year	(3,470)	-
Balance at 30 June 2017	22,589	(942)
Result for the year after tax	18,191	
Movements in fair value of cash flow hedges		(332)
Distribution paid or provided for the year	(4,973)	
Balance at 30 June 2018	38,807	(1,274)

Notes to the Financial Statements

19. Distributions Paid

	\$'000
September 2016 Final Distribution of 2015/16 at 2.5 cents per security paid September 2016	1,470
December 2016 Interim Distribution of 2016/17 at 3.4 cents per security paid March 2017	2,000
Total Distributions paid for 30 June 2017	3,470
September 2017 Final Distribution of 2016/17 at 3.4 cents per security paid September 2017	2,000
December 2017 Interim Distribution of 2017/18 at 2.8 cents per security paid March 2018	1,648
Total Distributions paid for 30 June 2018	3,648

20. Notes to the Statement of Cash Flows

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2018 \$'000	2017 \$'000
Operating ^(a)	5,497	4,514
Cash Management	2	2
	5,499	4,516

^(a) This includes a working capital overdraft facility. In 2018 the account had a balance of \$nil (2017: \$nil)

(b) Reconciliation of profit after income tax equivalent to net cash flows provided by operating activities

	2018 \$'000	2017 \$'000
Profit/(loss) after income tax for the period	18,191	26,600
<u>Non-operating or non-cash items:</u>		
Depreciation and amortisation expense	633	714
Revaluation of investment properties	(12,966)	(22,784)
Unwind of discounting in interest expense	279	268
<u>(Increase)/decrease in assets:</u>		
Receivables	355	660
Other assets	70	443
Deferred tax asset	(6)	(91)
<u>Increase/(decrease) in liabilities:</u>		
Payables	37	(976)
Provisions	40	51
Net cash provided by operating activities	6,633	4,885

Notes to the Financial Statements

Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents (and restricted cash and cash equivalents) comprise cash on hand, net of bank overdrafts. Cash and cash equivalents includes cash on hand and deposits held at call with financial institutions which are subjected to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position. Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition.

21. Commitments

Contractual & Operating Lease commitments

Commitments in relation to operating leases contracted for at the end of the reporting period but not recognised in the financial statements are payable as follows:

	2018 \$'000	2017 \$'000
Within 1 year	40	40
Later than 1 year and not later than 5 years	64	104
Later than 5 years	-	-
	104	144

Representing:

Non-cancellable contractual & operating leases	104	144
	104	144

Commitments in relation to finance leases contracted for at the end of the reporting date are payables as follows:

	2018 \$'000	2017 \$'000
Within 1 year	16	16
Later than 1 year and not later than 5 years	55	70
Later than 5 years	-	-
	71	86

22. Contingent Liabilities

In addition to the liabilities included in the financial statements, there are the following contingent liabilities:

Contaminated sites

Under the Contaminated Sites Act 2003, the Group is required to report known and suspected contaminated sites to the Department of Environment and Conservation (DEC). In accordance with the Act, DEC classifies these sites on the basis of the risk to human health, the environment and environmental values. Where sites are classified as contaminated – remediation required or possibly contaminated – investigation required, the Group may have a liability in respect of investigation or remediation expenses.

There have been no suspected contaminated sites reported to the DEC.

Notes to the Financial Statements

23. Financial Instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are as follows:

	2018 \$'000	2017 \$'000
Financial Assets		
Cash and cash equivalents	5,499	4,516
Security deposits	1,490	1,566
Receivables	153	508
Other financial assets	1,840	-
Total financial assets	8,982	6,590
Financial Liabilities		
Trade payables	2,740	1,368
Borrowings	74,925	74,686
Deferred consideration	7,440	7,161
Derivative financial instruments	1,274	942
Security deposits	1,490	1,566
Total financial liabilities	87,869	85,723

Financial risk management objectives and policies

Financial instruments held by the Group are cash and cash equivalents, restricted cash and cash equivalents, borrowings, and receivables, and payables. The Group has limited exposure to financial risks. The Group's overall risk management program focuses on managing the risks identified below.

Credit risk

Credit risk arises from the Group's receivables and through the Group's cash balances held by banking institutions.

The maximum exposure to credit risk at end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment.

The Group trades only with recognised, creditworthy third parties. The Group's cash balances are held by Australian banks with investment grade credit ratings. The Group has policies in place to ensure that leases are made to tenants with an appropriate credit history. In addition, receivable balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is minimal. At the reporting date, there are no significant concentrations of credit risk.

All tenants with outstanding balances exceeding 5 days are notified of their outstanding debt, if this is not paid within 10 days, another letter is provided and a due date for payment advised. Where the due date is missed, the tenant is sent a default notice.

The Group also has the capacity to charge interest on outstanding balances in accordance with the provisions of the lease.

The allowance for impairment of financial assets is calculated based on objective evidence, such as past experience, and current and expected observable data indicating changes in client credit ratings. At reporting date, no impairment of financial assets was required and no amounts were overdue.

PERTH MARKETS LIMITED

Notes to the Financial Statements

Liquidity risk

Liquidity risk arises when the Group is unable to meet its financial obligations as they fall due. The Group is exposed to liquidity risk through its approach to capital management and its trading in the normal course of business.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of loans and finance leases. The Group has appropriate procedures to manage cash flows by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

The Group manages its short term liquidity requirements through rigorous cash management and the availability of a \$2million overdraft facility of which \$nil was utilised at reporting date (2017: \$nil).

	Contractual maturities						
	Carrying amount \$'000	Up to 3 months \$'000	3-12 months \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000	Total contractual cash flows \$'000
2017							
<u>Non-derivatives</u>							
Payables	1,114	1,114	-	-	-	-	1,114
Hire purchase agreements	76	4	8	12	57	-	81
Term borrowings	74,609	652	1,957	2,609	77,257	-	82,475
Deferred consideration	7,161	-	-	-	-	10,000	10,000
<u>Gross-settled Derivatives</u>							
Interest rate swaps - inflow	942	(376)	(1,127)	(1,502)	(3,493)	(2,591)	(9,089)
Interest rate swaps - outflow	-	451	1,352	1,802	4,861	4,147	12,613
	83,902	1,845	2,190	2,921	78,682	11,556	97,194
2018							
Payables	2,740	2,740	-	-	-	-	2,740
Hire purchase agreements	64	4	12	16	39	-	71
Term borrowings	74,861	642	1,926	77,226	-	-	79,794
Deferred consideration	7,440	-	-	-	-	10,000	10,000
<u>Gross-settled Derivatives</u>							
Interest rate swaps - inflow	1,274	(409)	(1,227)	(1,636)	(4,908)	(4,316)	(12,496)
Interest rate swaps - outflow	-	458	1,374	1,832	5,496	4,833	13,993
	86,673	3,729	2,085	77,438	627	10,517	94,396

Notes to the Financial Statements

Market risk

Market risk is the risk that changes in market prices such as interest rates will affect the Group's income or the value of its holdings of financial instruments. The Group is not exposed to foreign currency risk or other price risks. The Group's exposure to market risk for changes in interest rates relate primarily to the long-term debt obligations that are at a floating rate of interest determined with reference to BBSY.

The Group uses derivative financial instruments (interest rate swaps) to reduce the exposure to market risks arising from changes in interest rates. The Group does not enter into derivative contracts for the purposes of trading. Hedging decisions are made based on the Group's interest rate risk position. Hedging for the purpose of this policy means a transaction which reduces the calculated interest rate risk on the overall portfolio of interest bearing assets and liabilities using one or more of the interest rate risk measures of value at risk, sensitivity or accrued simulation.

The risk has been managed through the use of an interest rate swap which covers the entire principal of the loan for its duration. The Group has therefore an immaterial current exposure to interest rate risk in the income statement, principally through interest earned on its cash reserves amounting to \$92,000 (2017: \$60,000). A 100 basis point movement in interest rates would have impacted interest revenue in the income statement by \$9,000 (2017: \$6,000).

24. Remuneration of Key Management Personnel

Remuneration of key management personnel (amounts in dollar)

	2018 \$	2017 \$
Base remuneration and superannuation ^(a)	892,822	788,133
Annual leave and long service leave accruals	35,081	17,464
Other benefits	-	-
The total remuneration of key management personnel	927,903	795,597

^(a) 2017 has been restated to align with the current organisation structure.

25. Remuneration of auditor

Remuneration payable to the BDO Audit (WA) Pty Ltd and its related entities (amounts in dollar excluding GST)

	2018 \$	2017 \$
Audit and review of the financial statements (including the audit of variable outgoings)	56,255	67,000
Other services:		
Taxation compliance	24,705	1,354
Tax advisory	48,813	22,370
Other advisory	5,000	8,500
	134,773	99,224

Notes to the Financial Statements

26. PMLT Consolidated Group

The financial statements of the Perth Markets Land Trust consolidated Group (PMLT Group) have been prepared on the same basis as the consolidated financial statements.

The financial statements for the PMLT Group report the following amounts:

(i) Statement of profit or loss and other comprehensive income

	2018 \$'000	2017 \$'000
Revenue	12,301	11,002
Operating expenses		
Operational expenses	(2,476)	(785)
Commercial site management expenses	(1,441)	(2,981)
Operating profit	8,384	7,236
Finance expense	(2,853)	(3,121)
Acquisition related costs	(636)	(545)
Gain on revaluation of investment	12,966	22,784
Profit / (loss) before income tax expense / (benefit)	17,861	26,354
Income tax expense / (benefit)	-	-
Profit after income tax for the year	17,861	26,354
Other comprehensive income		
Changes in fair value of cash flow hedges	(332)	2,401
Total other comprehensive income	(332)	2,401
Total comprehensive income	17,529	28,755

Notes to the Financial Statements

(ii) Statement of Financial Position

	2018 \$'000	2017 \$'000
Assets		
Current Assets		
Cash and cash equivalents	1,999	1,692
Receivables	3	1
Other Assets	33	139
Total Current Assets	2,035	1,832
Non-Current Assets		
Property, plant and equipment	163,051	150,012
Intercompany loan	5,628	4,131
Total Non-Current Assets	168,679	154,143
Total assets	170,714	155,975
Liabilities		
Current Liabilities		
Payables	1,692	373
Total Current Liabilities	1,692	373
Non-Current Liabilities		
Borrowings	74,861	74,610
Other non-current liabilities	8,714	8,103
Total Non-Current Liabilities	83,575	82,713
Total liabilities	85,267	83,086
Net assets	85,447	72,889
Equity		
Contributed equity	51,374	51,373
Reserve	(1,274)	(942)
Retained earnings	35,347	22,458
Total equity	85,447	72,889

Notes to the Financial Statements

(iii) Statement of changes in equity

Consolidated	Contributed Equity \$'000	Cash flow hedge reserve \$'000	Retained Earnings \$'000	Total equity \$'000
Balance at 30 June 2016	51,373	(3,343)	(426)	47,604
Profit / (loss)	-	-	26,354	26,354
Other comprehensive income	-	2,401	-	2,401
Total comprehensive income for the year	-	2,401	26,354	28,755
<i>Transactions with owners in their capacity as Owners</i>	-	-	-	-
Contributions of equity, net of transaction costs	-	-	-	-
Distributions to unit holders	-	-	(3,470)	(3,470)
Balance at 30 June 2017	51,373	(942)	22,458	72,889
Profit / (loss)	-	-	17,861	17,861
Other comprehensive income	-	(332)	-	(332)
Total comprehensive income for the year	-	(332)	17,861	17,529
<i>Transactions with owners in their capacity as Owners</i>	-	-	-	-
Contributions of equity, net of transaction costs	1	-	-	1
Distributions to unit holders	-	-	(4,972)	(4,972)
Balance at 30 June 2018	51,374	(1,274)	35,347	85,447

27. Parent Entity Note

The individual financial statements for the parent entity show the following aggregate amounts:

Statement of financial position	2018 \$'000	2017 \$'000
Current assets	82	322
Total assets	4,016	4,864
Current liabilities	124	(343)
Total liabilities	1,768	(2,238)
<i>Shareholders' equity</i>		
Contributed equity	3,344	3,344
Retained earnings	(1,096)	(718)
Total equity	2,248	2,626
Profit/(loss) and total comprehensive income for the year	(377)	(468)

Notes to the Financial Statements

Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2018 (2017: nil).

Contractual commitments of the parent entity

The parent entity did not have any contractual commitments as at 30 June 2018 (2017: nil).

Determining the parent entity information

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

28. Events occurring after the end of the reporting period

A subsequent further discretionary distribution of \$0.034 per security totalling \$2,000,564.45 was approved by the Board as a recommendation for the Trustee to be paid in addition to the distributions provided for in the Financial Statements.

PML Board on the 2 July 2018 have agreed to participate in a placement offer to purchase 937,500 shares in Brisbane Markets Limited at \$3.20 per share (\$3,000,000 total). Payment for these shares will be by 2 equal instalments. First payment was made on 20 July 2018 and another payment to be made on 15 April 2019.

29. Summary of significant accounting policies

The Group has adopted any applicable, new and revised Australian Accounting Standards from their operative dates.

(a) Early adoption of standards

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period – Refer to Note 3. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted – Refer to Note 3.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

(b) Basis of preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, modified by the revaluation of investment property and derivative financial instruments at fair value.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars which is PML's functional and presentation currency. PML is a company of the kind referred to in ASIC Corporations (Rounding in Financial / Directors Reports) Instrument 2016/191 and in accordance with that instrument, the financial statements are rounded to the nearest thousand dollars (\$'000) unless otherwise indicated.

Note 2 'Critical accounting estimates and assumptions' discloses key assumptions made concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(c) Principles of consolidation

Subsidiaries are those entities (including stapled entities) over which the consolidated entity has control. The Group controls an entity when the Group is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

PERTH MARKETS LIMITED

Notes to the Financial Statements

(d) Borrowing costs

Borrowing costs for qualifying assets are capitalised net of any investment income earned on the unexpended portion of the borrowings. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

No borrowing costs were capitalised in the period as no qualifying assets were constructed.

(e) Fair value measurement

When an asset, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

(f) Impairment of assets

The Group's non-current assets are tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised.

Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income. As the Group is a for-profit entity, unless a specialised asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost. The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

(g) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases where the Group is lessee are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Notes to the Financial Statements

Where the Group is lessor, finance lease are treated as a sale of the relevant asset in exchange for a financial asset, recognised initially at fair value. Operating leases give rise to rental income. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

(h) Financial instruments

The Group has the following categories of financial instrument:

- Financial Assets
 - Cash and cash equivalents (and restricted cash and cash equivalents)
 - Receivables
- Financial Liabilities
 - Payables
 - Borrowings
 - Deferred consideration
 - Derivative liabilities
 - Security deposits

Initial recognition and measurement of financial instruments is at fair value.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

Borrowings are initially measured at fair value, less any directly attributable transaction costs. They are subsequent measured at amortised cost using the effective interest method.

(i) Derivatives and hedging activities

The Group uses derivative financial instruments including interest rate swaps to hedge its financial risks, including those associated with interest rate fluctuations. Such derivative financial instruments are carried at fair value. For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to profit or loss.

Hedge Accounting

For the purposes of hedge accounting, hedges are classified as either fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability; cash flow hedges where they hedge exposure to variability in cash flows; or hedges of a net investment in a foreign operation.

Initial recognition

At the beginning of a hedge relationship, the Group designates and documents the hedge relationship and the related risk management objective and strategy. The documentation identifies the hedging instrument and the hedged item as well as describing the economic relationship, the hedge ratio between them and potential sources of ineffectiveness. The documentation also includes the nature of the risk being hedged and the method of assessing the hedging instrument's effectiveness. To achieve hedge accounting, the relationship must be expected to be highly effective and are assessed on an ongoing basis to determine that they continue to meet the risk management objective.

Discontinuation

Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to profit or loss for the year.

Gains or losses recognised directly in equity are reclassified into profit and loss in the same period or periods the foreign currency risk affects consolidated profit and loss.

Cash flow hedges

In relation to cash flow hedges (such as the Group's interest rate swaps) to hedge firm commitments, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in the statement of profit or loss and other comprehensive income.

When the hedged item gives rise to the recognition of an asset or a liability, the associated deferred gains or losses are included in the initial measurement of the asset or liability.

Notes to the Financial Statements

For all other cash flow hedges, the gains or losses that are recognised in equity are transferred to the income statement in the same period in which the hedged firm commitment affects the income statement.

(j) Provisions

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period

(k) Sick leave

Liabilities for sick leave are recognised when it is probable that sick leave paid in the future will be greater than the entitlement that will accrue in the future.

Past history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised. As sick leave is non-vesting, an expense is recognised in the profit or loss for this leave as it is taken.

(l) Superannuation

The Group does not participate in any employer sponsored defined benefit superannuation plans for its employees. All superannuation payments by the Group are in accordance with the relevant Superannuation Guarantee legislation.

(m) Employment on costs

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Salaries and board fees' and 'staff costs'. The related liability is included in 'Employee benefit obligations' note 15.

(n) Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Notes to the Financial Statements

(o) Goods and Services Tax ('GST') and other similar taxes

Revenues and expenses are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(p) Contributed Equity

Stapled securities

Stapled securities are classified as equity. Incremental costs directly attributable to the issue of stapled securities are recognised as a deduction from equity, net of any tax effects.

Distributions on stapled securities are recognised as a liability in the period in which they are declared, and are recognised as a return of capital for accounting purposes to the extent that distributions exceed retained earnings.

The holders of stapled securities are entitled to receive dividends and distributions as declared from time to time, and are entitled to one vote per stapled security at security holder meetings. The liability of a member is limited to any remaining amount in relation to a member's subscription for securities.

Directors' Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 22 to 52 are in accordance with the Corporations Act 2001, including:
- (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the year ended on that date, and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Note 29(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.

Dated: 28 August 2018



Chair/Director



Director



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INDEPENDENT AUDITOR'S REPORT

To the members of Perth Markets Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Perth Markets Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of Perth Markets Limited, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors' Report, but does not include the financial report and our auditor's report thereon.

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

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PERTH MARKETS LIMITED

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Year ended 30 June 2018



In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed 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 group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.

BDO Audit (WA) Pty Ltd

Neil Smith

Director

Perth, 28 August 2018

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Year ended 30 June 2018

Board Members



Steven Cole
Chairman



Trish Skinner
Deputy Chair



Frank Romano
Director



Andrew Young
Director



Miro Lendich
Director

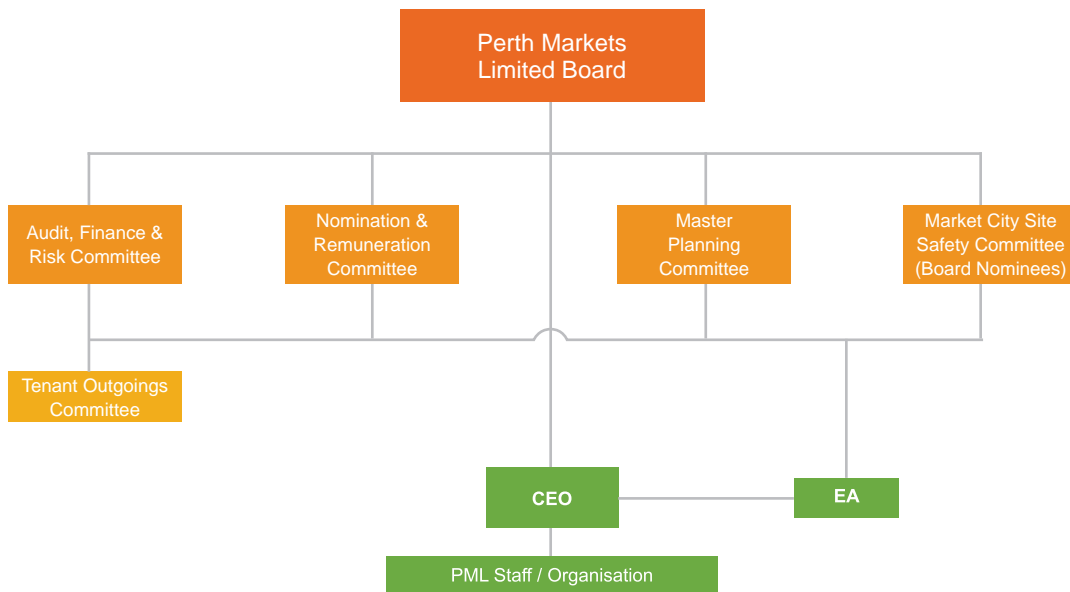


Rick Smith
Director

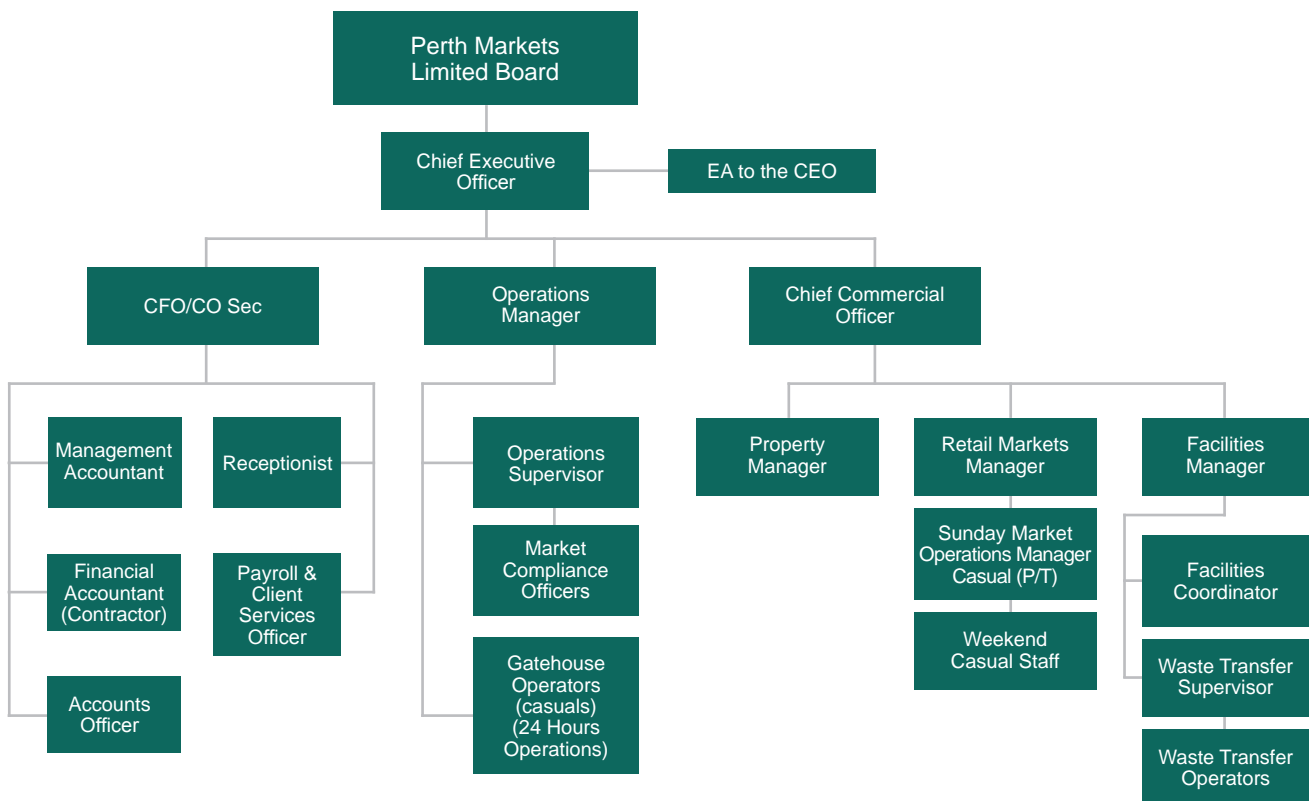


David Schirripa
Director

Board Structure



Management Structure



Top 5 PML Shareholders

Brisbane Markets Limited	24,551,501	41.73%
United Crate Co-operative Limited	9,985,191	16.97%
South Australian Produce Markets Limited	7,609,686	12.93%
The Chamber of Fruit and Vegetable Industries WA (Inc)	2,035,400	3.46%
F & J Romano Superannuation Fund	1,205,173	2.05%

Corporate Directory

Auditors and Independent Accountant

BDO Audit (WA) Pty Ltd, ABN 79 112 284 787
 38 Station Street
 Subiaco, WA 6008
 AUSTRALIA
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 Fax +61 8 6382 4601
www.bdo.com.au

Legal Services

Lavan
 1 William Street
 Perth WA 6000
 Tel: +61 8 9288 6928
 Fax: +61 8 9288 6001
www.lavan.com.au

Bankers

National Australia Bank Limited
 UB 13.01 100 St Georges Terrace, Perth WA 6000
 Tel: +61 8 9441 9320
www.nab.com.au

Communications

McIntyre Management & Marketing
 Suite 19, 18 Stirling Highway
 Nedlands, WA 6009
 Tel: + 61 8 9386 9155

Security Registry

One Registry Services Pty Limited
 Level 11, 20 Hunter Street
 Sydney NSW 2000
 Tel: +61 2 81 88 110
 Fax: + 61 2 8580 5790
www.oneregistryservices.com.au

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Year ended 30 June 2018



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PERTH MARKETS LIMITED

ACN: 608 334 989
ABN: 94 608 334 989

MARKET CITY OPERATOR CO PTY LTD

ACN: 610 129 149
ABN: 30 610 129 149