



## Stakeholder Update 30/1/2019

### **Perth Markets Limited Interim Report for the half year ended 31 December 2018.**

The Perth Markets Limited (PML) Board has signed off their report, and financial statements, for the half-year ended 31 December 2018. The financial statements have been reviewed and signed off by our Auditors.

A copy of the report is attached and is also available on our website

[www.perthmarket.com.au](http://www.perthmarket.com.au)

The Consolidated operating profit after finance expense and income tax of the Group for the half year ended 31 December 2018 amounted to \$8.8m. This includes a gain on revaluation of investment property of \$5.9m referred to below.

The Group holds investment property at fair value. The property portfolio was revalued at 31 December 2018 with land and buildings valued at \$169m, (December 2017: \$163m) resulting in a gain to the Statement of Profit or Loss and Other Comprehensive Income for the half year of \$5.9m.

The Board has declared an interim distribution of \$1,765,203.93 to be paid for the 6 months to 31 December 2018, being 3.0 cents per security to be paid prior to 31 March 2019. This is an increase on the 2.8 cents per security interim distribution declared and paid in 2018 for the corresponding 6 month period.

The record date for payment of the Distribution was approved as 29 January 2019 with payment to be made prior to 31 March 2019.

#### Key Highlights for the period ended 31 December 2018:

- Total Assets \$ 186,053,000
- Net Tangible Assets \$ 96,484,000
- Number of Stapled Units 58,840,131
- NTA per Stapled Security \$ 1.64
- No dividends (other than Trust distributions) were declared or paid by group members during the period ended 31/12/18.
- An interim distribution of \$1,765,203.93, being 3.0 cents per security, has been declared for payment prior to 31/3/2019 with a record date of 29/1/2019.



## **Other Items**

The Group continues to make progress with a number of financial and operational improvements being made. Earnings before interest, tax and depreciation (EBITDA) is 9.5% higher than the same period last year.

## **Other Updates**

### **Strategic Share Purchase Investment**

PML has taken a strategic share placement of 937,500 shares at a price of \$3.20 per share (currently paid to \$1.60 per share) 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.

### **Master Plan for the SE Development Triangle Vacant Land**

The Development Application for Stage 1(a) and 1(b) of our Master Plan (comprising 3 buildings totalling approx. 12,000m<sup>2</sup> plus infrastructure) has been recently approved by the City of Canning and PML is now entering the detailed design phase and formal negotiations with prospective tenants.

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

### **Strategic Corporate Activity of the Group**

The PML Board has confirmed its policy objective of distributing to security holders approximately 70% of trading profit with the retention to assist the appropriate funding and capital management options and structure for the group's future as highlighted in our last update.

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 and we are still awaiting formal advice (expected shortly) prior to reverting to security holders for formal restructuring approval.

### **Background of Perth Markets Limited**

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 crucial role in fresh produce supply but also makes a significant contribution to the State's economy and positively impacts 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 PML with ownership assumed on 31<sup>st</sup> 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.

As an industry based facility owner, manager and developer, PML's primary focus is ensuring the Market City Facility remains a marketing and distribution hub for fresh produce, and other products and services. The Market City facility remains critical in the fruit and vegetable value chain from farmer, transporter, wholesaler, retailer to consumer.

Please do not hesitate to contact PML with any comments or questions on 08 9456 9200 or [PML@perthmarket.com.au](mailto:PML@perthmarket.com.au)

**Stephen Ward**  
**Chief Executive Officer**

**Perth Markets Limited**  
ACN 608 334 989

**Interim report for the half-year ended 31 December 2018**

**Perth Markets Limited  
Directors' Report  
31 December 2018**

The directors present their report, together with the financial statements, consisting of Perth Markets Limited (referred to hereafter as 'PML', the 'Company' or 'Parent Entity') and its controlled entities and Perth Market Land Trust ('PMLT') and its controlled entities at the end of, or during, the half-year ended 31 December 2018. The combined entity (hereafter referred to as the Group) was formed through the stapling of securities in PML and PMLT.

**Directors**

The following persons were directors of Perth Markets Limited during or since the end of the half-year:

S. Cole	(Chairman)	
P. Skinner	(Deputy Chair)	
E. Smith		
A. Young		
D. Schirripa		
M. Lendich		
F. Romano		
R. Thomas		Appointed 14/09/2018
S. Ward	(Chief Executive Officer)	
P. Campbell	(Company Secretary)	

**Principal activities**

On 31 March 2016, Perth Markets Limited acquired the business and assets of Market City, WA's primary trading centre for fruit and vegetables. Perth Markets' stapled entity (Perth Markets Land Trust and Perth Markets Limited) won a bid to purchase Market City from the 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 Perth Markets Limited and the Market City Asset Trust by Perth Markets Land Trust.

PML generates income from its owned properties and generates income from services provided to tenants and activities operated by Market City.

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

**Review of operations**

The consolidated operating profit after finance expense and income tax of the Group for the half year ended 31 December 2018 amounted to \$8.8m. This includes a gain on revaluation of investment property of \$5.9m referred to below.

The Group holds investment property at fair value. The property portfolio was revalued at 31 December 2018 with land and buildings valued at \$169m (December 2017: \$163m) resulting in a gain to the Statement of Profit or Loss and Other Comprehensive Income for the half year of \$5.9m (December 2017: \$13.0m).

The Group has had a satisfactory financial performance with revenue from operations growth of 4.3% and operating profit growth 8.2% from the same period last year.

Positive contributing factors to this result have been the successful program of business process improvement along with a focus on operational efficiency. Additionally, recoupment of 40% of land tax on the developed portion of the land from tenants has commenced.

**Significant changes in the state of affairs**

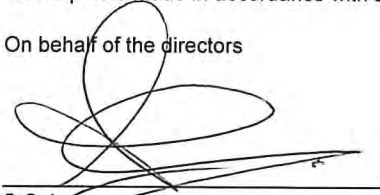
There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

**Auditor's independence declaration**

A copy of the auditor's independence declaration is set out on the following page.

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

On behalf of the directors

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned above a solid horizontal line.

S Cole  
Director

29 January 2019  
Perth



Tel: +61 8 6382 4600  
Fax: +61 8 6382 4601  
[www.bdo.com.au](http://www.bdo.com.au)

38 Station Street  
Subiaco, WA 6008  
PO Box 700 West Perth WA 6872  
Australia

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

As lead auditor for the review of Perth Markets Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the half year review.

A handwritten signature in black ink, appearing to read 'Neil Smith', with a stylized flourish extending from the end.

**Neil Smith**

Director

**BDO Audit (WA) Pty Ltd**

Perth, 29 January 2019

**Perth Markets Limited**

**Contents**

**31 December 2018**

Statement of profit or loss and other comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10
Directors' declaration	16
Independent auditor's review report to the members of Perth Markets Limited	17



**Perth Markets Limited**  
**Condensed Consolidated Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2018**

	Note	Consolidated Half-year ended 31 December 2018 \$'000	Consolidated Half-year ended 31 December 2017 \$'000
<b>Revenue from continuing operations</b>	5	12,246	11,746
<b>Operating expenses</b>			
Weekend markets expenses		(264)	(235)
Operational expenses		(2,775)	(2,715)
Commercial site management expenses		(4,440)	(4,389)
Depreciation and amortisation expense		(203)	(190)
Operating profit		<u>4,564</u>	<u>4,217</u>
Interest		68	42
Dividend		39	-
Gain on revaluation of investment properties		5,949	12,966
Finance expense		(1,438)	(1,438)
Acquisition related costs		(274)	(319)
<b>Profit/(Loss) before income tax expense from continuing operations</b>		<u>8,908</u>	<u>15,468</u>
Income tax benefit/(expense)		<u>(83)</u>	<u>(237)</u>
<b>Profit after income tax expenses for the half-year</b>		<u>8,825</u>	<u>15,231</u>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Net change in the fair value of cash flow hedges taken to equity		<u>(917)</u>	<u>(233)</u>
<b>Other comprehensive income for the half-year, net of tax</b>		<u>(917)</u>	<u>(233)</u>
<b>Total comprehensive income for the half-year</b>		<u>7,908</u>	<u>14,998</u>
<b>Profit after income tax attributable to members</b>			
Perth Markets Limited (PML) members		1,053	966
Perth Markets Land Trust (PMLT) members		7,772	14,265
<b>Total comprehensive income attributable to members</b>		<u>8,825</u>	<u>15,231</u>
Perth Markets Limited (PML) members		1,053	966
Perth Markets Land Trust (PMLT) members		6,855	14,032
		<u>7,908</u>	<u>14,998</u>

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

**Perth Markets Limited**  
**Condensed Consolidated Statement of financial position**  
**As at 31 December 2018**

	Note	Consolidated 31 December 2018 \$'000	30 June 2018 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		5,980	5,499
Receivables		303	153
Other financial assets		-	1,840
Other assets		1,134	451
<b>Total current assets</b>		<b>7,417</b>	<b>7,943</b>
<b>Non-current assets</b>			
Property, plant and equipment	6	5,102	4,746
Investment property	7	169,000	163,051
Deferred tax asset		98	97
Financial assets at fair value through profit or loss	8	3,000	-
Other assets		1,436	1,494
<b>Total non-current assets</b>		<b>178,636</b>	<b>169,388</b>
<b>Total assets</b>		<b>186,053</b>	<b>177,331</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables		1,451	2,740
Employee benefit obligations		87	94
Other current liabilities	9	1,654	80
<b>Total current liabilities</b>		<b>3,192</b>	<b>2,914</b>
<b>Non-current liabilities</b>			
Borrowings	10	75,130	74,925
Employee benefit obligations		41	36
Other non-current liabilities	11	11,206	10,204
<b>Total non-current liabilities</b>		<b>86,377</b>	<b>85,165</b>
<b>Total liabilities</b>		<b>89,569</b>	<b>88,079</b>
<b>Net assets</b>		<b>96,484</b>	<b>89,252</b>
<b>Equity</b>			
Contributed equity	12	54,718	54,718
Reserves	13	(2,191)	(1,274)
Retained profits	13	43,957	35,808
<b>Total equity</b>		<b>96,484</b>	<b>89,252</b>

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

**Perth Markets Limited**  
**Condensed Consolidated Statement of changes in equity**  
**For the half-year ended 31 December 2018**

<b>Consolidated</b>	<b>Note</b>	<b>Contributed equity \$'000</b>	<b>Reserves \$'000</b>	<b>Accumulated profits \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2018		54,718	(1,274)	35,808	89,252
Profit for the half-year		-	-	8,825	8,825
Other comprehensive income for the half-year, net of tax		-	(917)	-	(917)
Total comprehensive income for the half-year		-	(917)	8,825	7,908
Distribution to unit holders	14	-	-	(676)	(676)
Balance at 31 December 2018		<u>54,718</u>	<u>(2,191)</u>	<u>43,957</u>	<u>96,484</u>
<b>Balance at 31 December 2018 attributable to:</b>					
PML members		3,344	-	1,515	4,859
PMLT members		51,374	(2,191)	42,442	91,625
		<u>54,718</u>	<u>(2,191)</u>	<u>43,957</u>	<u>96,484</u>

<b>Consolidated</b>	<b>Note</b>	<b>Contributed equity \$'000</b>	<b>Reserves \$'000</b>	<b>Accumulated profits \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2017		54,718	(942)	22,589	76,365
Profit for the half-year		-	-	15,231	15,231
Other comprehensive income for the half-year, net of tax		-	(233)	-	(233)
Total comprehensive income for the half-year		-	(233)	15,231	14,998
Distribution to unit holders	14	-	-	(2,000)	(2,000)
Balance at 31 December 2017		<u>54,718</u>	<u>(1,175)</u>	<u>35,820</u>	<u>89,363</u>
<b>Balance at 31 December 2017 attributable to:</b>					
PML members		3,344	-	1,097	4,441
PMLT members		51,374	(1,175)	34,723	84,922
		<u>54,718</u>	<u>(1,175)</u>	<u>35,820</u>	<u>89,363</u>

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

Perth Markets Limited  
Condensed Consolidated Statement of cash flows  
For the half-year ended 31 December 2018

Note	Consolidated	
	Half-year ended 31 December 2018 \$'000	Half-year ended 31 December 2017 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	12,158	12,237
Payments to suppliers and employees (inclusive of GST)	(8,248)	(8,130)
Interest received	68	43
Interest and other finance costs paid	(1,447)	(1,445)
Net cash from operating activities	<u>2,531</u>	<u>2,705</u>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(507)	(49)
Investment in Unlisted companies	(1,500)	-
Dividend received	39	-
Investment in Term Deposits	1,840	-
Net cash used in investing activities	<u>(128)</u>	<u>(49)</u>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	91	-
Payments of borrowings	(13)	-
Distribution payments	(2,000)	(2,000)
Net cash used in financing activities	<u>(1,922)</u>	<u>(2,000)</u>
Net increase/(decrease) in cash and cash equivalents	481	656
Cash and cash equivalents at the beginning of the financial half-year	5,499	4,515
<b>Cash and cash equivalents at the end of the financial half-year</b>	<u><u>5,980</u></u>	<u><u>5,171</u></u>

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

**Perth Markets Limited**  
**Notes to the financial statements**  
**31 December 2018**

**Note 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 PML and its controlled entities and Perth Market 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.

**Note 2. Basis of preparation**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting', as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2018.

The principal accounting policies adopted are consistent with those of the previous financial period, unless otherwise stated.

This is the first set of the Group's financial statements where AASB 15 *Revenue from Contracts with Customers* ("AASB 15") and AASB 9 *Financial Instruments* ("AASB 9") have been applied. Changes to significant accounting policies are described in Note 4. There is no material adjustment as a result of adoption of AASB 15 and AASB 9. The other standards adopted as at 1 July 2018 did not have any impact on the group's accounting policies and did not require retrospective adjustments.

**Note 3. Use of judgements and estimates**

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements, except for new significant judgements and key sources of estimation uncertainty related to the application of AASB 15 and AASB 9, which are described in Note 4.

**Note 4. Changes in significant accounting policies**

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2018.

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 30 June 2019.

The Group has initially adopted AASB 15 and AASB 9 from 1 July 2018.

**A. AASB 15 Revenue from Contracts with Customer**

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced AASB 118 *Revenue*, AASB 111 *Construction Contracts* and related interpretations. AASB 15 does not apply to lease contracts within the scope of AASB 117 *Leases* and consequently does not apply to rental income and variable outgoings.

The details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Group's various services are set out below.

Under AASB 15, revenue is recognised when a customer obtains control of the services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

**Type of product / service**

Provision of services revenue and weekend markets revenue (excluding rental income and variable outgoings)

**Nature, timing of satisfaction of performance obligation, significant payment terms**

Revenue is recognised over time as those services are provided. Invoices for these services are issued on a monthly basis and are usually payable within 30 days. Revenue for weekend markets is recognised at the point in time where a fee is payable by the public to access the market during the weekend.

Under AASB 15, the total consideration in the service contracts is allocated to all services based on their relative stand-alone selling prices. The stand-alone selling price is determined based on price at which the Group sells the services in separate transactions.

There is no material adjustment as a result of adoption of AASB 15. Accounting policies have been updated to conform to the requirements of AASB 15.

**B. AASB 9 Financial Instruments**

AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The standard replaces AASB 139 *Financial Instruments: Recognition and Measurement*.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

**i. Classification and measurement of financial assets and financial liabilities**

AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. AASB 9 largely retains the existing requirements in AASB 139 categories for the classification and measurement of financial liabilities. However, it eliminates the previous AASB 139 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of AASB 9 has not had a significant effect on the Group's accounting policies related to financial liabilities and derivative financial instruments (for derivatives that are used as hedging instruments, see (ii) below). The impact of AASB 9 on the classification and measurement of financial assets is set out below:

**a. Investment and other financial assets**

*Classification*

From 1 July 2018, the group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income (OCI), or through profit or loss), and
- Those to be measured at amortised cost.

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

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

The group holds equity investments (which are measured at fair value) and receivables (which are carried at amortised cost as they are held within a hold-to-collect business model).

*Measurement*

*Initial measurement:*

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

**Perth Markets Limited**  
**Notes to the financial statements**  
**31 December 2018**

Subsequent measurement:

*Equity Instruments*

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/ (losses) in the statement of profit or loss as applicable.

*Impairment - receivables*

From 1 July 2018, the group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**ii. Hedge accounting**

The Group applied hedge accounting prospectively. At the date of initial application, all of the Group's existing hedging relationships were eligible to be treated as continuing hedging relationships. Consistent with prior periods, the Group has continued to designate the change in fair value of the entire forward contract in the group's cash flow hedge relationships and, as such, the adoption of the hedge accounting requirements of AASB 9 had no significant impact on the Group's financial statements.

**Note 5. Revenue from continuing operations**

	Half-year ended 31 December 2018 \$'000	Half-year ended 31 December 2017 \$'000
Rental revenue	6,310	6,147
Provision of services revenue	5,385	5,020
Weekend markets revenue	551	579
<b>Total revenue</b>	<b>12,246</b>	<b>11,746</b>

**Note 6. Non-current assets - property, plant and equipment**

	31 December 2018 \$'000	30 June 2018 \$'000
Plant and equipment at cost	6,174	5,615
Less: Accumulated depreciation	(1,072)	(869)
	<b>5,102</b>	<b>4,746</b>

**Note 7. Non-current assets – investment properties**

Consolidated	Land \$'000	Buildings \$'000	Total \$'000
Balance at 1 July 2018	102,000	61,051	163,051
Additions	-	-	-
Disposals	-	-	-
Revaluation	(5,000)	10,949	5,949
<b>Balance at 31 December 2018</b>	<b>97,000</b>	<b>72,000</b>	<b>169,000</b>

An independent valuation of the investment properties was completed as at 31 December 2018 by Knight Frank, a qualified valuer with relevant experience in the type of property being valued. Fair value was determined using the income-based approach with a capitalisation rate of 7.25%. For more information on the key inputs used in the valuation, refer to Note 15 .

**Perth Markets Limited**  
**Notes to the financial statements**  
**31 December 2018**

<b>Consolidated</b>	<b>Land \$'000</b>	<b>Buildings \$'000</b>	<b>Total \$'000</b>
Balance at 1 July 2017	102,000	48,012	150,012
Additions	-	73	73
Disposals	-	-	-
Revaluation	-	12,966	12,966
Balance at 30 June 2018	102,000	61,051	163,051

**Note 8. Financial assets at fair value through profit or loss**

	<b>Consolidated 31 December 2018 \$'000</b>	<b>30 June 2018 \$'000</b>
<b>Non-current</b>		
Share investment, fair value through profit or loss	3,000	-
	<u>3,000</u>	<u>-</u>

The Group has entered into an agreement with Brisbane Markets Limited to subscribe for 937,500 shares in Brisbane Markets Limited for \$3.20 per share (issue price). The payment for the shares was split into two equal instalments. The first instalment was paid on 20 July 2018 with the second instalment due on 15 April 2019. With respect to the shares which are partly paid at the reporting date, the members holding partly paid shares will be entitled to vote and dividends in proportion to the amount paid on the shares as compared to the issue price. Refer to note 9 for the amount recorded for the second instalment.

**Note 9. Current liabilities – Other liabilities**

	<b>Consolidated 31 December 2018 \$'000</b>	<b>30 June 2018 \$'000</b>
Income in advance	74	-
Access card deposits	80	80
Amount payable to Brisbane Market Limited (Refer to note 8)	1,500	-
	<u>1,654</u>	<u>80</u>

**Note 10. Non-current liabilities - borrowings**

	<b>Consolidated 31 December 2018 \$'000</b>	<b>30 June 2018 \$'000</b>
Hire Purchase	144	64
Term loan (net of associated costs)	74,986	74,861
	<u>75,130</u>	<u>74,925</u>

The group entered into a four year, \$75,300,000 revolving cash advance facility with 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.

**Note 11. Non-current liabilities – Other liabilities**

	<b>Consolidated 31 December 2018 \$'000</b>	<b>30 June 2018 \$'000</b>
Security deposits	1,432	1,490
Deferred settlement consideration at amortised cost	7,583	7,440
Derivative financial liabilities - Cash flow hedges	2,191	1,274
	<u>11,206</u>	<u>10,204</u>



Perth Markets Limited  
Notes to the financial statements  
31 December 2018

**Note 12. Equity – contributed equity**

	31 December 2018 \$'000	30 June 2018 \$'000
Ordinary shares:	54,718	54,718
58,840,131 (30 June 2018: 58,840,131) fully paid		

*Movements in ordinary share capital*

Details	PML \$'000	PMLT \$'000	Consolidated \$'000
Balance at 1 July 2018 and 31 December 2018	3,344	51,374	54,718

**Note 13. Equity - reserves**

Consolidated	Accumulated \$'000	Cash flow hedge \$'000
Balance at 1 July 2018	35,808	(1,274)
Results from period after tax	8,825	-
Movements in fair value of cash flow hedges	-	(917)
Distribution paid for the year	(676)	-
Balance at 31 December 2018	43,957	(2,191)

**Note 14. Equity - distributions**

Distributions paid during the financial half-year were as follows:

	Consolidated 31 December 2018 \$'000	31 December 2017 \$'000
Final Distribution of 2017/18 at 3.4 cents per security paid in September 2018 of which \$1.324m was provided in 2017/18	2,000	-
Final Distribution of 2016/17 at 3.4 cents per security paid in September 2017	-	2,000
	2,000	2,000

**Note 15. Fair value measurement**

*Fair value hierarchy*

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Consolidated - 31 Dec 2018	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Investment properties	-	169,000	-	169,000
Equity investment	-	3,000	-	3,000
	-	172,000	-	172,000
<i>Liabilities</i>				
Derivative financial instruments	-	(2,191)	-	(2,191)
	-	(2,191)	-	(2,191)
 Consolidated - 30 June 2018	 Level 1 \$'000	 Level 2 \$'000	 Level 3 \$'000	 Total \$'000
<i>Assets</i>				
Investment properties	-	163,051	-	163,051
	-	163,051	-	163,051
<i>Liabilities</i>				
Derivative financial instruments	-	(1,274)	-	(1,274)
	-	(1,274)	-	(1,274)

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

**Note 16. Commitments & Contingent liabilities**

There has been no significant change to commitments or contingent liabilities of the Group since 30 June 2018.

**Note 17. Related party transactions**

There has been no significant changes to related party transactions since 30 June 2018.

**Note 18. Events after the reporting period**

An interim distribution of \$1,765,204 being 3.0cents per stapled security, has been recommended by the Board of PML to the Trustee of PMLT to be paid for the period ending 31 December 2018 and for payment to be made by 31 March 2019.

**Perth Markets Limited**  
**Directors' declaration**  
**31 December 2018**

In the directors' opinion:

- the attached financial statements and notes comply with Australian Accounting Standard AASB 134 'Interim Financial Reporting', and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.

On behalf of the directors



S. Cole  
Director

29 January 2019  
Perth



Tel: +61 8 6382 4600  
Fax: +61 8 6382 4601  
www.bdo.com.au

38 Station Street  
Subiaco, WA 6008  
PO Box 700 West Perth WA 6872  
Australia

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of Perth Markets Limited

### **Report on the Half-Year Financial Report**

#### **Conclusion**

We have reviewed the Half-Year financial report of Perth Markets Limited and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year then ended, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-Year financial report of the Group does not present fairly, in all material respects, the financial position of the Group as at 31 December 2018, and of its financial performance and its cash flows for the period ended on that date, in accordance with the Australian Accounting Standards.

#### **Directors' responsibility for the Financial Report**

The directors of the Group are responsible for the preparation and fair presentation of the Half-Year financial report in accordance with the Australian Accounting Standards and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the Half-Year financial report that is free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to express a conclusion on the Half-Year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Group*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Half-Year financial report is not presented fairly, in all material respects, in accordance with the Australian Accounting Standards. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a Half-Year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



### **Independence**

In conducting our review, we have complied with the independence requirements of the Australian professional accounting bodies.

**BDO Audit (WA) Pty Ltd**

A handwritten signature in black ink, appearing to be 'Neil Smith', written over a small, faint BDO logo.

**Neil Smith**

**Director**

Perth, 29 January 2019