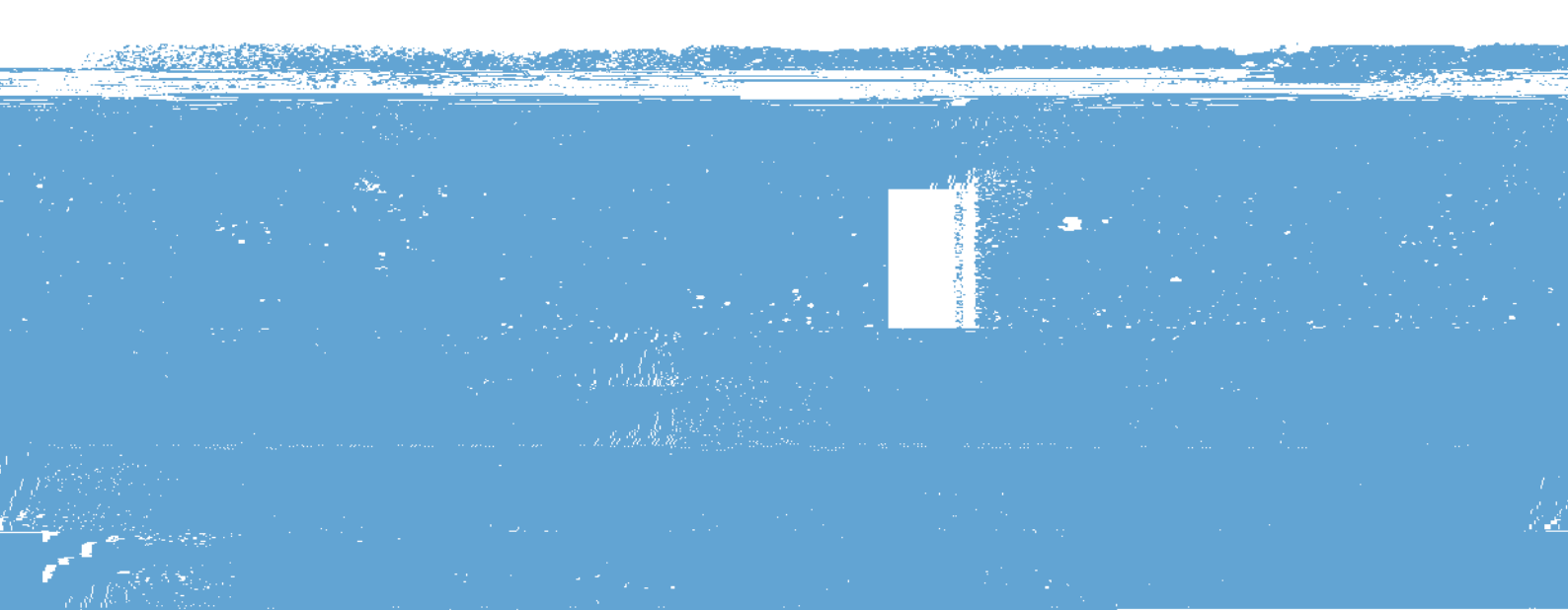




2008





# Message from the Chairman



## Strong Financial Performance

In 2008 the Company achieved a net profit after tax of \$1.7 million, the highest in its 13-year history. While maximising profit is not our principal objective, this result is pleasing in light of the escalation of costs that are in many cases outside our control. There have also been significant negative influences on our income and many of these, such as the declaration of marine protected areas, are also outside our control.

To a large degree the Company's income is derived from its own shareholders. We try to moderate our charges to levels that assure our ongoing viability without reliance on a commercial subsidy from the shareholders. Our charges are competitive in the open marketplace. In 2008 SFM's margin rates for the sale of seafood were not increased and lease rental rates for tenants were only increased by CPI.

The 2008 financial result is therefore most pleasing. The Company made a further strategic investment in fishing quota in the Southern and Eastern Scalefish and Shark fishery. With the objective of securing the supply of important market species, this further investment of \$5.2 million brings SFM's total investment in fishing quota to \$9.2 million. In addition to securing supply, this investment generates lease income.

There were no other significant items of capital expenditure or investment.

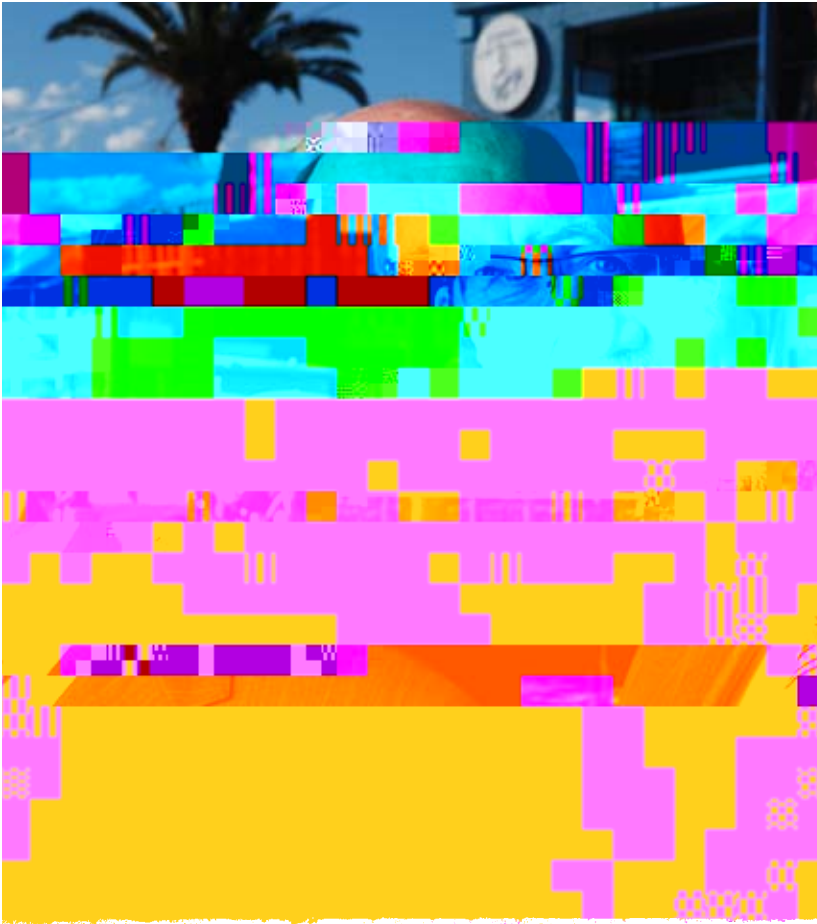
Consistent with recent years a dividend of \$250,000 was declared and paid in June 2008. The Board considered it prudent to maintain its conservative dividend policy in view of the projected cash demands for the Company's strategic direction.

**R d v lopr nt**

The Board has resolved that it cannot

# Managing Director's Report

## rahar Turk



## Seafood Industry

The Seafood Industry continues to face extreme difficulties in both the harvest and post harvest sectors. In addition to the challenges of import competition and diminishing access to wild fisheries resources, industry has had to deal with the rapid escalation in the cost of a key input, fuel. By the end of the financial year the financial viability of much of the wild catch sector was in serious doubt.

Conditions in the post harvest sector have been little better. Demand for seafood and the ability of retailers to increase prices to match costs, have been suppressed by an economic climate in which consumers' discretionary spending has been curtailed by higher mortgage repayments and the cost of fuel for the family vehicle. The collapse of the financial sector and resultantave setalleha v o{the fin

from south coast NSW. During the last 8 years, the quantity of product sent to SFM from the south-east trawl fishery has halved, however since September 2007 it has been gradually increasing. The increase may be due at least in part to SFM's investment in fishing quota. This investment has been made for the purpose of securing product supply. Quota is leased out to fishers, usually on terms more favourable than current lease market terms, on the understanding that the catch will be forwarded to SFM. To date the response from suppliers has been very favourable.

As a result SFM's margin on seafood trading increased by more than \$400,000 over the previous year. Sales value achieved an all-time high of just under \$100 million.

The increase in supply is a significant achievement considering the fishing grounds that have been lost to marine protected areas and the reduction in harvesting capacity resulting from the restructure of the south-east trawl fishery.

Closure of major fishing grounds in the Great Barrier Reef Marine Park in 2004 resulted in a substantial loss of product supply to SFM. Accordingly SFM was entitled to compensation for loss of income resulting from the closures.

The amount of \$770,000 was agreed and paid to SFM during the 2007/08

en





## Our Values



## Our Quality Principles





**Picture from left:** Peter Poulos, Bill Gibson (Chairman), William (George) Baker, Grahame Turk (Managing Director), Bruce Standen, Max Cowley, Bryan Skepper (Company Secretary), John Symonds.

#### **William (George) Baker**

George is a commercial fisherman and is currently Chairman of the Catcher's Trust. George was Chairman of the former Fish Marketing Authority Board and Chairman of the Clarence River Fishermen's Cooperative Ltd for 26 years. He has been a Director of SFM since its inception.

#### **Max Cowley F.C.A**

#### **John Symonds**

John is a Director of the Catchers' Trust and was Manager of Twofold Bay Fishermen's Cooperative Ltd for 19 years to November 2006. Previously John was a commercial fisherman and was employed by H J Heinz Cannery and Eden Fishermen's Cooperative Ltd.

# Management Team

Picture Credits: **Paul Ferrabotta** Finance Manager, **Louis Dannoun** Supply Manager,  
**Ryan Skipp** Administration Manager, **Michelle Christo** Business Manager – Market Pride®, **Rahar Turk** Managing Director,  
**Jo Rotondo** Engineering Manager, **Roberta Muir** Sydney Seafood School Manager, **Robert Cliftonson** Operations Manager,  
**Nick Paton** Information Systems Manager, **Louis Nock** Marketing & Communications Manager.





## Top 20 Species by Value – 1 July 2007 to 30 June 2008

Position 07/08	Position 06/07	Species	Value \$	Weight in Kilos	Average \$/KG 07/08	Average \$/KG 06/07
1	3	Snapper	6,124,159	632,893	9.68	9.78
2	1	Blue Swimmer Crab	5,805,179	524,411	11.07	10.00
3	4	Mud Crab	5,725,113	243,090	23.56	23.35
4	5	Eastern King Prawn	5,424,641	288,579	18.80	19.15
5	2	Black Tiger Prawns - farmed	4,319,444	354,490	12.18	12.70
6	9	Yellowtail Kingfish - farmed	3,779,793	351,570	10.75	10.70
7	10	Tiger Flathead	3,548,403	596,760	5.95	5.66
8	6	Yellowfin Bream	3,131,018	315,086	9.94	8.32
9	7	Barramundi - farmed	3,056,811	309,152	9.89	10.16
10	11	Eastern Rocklobster	2,983,768	65,158	45.79	47.45
11	8	Yellowfin Tuna	2,573,576	286,114	8.99	9.79
12	12	Pipi	1,773,881	145,221	12.22	8.77
13	15	Pink Ling	1,734,478	207,321	8.37	8.13
14	13	Octopus	1,686,332	192,945	8.74	8.60
15	18	Ocean Jacket	1,579,024	575,181	2.75	2.74
16	14	Sand Whiting	1,552,468	123,904	12.53	12.72
17	20	Sea Mullet	1,416,607	543,875	2.60	2.75
18	17	Yellowbelly Flounder	1,333,174	121,743	10.95	9.84
19	--	John Dory	1,271,682	135,196	9.41	11.15
20	16	Bass Groper	1,239,671	110,787	11.19	11.51

## Top 20 Species by Weight (Quantity) – 1 July 2007 to 30 June 2008

Position 07/08	Position 06/07	Species	Weight in Kilos	Value \$	Average \$/KG 07/08	Average \$/KG 06/07
1	2	Snapper	632,893	6,124,159	9.68	9.78
2	3	Tiger Flathead	596,760	3,548,403	5.95	5.66
3	4	Ocean Jacket	575,181	1,579,024	2.75	2.74
4	6	Sea Mullet	543,875	1,416,607	2.67	2.75
5	1	Blue Swimmer Crab	524,411	5,805,179	11.07	10.00
6	5	Black Tiger Prawns - farmed	354,490	4,319,444	12.18	12.70
7	11	Yellowtail Kingfish - farmed	351,570	3,779,793	10.75	10.70
8	8	Eastern School Whiting	344,271	1,031,392	3.00	2.87
9	7	Yellowfin Bream	315,086	3,131,018	9.94	8.32
10	10	Barramundi - farmed	309,152	3,056,811	9.89	10.16
11	16	Eastern King Prawn	288,579	5,424,641	18.80	19.15
12	15	Mirror Dory	287,753	1,019,612	3.54	3.81
13	9	Yellowfin Tuna	286,114	2,573,576	8.99	9.79
14	14	Jackass Morwong	265,034	958,448	3.62	3.39
15	17	Mud Crab	243,090	5,725,113	23.56	23.35
16	--	Pink Ling	207,321	1,734,478	8.37	8.13
17	13	Redfish	207,157	616,251	2.97	2.40
18	12	Silver Trevally	200,249	944,485	4.72	3.36
19	--	Octopus	192,945	1,686,332	8.74	8.60
20	--	School Prawn	185,088	1,108,270	5.99	7.55









# Our People

At 30 June 2008, SFM employed 53 people to service its many and varied customers from all sectors of industry and the general public. The dedication of SFM staff continues to be one of the critical success factors in ensuring that the Company maintains and builds on its position as a market leader.

# Training & Leadership

Staff development and training continue to be a key focus in ensuring dedicated and motivated employees who are committed to achieving the Company's Mission, Values and Goals.

During the year, SFM staff attended and presented papers at the following conferences:

- Aquaculture Association of Queensland (AAQ) Conference
- Australasian Aquaculture International Conference and Trade Show
- Australian Fisheries Management Authority (AFMA) Information Summit
- Australian Institute of Food Science and Technology's Annual Conference
- Australian Marketing Institute Conference 2007
- Australian Prawn & Barramundi Conference
- Cherry Growers of SA Workshop
- CPA (Certified Practising Accountants) Conference
- Future Seafood Leaders' Workshop
- International Association of Fish Inspectors (IAFI) World Seafood

# Quality & Food Safety

Excellence in seafood quality and food safety with the objective of exceeding customer expectations continues to be the key focus of SFM's quality assurance systems.

SFM maintained its certification to the international standard ISO:22000 Food Safety Management Systems – Requirements throughout the Food Chain, the Australian Seafood Standard, and was the first company to be licensed to the Australian Fish Names Standard AS SSA 5300-2007.

SFM continues to work with government on food safety matters. SFM's Administration Manager Bryan Skepper is a member of the NSW Food Authority Seafood Industry Conference, and Quality, Safety and Environment Manager Mark Boulter is a member of the NSW Food Authority Shellfish Committee.

# Occupational





# Sydney Seafood School

Another 12,500 keen seafood cooks attended classes at Sydney Seafood School in the past year with corporate business continuing to grow, now representing over 21% of all Seafood School visitors and generating almost 30% of income. New corporate clients included National Australia Bank, NOVA Employment, Reckitt Benckiser Healthcare, Simbient Business Software and Vodafone, while regulars such as American Express, PriceWaterhouse Coopers, and Westpac Banking Corporation continued to entertain guests and reward staff with a private Sydney Seafood School cooking class.

Leading food, wine and equipment companies continued to seek alliances with Sydney Seafood School to place their products into the hands of passionate home cooks. All-Clad Metalcrafters supplied the School with 9 new sets of premium saucepans and frying pans and Sandhurst provided jars of their antipasto products for guests' sample bags. Miele, Breville and Füritechnics continued to support the School with cooktops and ovens, electrical equipment and knives respectively. The range of quality Australian and imported wines offered at classes continued to grow with sponsors such as Piper Heidseick Champagne, Howard Park Wines, Tyrrell's, Yering Station and d'Arenberg Winery.

Class occupancy rates ran at an average of 95% for the year, with the occasional poorly subscribed class usually being filled by a 'last minute 25% discount offer' sent to the 10,500 addresses on the Seafood School's email list. This list has proven to be a very successful sales and marketing tool, offering genuine value to loyal repeat customers while only discounting seats that would not have been sold anyway. The utilisation of the internet has provided further cost savings to the School as almost 50% of the mailing list now receive the program of classes, FISHline

News and all booking confirmations via internet rather than Australia Post, saving printing, stationery and postage expenses.

The Seafood School again worked with CIRA (Council of Italian Restaurants in Australia) to host their annual food and wine festival GUSTO in September 2007, generating a lot of media attention in the months leading up to the event and bringing extra visitors to the site on the day.

## Site & Operations

With a decision on site re-development still pending, last year saw mainly minor projects completed, with the aim of improving SFM's facilities for visitors and staff.

To improve facilities for patrons, SFM upgraded and enhanced the Sydney Seafood School dining room along with a refurbishment of the Exhibition Room. This has enhanced the experience for SSS customers and enabled SFM to host larger, more professional functions.

SFM provided additional power to the northern timber wharf for local and visiting vessels as well as implementing a new waste management system for site operators.

OHS is paramount to SFM, so the market floor sales area was resurfaced and linemarked to reduce the risk of slips or falls.

As part of SFM's commitment to the environment, and to reduce the amount of water used on the site, over 100 "Smart" water meters were installed to enable accurate computerised assessment of water usage around the site. This also enabled SFM to comply with Sydney Water's 'Every Drop Counts' campaign, which recognises water saving achievements by industry.

## Advancements in Technology

Over the past year, SFM has focused on implementing the most efficient systems and up-to-date technologies with the objective of exceeding both internal and external clients' expectations.

Systems have been enhanced to cater for the introduction of the Market Pride® product range and modifications have been made to existing transactional procedures to allow its sale. This has ensured that buyers are able to purchase the range through existing channels currently used to buyerjecosafood i to exisodu/(Site 22)40(e eu5 of Ita4 e ablt0 61osafg wual foos







The Board and Management of Sydney Fish Market Pty Ltd are committed to achieving and demonstrating the highest standards of corporate governance.

The relationship between the Board and Senior Management is important to the Company's long term success. Day to day

## Audit and Financial Reporting

Monthly financial reports are reviewed by the Board with actual results monitored against budget.

The Board appointed independent auditors PricewaterhouseCoopers to audit the financial statements in 1994. The performance of the independent auditors is reviewed annually and applications for tender of independent audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. The Board meets with the auditor at least once annually.

## Code of Conduct

The Company has developed a statement of values and a Code of Conduct, which applies to all Directors and employees. The Code was reviewed and updated as necessary on 2 April 2008 to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity.

In summary, the Code requires that at all times all Company personnel, including Directors, act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and Company policies.

This Code is discussed with each new employee as part of their induction training and all employees are asked to sign confirming their agreement.

## Risk Management Systems

A risk management framework has been implemented to ensure that risks are identified and controlled, especially in the areas of:

- Food Safety
- Occupational Health and Safety. This system, which is externally audited to international standards, enables the Company to:
  - monitor its compliance with all relevant legislation
  - continually assess and improve its operations
  - encourage employees to actively participate in the management of food safety and OHS issues
  - encourage the adoption of similar standards by the Company's principal suppliers and contractors

Work is continuing on integrating an environmental management system into existing business systems.

