



# Catering for the future







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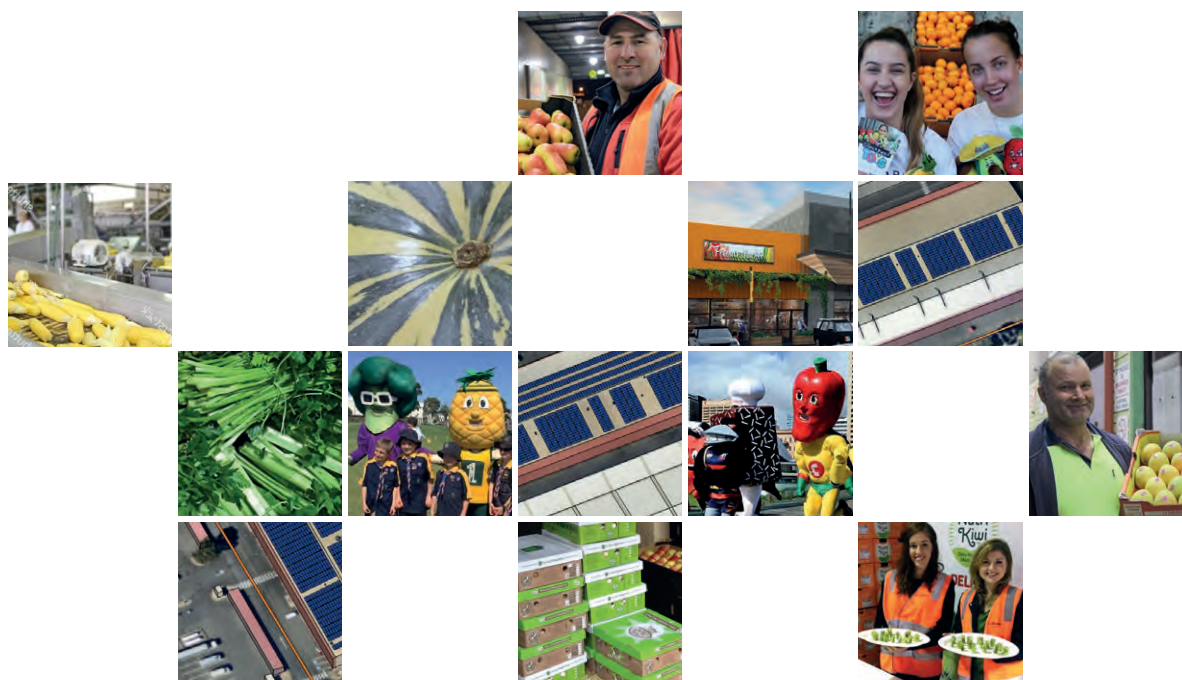
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## 2017 Highlights & Achievements

<b>Total Assets</b>	 <b>\$124.5M</b> 3.5% increase on 2016
<b>Net Asset Backing</b>	 <b>\$12.40</b> 0.8% increase on 2016
<b>Total Revenue</b>	 <b>\$15.6M</b> 3% increase on 2016
<b>Gearing Ratio</b>	 <b>32 %</b> 30% Gearing Ratio 2016
<b>Distribution per share (fully franked)</b>	<b>70 cents</b>





## Chairman's Report



### Dear Shareholders,

On behalf of the SAPML Board of Directors, I present the 2017 Annual Report for your consideration. The Group has had a successful year in terms of its operations and in implementing its strategic objectives. A comprehensive report of the Group's activities is set out in the CEO's Report.

As part of the Group's five year strategic plan, the decision was made to focus on future development and asset acquisitions that have a connection with the Market site or the fresh produce industry. During the past financial year there has been a focus on developing plans for the Group's vacant land. As noted in the CEO's report, detailed plans have been developed for the vacant portion of the Market site on Burma Road and the small parcel of land facing Main North Road. The CEO's report sets out details about the proposed development. These plans propose uses for the relevant sites that relate to the fresh food industry. Whilst the Board and Management are eager to develop these sites, until there are binding lease pre-commitments from potential tenants the development work will not proceed.

As many shareholders may recall, in 2016 fiscal year SAPML purchased a strategic stake in Perth Markets Ltd (PML), the owner of the privatised Perth wholesale fresh produce market. During this fiscal year there was an opportunity for SAPML to increase its stake in Perth Markets Ltd. SAPML now holds a 12.93% stake in PML. The owner of Brisbane's wholesale fresh produce market, Brisbane Markets Ltd (BML), also holds a significant stake in PML. The owners of all three markets have agreed to work collaboratively on a range of market operation and industry issues that affect all markets going forward. I am excited at the prospect of the three markets working closely to add value to our organisations and to the industry as a whole.

During the 2017-2018 fiscal year the focus of the Board and Management will be on the operations of the Market and, in particular, dealing with a significant number of Market leases that are to expire by October 2018. As all of the leases that expire during October 2018 do not have rights of renewal, the Board and Management will take the opportunity to review the tenancy mix within the Market. Some larger tenants have expanded their operations and have sought additional space. In doing so their leases have been renewed and extended.

As noted in the CEO's report, the Board has approved a solar and diesel generation project worth \$7.4m. The challenges

to electricity supply and pricing have been well documented in the media lately and the Board believe it is imperative that the Market secures the reliability of electricity supply and finds ways to protect the Market from price increases. The solar system and diesel generator will provide critical infrastructure which will protect Market tenants from power blackouts and will provide some relief from electricity price increases. We believe that this project will provide the Market tenants with a competitive advantage to fresh produce wholesalers located outside the Market in ensuring electricity supply and achieving the best available electricity pricing. It is important to note that part funding for the project has been sought from the South Australian Government. At the time of printing this report, final approval of funding has not occurred. The Board of SAPML has decided to approve the project irrespective of the government funding. Given the importance of electricity in the fresh food industry, putting it off for another summer was not sensible. Critically, bank funding will meet the Clean Energy Finance Corporation criteria and will attract a discounted finance rate. The finance will also be an equipment finance loan so it will not affect the current banking facilities, with the bank taking security over the Solar plant.

During the past financial year, Goodman Group sought to assign their ground lease of the 18 hectare parcel of land adjacent to Market land. Goodman has developed an industrial park estate on this land. The SAPML Board consented to the assignment of the lease to a subsidiary of the Blackstone Group, a large international private equity group. The assignment was subject to the provision by Blackstone of a significant bank guarantee to SAPML as a form of security of the lessee's obligations pursuant to the lease. There are in excess of 37 years left of the lease term including three rights of renewal of 10 years each.



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The Group's core long term debt as at 30 June 2017 is approximately \$33.5m. The debt facility is comprised of:

- Market Rate Loan \$4,500,000 expiring 18/01/2018
- Market Rate Loan \$1,000,000 expiring 01/10/2018
- Market Rate Loan \$26,032,000 expiring 02/10/2018
- Market Rate Loan \$2,000,000 expiring 29/03/2019

In total, the Group's debt as a proportion of the value of its real estate assets (LVR) (as determined by valuation) is 30%. and this represents a conservative weighting of debt which in turn permits the Group to consider developing its vacant land and purchasing other strategic assets going forward if the right opportunities present themselves.

In terms of the Group's accounting and compliance function, I am pleased to report that John Edwards has been employed as Financial Controller to work closely with Group Accountant, Anil Anora. Whilst the position is a part-time role, John brings a wealth of experience and ability which has already elevated the reporting and compliance capability of the Group. During the year the Group also entered in to a swap rate to fix 30% of its non-current Borrowings for a 5-year term. One of the projects that John and Anil will be working on is improving the treasury management of the Group's cash holdings to ensure a better interest rate return.

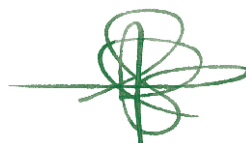
Another matter that has been raised by shareholders from time to time is the size of the Board of Directors. Given the relatively small size of the Group when compared with listed entities there is a view that a smaller Board is warranted. The size of the existing board is a function of the Constitution which entrenches a certain number of directors from each of the three industry classifications. It is possible for the Constitution to be amended so as to reduce the size of the board however this is likely to require approval by special resolution of each industry class. Given the number of years that the current structure has been in place, if there is a mood for change, it is a good time to review the structure and seek shareholders' views in relation to this. I intend to raise this matter for discussion at the upcoming AGM but would be happy to discuss this matter with shareholders.

With respect to the Group's performance, results have been significantly and positively affected by the valuation gain of the Group's real estate assets. As required by accounting standards, the valuation gain has been brought to account. The Group's core assets continue to provide a stable income and bank borrowings remain low even after the Burma Road and PML acquisitions. Accordingly, the Board has decided on an interim dividend of 35 cents per share which will be paid in December 2017.

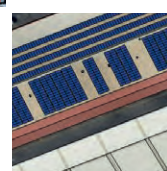
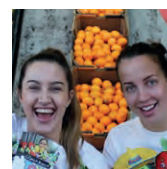
It is with much sadness that the Board of Directors, Management and Staff of the South Australian Produce Market farewelled Paul Pogas, a much respected and valued Wholesaler within the Market Community. Paul was an exceptional Wholesaler and an excellent Grower who took the pride and care in the produce that he marketed. He was an honest man who showed true leadership qualities and in his time as President of the SA Chamber of Fruit and Vegetable Industries and strengthened and unified relationships within the Market sectors. He will be sorely missed by us all.

On behalf of the Board I thank our Chief Executive Officer, Angelo Demasi, and his management team for all their diligence and dedication to SAPML and its stakeholders. It has been a busy and challenging year given the number of strategic projects which Management has had to deal with in addition to the usual function of running the Market and Group in a professional, transparent and conscientious manner. I also thank each member of the Board for their valued contribution.

Yours sincerely,



David Schirripa  
Chairman



## CEO's Report



### Financial Results

We have completed our second year since the Boards endorsement of the Companies 5-year Strategic Plan and continue to transform our business whilst maintaining our Market operations and property portfolios. The focus of our transformation has been to ensure the Market continues to play an integral role in the Fruit and Vegetables supply chain, catering for the future needs of its stakeholders. This has been achieved whilst continuing to strengthen our balance sheet through a mix of favourable property valuations and share acquisitions.

South Australia and the Market experienced a challenging year in 2016/17 including floods in Virginia, extremely high prices in electricity, a state-wide blackout that affected the Market and a fire within one of the Market's switchboards. Despite this, property assets for the Group achieved a gain on revaluation in 2017 of \$1.59M, following on from two significant increases in revaluation reserves in 2015 and 2016 of \$9.99M and \$9.07M respectively. The smaller valuation increase this year is one of the main reasons for the significant decrease in profit before income tax compared to last year. This year's valuation increase was mainly a result of the increased valuation of the land leased to Gallop Australia Sub TC Pty Ltd, a subsidiary of Blackstone Group, as reported by Chairman David Schirripa.

Further to the Chairman's Report, our stake in Perth Markets increased from \$5,275,000 to \$7,894,159. With the increased revaluation and the share acquisition in Perth Markets, Gross Assets for the Group increased to \$124.5M from \$120M in 2016. As a result of this investment, gearing has marginally increased from 29.5% to 32.3% while the Net Asset backing has increased from \$12.30 in 2016 to \$12.40 per share in 2017.

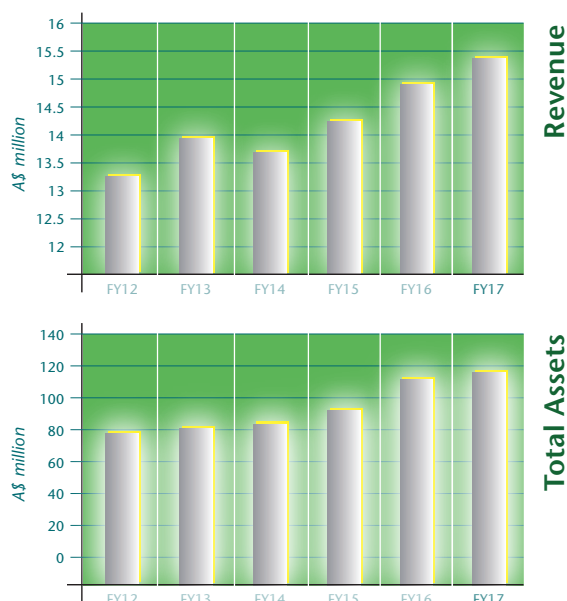
During the 2017 financial year 46,666 shares were traded at an average selling price of \$15.81 per share, compared to 44,200 shares traded at an average selling price of \$9.76 per share in 2016.

Revenue for 2017 increased to \$15.6M (2016: \$15.1M) with the growth continuing to be attributed by the new businesses and property acquisitions undertaken in line with the Company's 2015-20 Strategic Plan.

Whilst implementing some of the transformation strategies, short-term profitability continues to be adversely impacted by the increased costs of activities such as developing our new food precinct, our solar on-site power generation project, our export business and the cost of the new Burma Road recycling businesses.

The Recycling business was reviewed after 12-months of operation and a decision was made to wind up the business at the end of September 2017. The cost of labour in providing these services

was not sustainable going forward. The business was acquired as an indirect result of purchasing the property and was not the main objective of SAPML's acquisition in 2016. Net profit after tax from continuing operations (excluding revaluation gain and income tax) for the 2017 year was \$5.23M, a decrease from \$5.45M in 2016.



### Valuation

The Market site was valued at \$64.4M compared to \$65.15M in the previous year showing a decrease of \$0.75M. The valuer opted for an 8.96% capitalisation rate compared to 8.9% in the 2016 financial year.

The Group's land leased to Gallop Australia Sub TC Pty Ltd was valued at \$29M in 2017 compared to \$26.7M, in 2016, an increase of \$2.3M. This was mainly due to a reduction in the capitalisation rate, moving from 5.97% in 2016 to 5.66% in the 2017 financial year.

With a new 5-year lease negotiated in 2016 the yield remained steady as per the previous year.

The effect of the increased valuation this year can be explained as follows:

Valuation @ 30/6/16	\$109,865,000
Additions at cost	\$14,180
Depreciation expense	(104,389)
Revaluation increment	\$1,590,209
Movement in Valuation	\$1,500,000
Valuation @ 30/6/17	\$111,365,000



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## Leasing

2017 has seen the commencement of reviewing our tenancy mix and securing longer term leases with key stakeholders within the Market. This project will continue during the 2018 financial year leading up to the expiry of a number of store leases in October 2018. Ensuring we continue to maintain a 100% occupancy rate across store, warehouse and commercial facilities.

As reported last year, management has continued to develop a master plan, taking into account some of the stakeholders' requirements and will continue to work through this with existing and new tenants.

The merger of LaManna and Premier Fruits Group also presented an opportunity to enter into a long-term lease with the new Group which has now established a 6,140 sqm footprint within the Market. A number of other wholesale store leases have also been negotiated on longer term leases prior to the leases expiring in October 2018. Consolidation of the wholesaling sector is occurring on a national basis and will continue in the next few years.

The weighted average lease expiry (WALE) of leases, within the Market precinct, has increased to 3.33 years at the time of writing this report. This compares favourably to a WALE of 2.59 years as at 30 June 2017 and a WALE of 2.74 as at June 2016.



## Burma Road Property

The Burma Road facility comprising 5,046 sqm in lettable area and 1.4ha of land had some tenancy changes during the year with one secondary wholesaler leaving the premises and an additional two tenants including secondary wholesaler, Mighty Fresh and a longstanding Market transport company, Wakefield Transport, taking up 388sqm and 1,494 Sqm respectively. The current rent stands at \$340k compared to \$260k for the previous year. The rent in both years included an imputed rental for the recycling business which closed on 30 September 2017 with currently 2,000sqm up for lease.

The site was master planned in order to obtain optimum land utilization however it was decided to keep the site the same with minor alterations to the existing vacant building including a possible canopy and concrete realignment. Agents Alliance has been appointed as leasing agent for the property. No capital works will be done on the property until the property is leased.


**AGENTS ALLIANCE**  
 COMMERCIAL REAL ESTATE

**For Lease**

Unit 5 / 9-15 Burma Road  
 Pooraka SA 5110

### Versatile Warehouse Workshop

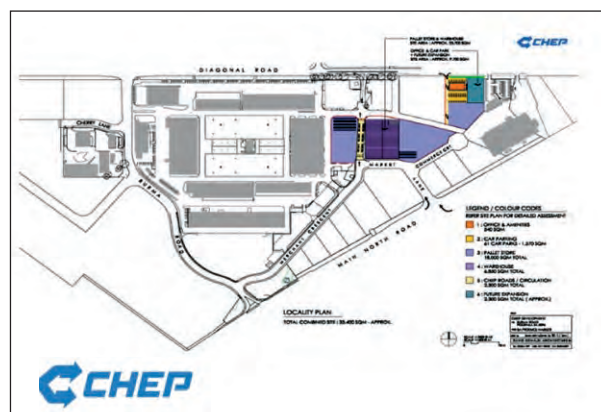
- > Building Area Approx - 500sqm 1,350sqm or 1,924sqm
- > Zone: Industry Salisbury > Portion or Whole of Building
- > Wholesale Produce Market Precinct > Realistic Market Rent
- > Suits Transport or Mechanical Service > General Horticulture Industries

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## Vacant land Eastern side of Market site

SAPML vacant land has been marketed for lease on a local, national and international basis by JLL since 2015 with proposals submitted to CHEP Australia to relocate the CHEP State office and main facility to the site. Although these discussions have been put on hold due to CHEP's national review, we have been able to utilize a smaller footprint using the current CHEP yard located within the Market. Management have been working with CHEP for a number of years on equipment rental reform within the market. South Australian Produce Market has recently kicked off a pilot project introducing plastic crates and bins within the Market system. Additional area has been leased to CHEP for this project. If the pilot project is successful then it may still be possible that a larger footprint is built.



A Memorandum of Understanding between Steritech and SAPML to locate their facility within the Market did not proceed after a business case funded by the State Government and Steritech was conducted in establishing a Bio Security export facility within SA. Unfortunately the Victorian Govt funded \$5M for the facility to be located in Epping Market. SAPML continue to explore other opportunities in this area.



### Market Operations / Capital Works

Technology has brought us to a paradigm shift to the digital world with the introduction of a multi-functional tool, the Digiclip Safety app. It has affected all aspects of business, from the way we track success to the way we manage our documents. iPads are now used to provide real time reporting and instant accessibility while on the market floor which in turn informs management via an automated email of incidents, reports, timesheets and issuing sanctions, etc. for easy reference.

Ultimately, the Digiclip Safety app system provides reporting about Workplace Health and Safety, Environmental Management and Quality Programs and is a paperless system. The system is backed up on the cloud.



In December 2016, 80% of the Market's electrical supply failed which left the Market in total darkness. Due to severe weather conditions advertised the day before, our electrician was on site as part of the company's disaster recovery plan. At 5.00am we lost power and at the same time, we were advised that there was an explosion at the main switchboard which services Shed H. Our electrician was asked to proceed to Shed H to investigate as the switchboard had caught fire.

The Emergency Services were called and the MSF attended the site which deemed the switchboard to be safe. Our electrician reported back that the explosion had disengaged three-quarters of the site's electrical high voltage supply which caused the blackout. Works began to restore power. Supply was re-instated once the High Voltage system was reset which was completed in a couple of hours when power was restored to the site apart from Shed H.

In order to provide electricity to the Lessees affected in Shed H, a generator was sourced locally and in place within two hours with full power restored within 14 hours.

A new switchboard then had to be designed, manufactured and supplied. It was installed on 29 February 2017. The new switchboard incorporates far more safety mechanisms that if in future, an electrical issue occurs within the board, it does not impact the transformer and will therefore, not disrupt the site's supply.

The total cost of the repairs of the new switchboard came to \$151k which was covered by SAPML's Fusion Insurance and no counter claims were received due to the speediness of the repair and the efficiencies and professionalism of SAPML staff and our electrical engineer, C & J Electrical.

For the first time in the Market's history, operations were suspended due to a result of a state-wide blackout. An incident involving infrastructure near Port Augusta at 3.48pm on 28 September 2016 prompted the failure of the entire SA electricity network. Emergency Procedures were initiated and communicated to the Market Users via text message. These Procedures were to close the Market for the first time in Market history. Power to the Market site was fully restored at 2.00am the next day. The impact on businesses within the market and potential revenue loss was estimated to be approximately \$200k.

### Energy

At the September 2017 Board Meeting, the SAPML Board approved the installation of our onsite solar PV and backup and spot price mitigation generation system. As reported last year, SAPML management have been extremely busy exploring all options for the site including addressing the possibility of future blackouts. With the installation of our Solar PV and Backup system, the Market will have a system that will reduce our demand from the electricity grid, providing protection against high spot prices and consequently save costs. Tenants will have the added advantage of uninterrupted power as a result of the backup diesel generators.

During February 2017, SAPML placed Expressions of Interest in the media seeking companies wishing to participate in a nationwide tender to ensure all options for our site were available to be considered by Management. Consultants GHD and CQ Partners were appointed to assist in the process.



## Catering for the future

Nineteen EOI's were received with nine companies meeting the engineer's minimum selection criteria who were then asked to submit tenders. Out of the nine tenders received, four tenders were shortlisted to work through the different options. After careful deliberation, Autonomous Energy were awarded the contract for \$10.5M from which the SAPML Board has approved in stages including Stage 1 of \$7.4M for a 2.5MW PV solar system, 2.5MW diesel generator for back up and spot price mitigation and smart switching technology which will be a first to be installed on a commercial site like ours. This technology will forecast when to produce power on site or purchase off the grid which will reduce our power costs and provide onsite power back up. As reported by the SAPML Chairman at the time of writing this report, we were waiting for a significant State Government grant application to be approved. If the grant is approved we will introduce Stage 2 which includes a 1MW battery storage system providing further saving and spot price mitigation. Phase 2 of the project which is subject to the Government Grant will be \$3.1M.

The energy market is in disarray as power generators shut down coal generation forcing businesses to look at innovative ways to reduce energy prices and provide onsite power back up systems. Lessees should enjoy reliable, efficient and reduced power costs once the full system is in place.

Planning and approval process from the different power regulators has commenced with the procurement process currently underway. Completion of the project is anticipated to be early 2018.

### South Australian Produce Market Food Precinct Expansion



As reported last year, work commenced in 2015/16 on the Site Master Plan and I am delighted to report Local Council Planning approval for our Precinct Expansion was granted in early 2017.

The Food Precinct Expansion will be located at the SAPML Pooraka site behind Building H and fronting Main North Road.



The Centre will provide small to medium food processors the opportunity to take their businesses to the next level. It will capitalize upon SAPML's existing annual trade of fresh produce between our current market users.

The Precinct will enable operators to process and provide fresh fish, meat, baked goods, ready meals and fresh produce to both wholesale clients and retail customers.

Retail study by independent consultants Macro Plan Dimasi indicated this project is a way to service the rapidly growing North, North-Eastern and North-Western populations that are currently underserved.

The project will also compliment other food initiatives and developments including the combined State and Federal Government Northern Adelaide Irrigation Scheme. (NAIS)

This Food Precinct Expansion is ideally situated adjacent to Main North Road to capture household customers from throughout Northern Adelaide and it builds upon SAPML's strengths in logistics and fresh produce and export consolidation.

The facilities will meet customer and food compliance requirements for local and export markets with shared infrastructure and amenities to remain cost effective for tenants. We also want to link prospective tenants to export markets through the South Australian Produce Market export strategy.

It is intended that a feature of the Food Precinct Expansion will also be a cooking and education centre to enable the public and school children to understand the benefits of cooking and consuming fresh products and produce. As reported by SAPML Chairman, the project will only be built once leases and firm commitments are made.

Registrations of Interest to lease opened in September 2017 and we are currently negotiating with numerous South Australian successful small and medium sized food processing companies and retail groups.

It is anticipated if contracts are completed, the Precinct will open within two years.



### Market Fresh SA Pty Ltd

Market Fresh SA Pty Ltd, an initiative of the South Australian Fruit and Vegetable Industry, continues to work with the South Australian Produce Market and the SA Chamber for Fruit and Vegetables to promote fresh produce, family-owned retailers and the local supply chain.



**Nadia Boscaini**  
Marketing, Events and  
Promotions Coordinator

During the 2016-2017 financial year, the Pick A Local, Pick SA! marketing campaign saw an increased investment in an integrated marketing approach using television, radio, print advertising and a range of other marketing channels to introduce and establish the new, revitalised campaign.

Funding saw the production of the first Pick A Local, Pick SA! television commercial aimed at encouraging families to pick local ingredients and retailers and saw the development of a series of radio advertisements featuring advocate Callum Hann and local Adelaide personality Hayley Pearson.



These activities, complimented by working with local media, enabled the Pick A Local, Pick SA! campaign to grow and continue to gain traction in the community.

Market Fresh SA continued to provide promotional fee for service work in 2016-2017, working with local wholesalers and retailers to create in store experiences for their customers as well as providing the Wholesale Price Report to local and national customers. These activities continue to deliver the Market Fresh SA objective of increasing the volume of produce sold through our market through the independent retail sector.

The Market Fresh SA Board welcomed Nadia Boscaini as a Marketing, Events and Promotions Coordinator. Nadia comes with experience as a journalist and public relations advisor as well as skills in event management and planning, communications and marketing. Nadia's experience working with start-up and small to medium sized businesses, in a variety of roles ensures that the strategic plans are implemented and new ideas continue to be developed.

We look forward to this new stage of development, working with Nadia as she continues to implement the Marketing Plan.

### Foodbank Milestone

Further to my previous report I am delighted to report that over one million kilograms of fresh fruit and vegetables, worth over \$2.5 million, has been donated by South Australian growers to Foodbank SA through the market facility.

The fruit and vegetables have been used by Foodbank SA to provide more than 5 million meals across South Australia, to families in need.

South Australian Produce Market Limited (SAPML), growers and wholesalers donate fresh fruit and vegetables every day, which are then distributed across the Foodbank SA's network of 500 welfare agencies.

Over 100 horticulture businesses work with Foodbank SA, donating produce either through the Market or direct from the farm gate or packing shed.

The food is distributed to more than 85,000 marginalised South Australians each month, one third being children.

When we started this partnership, we were only receiving 100,000 kilograms as donations per year. To see annual fruit and vegetable donations hit one million kilograms annually is amazing. It makes a significant difference to the support we can provide families in SA who struggle to put food on the table.

The Foodbank SA partnership with the SAPML was an Australian first, with Foodbank Queensland now trialling a similar program.

In 2012 SAPML and Foodbank SA embarked on a vision to grow our 100,000 kg of donated fresh fruit and veg to one million kg by providing Foodbank a state-of the art refrigerated warehouse facility at the Market. We are delighted to have reached this milestone. This fresh produce milestone could not have been possible without the generosity of our growers and wholesalers who have made fresh fruit and vegetables available. It is essential Foodbank SA continues to provide food relief to people in need.





# Catering for the future

## Fruit & Vegetable Export Development

As reported in 2015/16, the establishment of an export arm (Australian Produce Collective (APC)) is another strategic pillar which is catering for the future of the Market, our Growers and Wholesalers. The initiative has continued to provide many focal points on a state, national and international level. The Premier of South Australia used our export facility to launch the \$110M Northern Adelaide Irrigation Scheme (NAIS), and APC hosted a breakfast for Hort Connections, the largest Horticultural conference ever held in Australia. On an international basis, all Agricultural overseas inbound delegations have come to the market in 2017.



APC was set up to fulfil a number of different requirements:

- create an entity that would benefit the tenants of the Market and increase volume of produce being sold;
- establish an export hub that would highlight the Market innovative thinking;
- open new channels of international engagement which would result in more effective in-bound delegations;
- leverage new opportunities that would arise for the retail precinct project.

These requirements are part of the strategic plan for the Market to cater for the future and in the short period of time we have started to achieve these objectives.

The export market in Australia is highly fragmented and opportunistic with consolidators reacting to enquiries from importers, always based on price which has led to growers constantly being squeezed on price, second grade produce being sent as a result and inconsistency of orders. All this has caused the exporting of fresh produce to remain an afterthought for the majority of growers.

The APC model looked at all of these aspects and created a complete supply chain solution, eliminating many overseas middle men, dealing direct with the retailers and gaining valuable insights into consumer consumption trends which would result in new product varieties, consistency of ordering and knowing exactly where and what is happening to the produce being sent.

This model is an extremely complex model to setup, develop and drive given the complexities of each part of the business

The primary focus of APC is on the growers, understanding their produce, seasons, packaging requirements, on farm operations and capabilities. APC have spent the first six months meeting with the majority of growers and wholesalers in the Market to discuss the APC model, trying to get the buy-in to this new approach.

With all products being packed under one brand, Fresh Please, APC has been trying to deliver packaging to as many growers as possible so packing can be done on farm. However, again, as volumes were in the start-up stage, this has taken some time to achieve which is time consuming and labour intensive. A review in this area was conducted and changes are currently being made.

APC started in November 2016 initially within a temporary facility using Store 53. The opportunity to negotiate with the LaManna Premier Group for their facility in Store 44 and 45 provided the best cost effective opportunity for the start-up business, APC. It was always planned to have a dedicated export facility that housed an inspection room and a number of cold rooms. APC was able to send their first orders out from this facility in February 2017, bringing the four-month's year to date sales figures to \$376k.







The importance of the dedicated facility was one of the key requirements in providing a more efficient supply chain. The new facility was upgraded and was accredited for export at the end of January 17. Since then, the Market has an exported accredited registered premise for conventional and Organic Fruit and Vegetables and employs one of three Authorise Officer's in the country (most qualified in the State) to cover the full range of fruits and vegetables. The accreditation means APC has the capability of supplying protocol countries, and this is one of APC's advantages as we develop the business activities internationally.

Fresh Please is about consumer education, working with retailers to engage with consumers to tell them about the nutritional benefits, taste and quality of Australian and Fresh Please produce. APC have done a number of engagement strategies, such as an extremely comprehensive website that is now consumer friendly and can be accessed by QR codes on all Fresh Please packing. The website has content that educates about the benefits of Fresh Please, recipe cards that relate to a range of seasonal produce with demonstration videos online which are easy to follow and tasty. There are also regular updates for buyers about what is happening in the Australian markets and what produce is coming into season, etc. This is a full end to end value chain that has been created, and is something unique and innovative.

It has taken time to reach the stage where we can focus on sourcing and selling the best local produce to a growing number of international clients. This is the focus for the year ahead and with our clients now doing weekly orders, up from a few cases when we commenced this has already begun.

In 2015/16 the APC team visited a number of countries, including Qatar, Dubai, Singapore, Japan, Hong Kong, Malaysia and Thailand - some private trips, others as part of a delegation

or trade mission. This has been vital in understanding how retailers work in different countries, consumer preferences, getting to know importers as well as seek out other opportunities.

The 2017/18 financial year will focus on building sales and markets with bulk unbranded and branded produce.

As stated, last year was about building the foundations that will enable us to focus on sales. Establishing the company, with all of the various registrations, packaging, marketing as well as building sales networks, it was a busy year with the small team of four pulling on their export experience to ensure as much of the foundation had been laid.

In 2015/16, I reported that we entered an MOU with IM Holdings who are building a cold storage facility which we were hoping to use as a centralised distribution centre for Australian products. We are continuing to discuss these opportunities and we have hosted a delegation from Singapore to review our options moving forward. The Singapore market is a well-established mature market with long term established partnerships with the added issue of limited air cargo out of Adelaide. These are some of the challenges we will continue to work around.

After a mid-year review of the business model, we have also established an opportunity to consolidate and trade other branded produce through the business which will be implemented in 2017/18.



# Catering for the future

## Industry Matters

### SA Flood Appeal 2016

Growers in Northern Adelaide Plains were affected by floods in October 2016 with devastating affects to their livelihoods and the State vegetable production. The South Australian Produce Market Limited was instrumental in proposing a SA Flood Appeal and partnered with Foodbank SA, The Horticultural Coalition of SA and AusVeg SA, to run a sector-wide industry appeal. Although an initial target of \$100,000 was set, SAPML and its industry partners were instrumental in raising \$152,000, thanks to significant contributions made by SAPML, Fresh Markets Australia, IGA and the South Australian Government.

The funds provided growers with money to purchase much needed seedlings helping in re-establishing viable crops for the 2016 summer season.



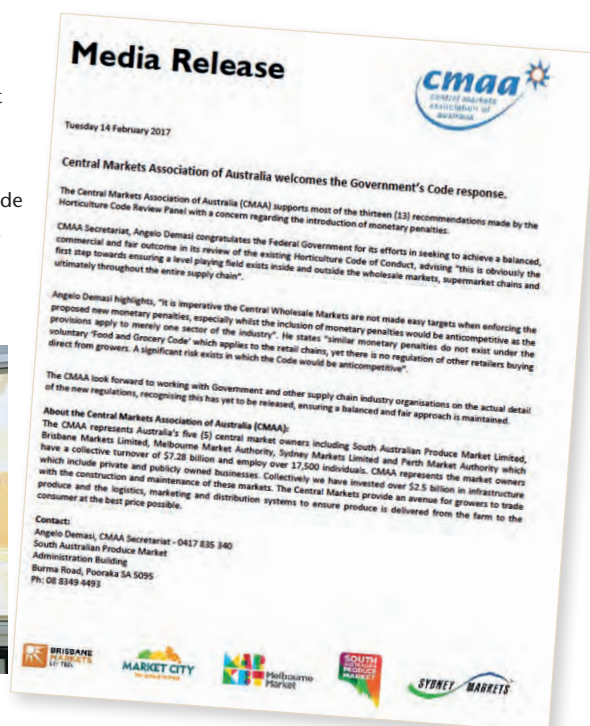
### Horticultural Mandatory Code of Conduct

SAPML, as Secretariat of CMAA, played an integral role in negotiating the Mandatory Code with the Federal Government by ensuring the Wholesale Markets were not disadvantaged. The Central Market Association of Australia (CMAA) supported most of the 13 recommendations made by the Horticulture Code Review Panel. The code is a much better code now than where it was when it was introduced and we continue to ensure the Markets get a fair go.



### Hort Connections in Adelaide in 2017

It has been many years since we have been advocating for one major horticultural industry conference in Australia. Finally, in 2017 AUSVEG, PMA and FMA/CMAA combined by having one of the largest Horticultural conferences ever held in Australia and Adelaide was lucky enough to be the first to host this event. We were also instrumental in making the partnership occur, bringing the parties to the table to make it happen. Over 2,000 industry people attended the 2-day event which included a market tour where wholesalers and growers within the Market, including our export business and show cased their produce to national and international buyers.





## 2015-20 Strategic Plan and Future Outlook

We are two years into our strategic plan, entering our third year and we have completed the groundwork for all our key strategic pillars. These pillars include;

- the land utilisation plan with the food precinct expansion currently being marketed,
- commencement of our on-site energy plan with solar and backup system,
- investment in Perth Markets,
- export plan completed and already exporting to overseas markets,
- completion of master plan;
- commencement in negotiations of Market leases; and
- continual review of all our business units and Market operations.

It is important to understand the forever changing landscape in South Australia and the challenges we face with the closure of the Manufacturing industries and transformation of the new economy from these industries to new business sectors, the ongoing proliferation of retail markets and the aggressive expansion into Australia of offshore discount grocery retailers and online platforms like Amazon. With these threats also come opportunities. Wholesale markets like ours will continue to play a pivotal role in the supply chain. Our 2015-20 Strategic plan has catered for the current and future transformation of our economy and will continue to evolve in order to take advantage of our Market's strength. The Board and management continue to work with local and national stakeholders to ensure the Wholesale Markets work together to build on our local heritage to ensure we strengthen our role in within the supply chain.

It is important that we, as a business, continue to remain competitive in the market place and we continue to review the way we operate and review our cost of doing business. While the BDO review undertaken in 2015 was implemented during 2015 and 2016, in 2017 the departure of our previous Finance Manager created an opportunity to review the finance function. The Audit, Corporate Governance and Finance Committee reviewed the roles within the finance department and employed a part-time Financial Controller, John Edwards who will oversee the Accounting and Finance function of the business. This change has already started to pay dividends for the business and I am pleased to provide shareholders the team and structure that will help shape our business moving forward (refer to Organisational Structure – page 56).

2017/18 will be an extremely busy year where we will continue to market and develop our food precinct concept, build the onsite solar and power generation before the summer period is in full swing, deal with store leases that expire in late 2018, continue to review and develop the export business and further review operational costs in order to continue to reduce the operating costs within the Market.

The Brisbane, Perth and South Australian market management teams will work closely together to review opportunities where we are able to synergise and streamline some of our operational and business functions.

As stated last year, it is imperative that we continue to be innovative like our founders were in 1988 becoming the first privatised Market in Australia and, although we may not succeed in all our opportunities, it is important we continue to be innovative in our thinking in order to be a dominate force within our sector.

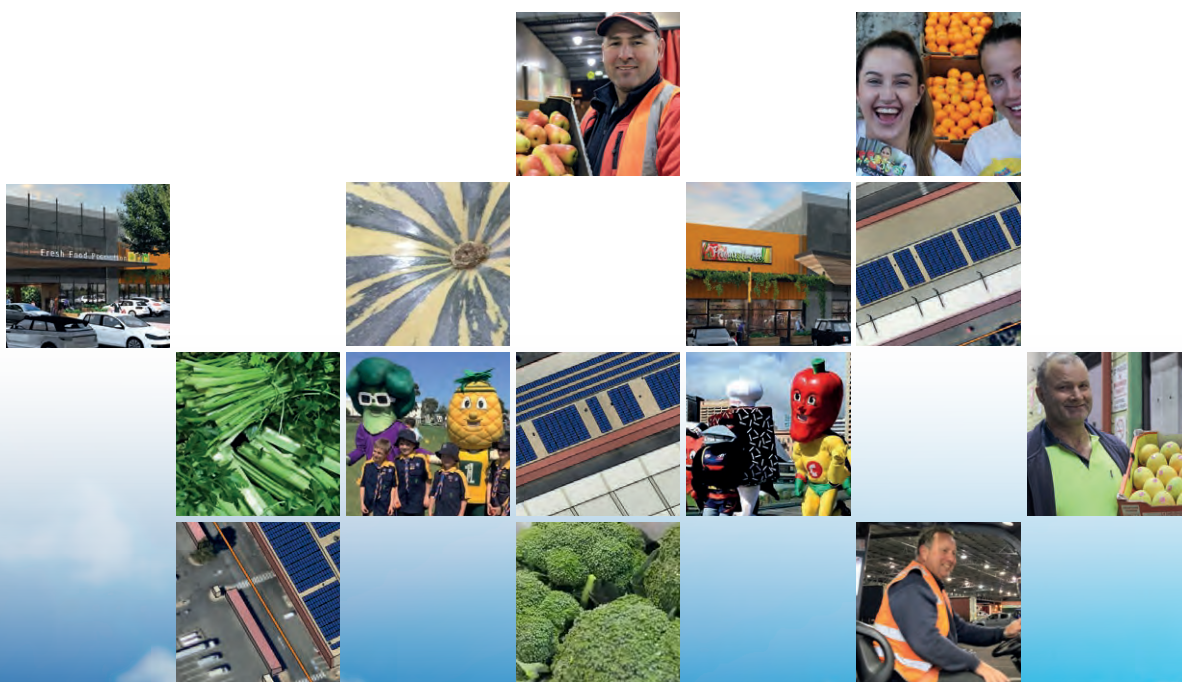
I would like to take this opportunity to welcome our new team members and thank them and existing members for what has been another challenging year. I thank them for bringing a positive attitude to work every day which makes projects easier to execute, changes become easier to implement and problems become easier to solve. I look forward to the positive attitude and working together in further improving our business now and into the future.



**Angelo Demasi**  
Chief Executive Officer









## Directors' Report

Your Directors present their report on the parent company (South Australian Produce Market Limited) and its controlled entities, (Consolidated Group), for the financial year ended.

The names of the Directors in office at any time during or since the end of the year (until the date of this report) are:

- Mr David Schirripa (Chairman)
- Mr Nicola (Nic) Minicozzi (Deputy Chairman)
- Mr Pasquale (Pat) Scalzi
- Mr Daniele (Danny) De Ieso
- Mr Antonio (Tony) Ceravolo
- Mr Michael Ruggiero
- Ms Christine Scalzi
- Mr Girolamo (James) Fragnito
- Mr Derrick Patterson

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

### Company Secretary

The position of Company Secretary is held by the Consolidated Group's Chief Executive Officer, Mr Angelo Demasi.

### Principal Activities

The principal activities of the Group during the financial year were the management of the wholesale market, the position of related market services and related property investments. No significant changes in the nature of these activities occurred during the year.

### Operating Result: Summary

	Consolidated Group	
	2017 \$	2016 \$
Consolidated profit before income tax	6,818,822	14,521,776
Revaluation (loss)/gain included in consolidated profit	1,590,209	9,069,190
Consolidated profit before income tax, excluding the revaluation gain/loss	5,228,613	5,452,586
Current income tax payable	1,628,849	1,518,897
Consolidated profit after income tax excluding revaluation gain/(loss)	3,599,764	3,933,689



## Directors' Report

### **Dividends**

The dividends paid and declared to be paid since the start of the 2017 financial year are as follows:

- Fully franked final dividend of 35 cents per share (for the year ended 30 June 2016) paid in December 2016, as declared by the Directors: \$2,021,096.
- Fully franked interim dividend of 35 cents per share (for the year ended 30 June 2017) paid in May 2017, as declared by the Directors: \$2,021,096.

### **Review of operations**

A review of operations of the Consolidated Group and the results of those operations are contained in the accompanying Chairman's and Chief Executive Officer's Reports.

During the year the Consolidated Group continued to engage in its principal activities, the results of which are disclosed in the accompanying financial report.

### **Significant changes in the state of affairs**

No significant changes in the state of affairs of the Consolidated Group occurred during the year.

### **After reporting date events**

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

### **Future developments, prospects and business strategies**

Future developments, prospects and business strategies in the operations of the Consolidated Group are referred to in the accompanying Chairman's and Chief Executive Officer's Reports.

### **Share options**

No options to have shares issued in the Consolidated Group were granted during or since the end of the financial year and there were no options outstanding at the end of the financial year.

### **Environmental issues**

The Consolidated Group has complied with all environmental regulations under the Commonwealth or State legislation.

## Directors' Report ...**INFORMATION ON DIRECTORS**



### **MR DAVID SCHIRRIPIA**

*Director and Chairman*

#### *Qualifications:*

- Lawyer LLB (Hons) GDLP
- B. Econ.(Accg)
- Notary Public

#### *Experience:*

- Involvement in fresh produce industry at grower, wholesale and retail level
- APML Director from November 2004 to November 2007 including period as Deputy Chairman
- Director - Schirripa Evans Lawyers, a private client and family business commercial law practice
- Director - Schirripa Orchards Pty Ltd
- Director - Perth Markets Limited (as a representative of SAPML and it's shareholding in the company).
- Total director fees received for 2016/2017 from Perth Markets Limited was \$18,068.88

#### *Registered interest in shares & options:*

273,623

#### *Attendance:*

Meetings of Directors 1 July 2016 to 30 June 2017 (for the Consolidated Group)

#### *Board Meetings:*

Number eligible to attend:	12
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Number attended:	12
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#### *Committee Meetings:*

Number eligible to attend:	3
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Number attended:	3
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#### *Committees presided on:*

Audit, Corporate Governance and Finance Committee



### **MR NICOLA (NIC) MINICOZZI**

*Director and Deputy Chairman*

#### *Qualifications:*

- Bachelor of Laws (LLB)
- Notary Public

#### *Experience:*

- Admitted Legal Practitioner in 1974
- Experience in non-litigious and litigious Commercial Law

#### *Registered interest in shares & options:*

Nil

#### *Attendance:*

Meetings of Directors 1 July 2016 to 30 June 2017 (for the Consolidated Group)

#### *Board Meetings:*

Number eligible to attend:	12
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Number attended:	10
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#### *Committee Meetings:*

Number eligible to attend:	3
----------------------------	---

Number attended:	3
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### **PASQUALE (PAT) SCALZI, OAM**

*Director*

#### *Experience*

- Managing Director – P.E Scalzi Pty Ltd
- Director - P.E. Services Pty Ltd
- Director - Pooraka Wholesalers Pty Ltd
- Over 50 years' wholesale fruit and vegetable industry
- Wholesaler Board Member since 1987

#### *Registered interest in shares & options*

823,199

#### *Attendance:*

Meetings of Directors 1 July 2016 to 30 June 2017 (for the Consolidated Group)

#### *Board Meetings:*

Number eligible to attend:	12
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Number attended:	10
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## Directors' Report ...INFORMATION ON DIRECTORS



### **MR DANIELE (DANNY) RAFAELE DE IESO**

#### *Director*

##### *Qualifications*

- Advanced Diploma in Horticulture Production
- Diploma of Rural Business Management

##### *Experience*

- Over 35 years' experience in fruit and vegetable industry
- Grower Board Member since 2002
- Director – Ausveg
- Director - Ausveg SA

*Registered interest in shares & options:*  
1,400

##### *Attendance:*

Meetings of Directors 1 July 2016 to 30 June 2017 (for the Consolidated Group)

##### *Board Meetings*

Number eligible to attend:	12
----------------------------	----

Number attended:	12
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### **MR GIROLAMO (JAMES) FRAGNITO**

#### *Director*

##### *Experience:*

- Over 30 years of experience in fruit and vegetable retailing
- 2007 Chairman - Adelaide Produce Markets Young Leaders Committee
- Managing Director - Mount Barker Fresh Market
- Committee member - SA Fruit & Veg Retailer Association

*Registered interest in shares & options:*  
37,500

##### *Attendance:*

Meetings of Directors 1 July 2016 to 30 June 2017 (for the Consolidated Group)

##### *Board Meetings:*

Number eligible to attend:	12
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Number attended:	12
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### **MS CHRISTINE SCALZI**

#### *Director*

##### *Experience:*

- Director - Select Naturally Pty Ltd
- Commenced with City Fruit in 1990, underpinning many years of experience fulfilling various administration and business roles with Select Naturally.

*Registered interest in shares & options:*  
238,200

##### *Attendance:*

Meetings of Directors 1 July 2016 to 30 June 2017 (for the Consolidated Group)

##### *Board Meetings:*

Number eligible to attend:	12
----------------------------	----

Number attended:	9
------------------	---



## Directors' Report ...**INFORMATION ON DIRECTORS**



### **MR ANTONIO (TONY) CERAVOLO**

#### *Director*

##### *Qualifications:*

- Managing Director - R Ceravolo & Co Pty Ltd
- Director - Ashton Valley Fresh Juices
- Director - Ceravolo Orchards Pty Ltd
- Director - Apple & Pear Growers Association of SA

##### *Experience:*

- 35 years of orchard experience
- 35 years of experience in wholesale of fruit and vegetables

*Registered interest in shares & options:*  
98,500

##### *Attendance:*

Meetings of Directors 1 July 2016 to 30 June 2017 (for the Consolidated Group)

##### *Board Meetings:*

Number eligible to attend:	12
Number attended:	10



### **MR DERRICK PATTERSON**

#### *Director*

##### *Experience:*

- Over 40 years of experience in fresh fruit and vegetable Retailing
- Former Chairman - Go Green Grocer Retailer Association
- Cherry Ball Charity Committee member since 1997

*Registered interest in shares & options:*  
20,000

##### *Attendance:*

Meetings of Directors 1 July 2016 to 30 June 2017 (for the Consolidated Group)

##### *Board Meetings:*

Number eligible to attend:	12
Number attended:	12

##### *Committee Meetings:*

Number eligible to attend:	3
Number attended:	1

##### *Committees presided on:*

Audit, Corporate Governance & Finance Committee



### **MR MICHAEL RUGGIERO**

#### *Director*

##### *Qualifications:*

- Bachelor of Arts (Accounting)
- Chartered Accountant
- Chartered Tax Adviser
- Diploma in Financial Services

##### *Experience:*

- 30 years of experience as a Chartered Accountant
- Managing Partner - Bentleys Accountants, Auditors and Advisors
- Advisor in the area of taxation and business consulting in the property, retail and wholesale sectors and professional services industry
- Experience in Capital Gains Tax, international taxation, structuring property and business acquisitions

*Registered interest in shares & options:*  
Nil

##### *Attendance:*

Meetings of Directors 1 July 2016 to 30 June 2017 (for the Consolidated Group)

##### *Board Meetings:*

Number eligible to attend:	12
Number attended:	12

##### *Committee Meetings:*

Number eligible to attend:	3
Number attended:	2

##### *Committees presided on:*

Audit, Corporate Governance & Finance Committee

## Director's Report ...**REMUNERATION REPORT**

The Consolidated Group's policy for determining the nature and amount of emoluments of Directors and the Chief Executive Officer is as follows:

### 1. Directors' Emoluments

Directors' emoluments were determined at the Annual General Meeting of the Parent Entity and are made in accordance with the Constitution.

### 2. Senior Executive – Chief Executive Officer

The Chief Executive Officer's emoluments are determined by the Board of Directors of the Parent Entity and are reviewed on an annual basis, based on the industry comparisons and overall performance.

The emolument of each Director together with the Chief Executive Officer of the Company paid for the financial year ended 30 June 2017 are as follows:

Name	Title	Directors' Fee \$	Committee Fees \$	Salary \$	Retirement & Superannuation Contributions \$	Total Emoluments \$
Mr D Schirripa	Chairman of Directors	50,000	-	-	4,750	54,750
Mr N Minicozzi	Deputy Chairman	40,000	4,000	-	3,800	47,800
Mr P Scalzi	Director	30,000	500	-	2,850	33,350
Mr D De Ieso	Director	30,000	500	-	2,850	33,350
Mr A Ceravolo	Director	30,000	-	-	2,850	32,850
Mr M Ruggiero	Director	30,000	3,500	-	2,850	36,350
Ms C Scalzi	Director	30,000	-	-	2,850	32,850
Mr G Fragnito	Director	30,000	-	-	2,850	32,850
Mr D Patterson	Director	30,000	3,000	-	2,850	35,850
TOTAL	DIRECTORS	300,000	11,500	-	28,500	340,000
Mr A Demasi	Chief Executive Officer & Company Secretary	-	-	183,608	18,188	201,796
		-	-	183,608	18,188	201,796

There were no retirement benefits paid by the Consolidated Group to its Directors, CEO or other employees. There were no emoluments paid by any subsidiaries.

**Directors' Benefits – Other than Benefits Separately Disclosed in Note 23: Related Party Disclosures**

Other than that disclosed in Note 23, no Director has received or become entitled to receive during or since the financial year, a benefit because of a contract made by the Company or a related body corporate with a Director, a firm of which the Director is a member or an entity in which the Director has a substantial financial interest.

**Indemnifying Officers or Auditor**

The Company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the Company or a related body corporate:

- Indemnified or made any relevant agreement for indemnifying against a liability as an officer or auditor, including costs and expenses in successfully defending legal proceedings; or
- Paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer or auditor for the costs or expenses to defend legal proceedings, with exception of the following:
  - The Company paid insurance premiums to insure all Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than conduct involving a wilful breach of duty in relation to the company.

**Share Options**

There are no share options that have been granted over the unissued shares of the Company.

**Proceedings on Behalf of the Company**

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

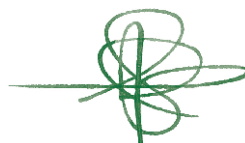
**Non-Audit Services – External Auditor**

Fees for non-audit services were not paid/payable to the external auditor during the year ended 30 June 2017.

**Auditor's independence declaration**

A copy of the Auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is following this report.

Signed in accordance with a resolution of the Board of Directors.



**David Schirripa**  
Chairman of Directors

Signed at Pooraka, South Australia on this  
29<sup>th</sup> day of September 2017



## Auditor's Declaration of Independence



Grant Thornton

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Level 3  
170 Frome Street  
Adelaide, SA 5000  
Correspondence to:  
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W www.grantthornton.com.au

### Auditor's Independence Declaration To the Directors of South Australian Produce Markets Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of South Australian Produce Markets Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

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

*Grant Thornton*

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

J.L. Humphrey  
Partner - Audit & Assurance

Adelaide, 29 September 2017

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## Statement of profit or loss and other comprehensive income *For the year ended 30 June 2017*

	Note	Consolidated		Parent	
		2017 \$	2016 \$	2017 \$	2016 \$
Revenue	2	15,584,026	15,129,912	11,364,566	11,538,441
Investment property revaluation gain		1,590,209	9,069,190	1,550,000	6,606,174
Fair value movement of interest rate swap		(153,539)	-	(153,539)	-
Employee benefits expense		(2,118,186)	(2,120,430)	(1,300,385)	(1,343,299)
Depreciation expense	3	(341,562)	(234,749)	(221,832)	(213,527)
Finance costs	3	(996,655)	(898,851)	(768,153)	(747,534)
Other expenses	3	(6,745,471)	(6,423,296)	(3,614,616)	(3,936,674)
Profit before income tax		6,818,822	14,521,776	6,856,041	11,903,581
Income tax expense	4	(2,300,686)	(4,540,122)	(2,062,263)	(3,576,674)
Profit after income tax		4,518,136	9,981,654	4,793,778	8,326,907
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the year</b>		<b>4,518,136</b>	<b>9,981,654</b>	<b>4,793,778</b>	<b>8,326,907</b>
Attributable to:					
Owners of the parent		4,642,930	10,058,163	4,793,778	8,326,907
Non-controlling interest	32	(124,794)	(76,509)	-	-
		<b>4,518,136</b>	<b>9,981,654</b>	<b>4,793,778</b>	<b>8,326,907</b>

*The accompanying notes form part of these financial statements*

**Statement of financial position** As at 30 June 2017

		Consolidated		Parent	
	Note	2017 \$	2016 \$	2017 \$	2016 \$
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	6	1,172,888	2,776,772	544,520	1,667,335
Trade and other receivables	7	1,670,976	445,257	1,242,325	225,216
Other current assets	8	521,985	422,143	378,847	348,400
<b>TOTAL CURRENT ASSETS</b>		<b>3,365,849</b>	<b>3,644,172</b>	<b>2,165,692</b>	<b>2,240,951</b>
<b>NON-CURRENT ASSETS</b>					
Trade and other receivables	7	203,982	59,942	13,136,119	13,300,678
Investment properties	9	111,365,000	109,865,000	95,865,000	94,315,000
Plant and equipment	10	1,693,124	1,418,994	1,590,617	1,348,605
Financial assets	28	7,894,159	5,275,000	7,894,161	5,275,002
<b>TOTAL NON-CURRENT ASSETS</b>		<b>121,156,265</b>	<b>116,618,936</b>	<b>118,485,897</b>	<b>114,239,285</b>
<b>TOTAL ASSETS</b>		<b>124,522,114</b>	<b>120,263,108</b>	<b>120,651,589</b>	<b>116,480,236</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	11	1,900,227	2,078,555	1,418,322	1,697,132
Short-term borrowings	12	11,049	5,671	11,049	5,671
Current tax liabilities	14	727,048	652,105	546,416	495,149
Short-term provisions	13	349,748	368,990	325,289	353,675
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,988,072</b>	<b>3,105,321</b>	<b>2,301,076</b>	<b>2,551,627</b>
<b>NON-CURRENT LIABILITIES</b>					
Long-term borrowings	12	33,451,692	30,462,741	33,451,692	30,462,741
Long-term provisions	13	14,026	35,136	14,026	35,136
Deferred tax liabilities	14	16,313,829	15,641,992	16,136,627	15,522,581
Financial liabilities	28	153,539	-	153,539	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>49,933,086</b>	<b>46,139,869</b>	<b>49,755,884</b>	<b>46,020,458</b>
<b>TOTAL LIABILITIES</b>		<b>52,921,158</b>	<b>49,245,190</b>	<b>52,056,960</b>	<b>48,572,085</b>
<b>NET ASSETS</b>		<b>71,600,956</b>	<b>71,017,918</b>	<b>68,594,629</b>	<b>67,908,151</b>
<b>EQUITY</b>					
Issued capital	15	5,774,560	5,774,560	5,774,560	5,774,560
Reserves	31	392,750	392,750	392,750	392,750
Non-controlling interest	32	(829)	16,871	-	-
Retained earnings		65,434,475	64,833,737	62,492,427	61,740,841
<b>TOTAL EQUITY</b>		<b>71,600,956</b>	<b>71,017,918</b>	<b>68,659,737</b>	<b>67,908,151</b>

The accompanying notes form part of these financial statements



**Statement of changes in equity** For the year ended 30 June 2017

	Note	Issued capital \$	Retained earnings \$	Non-controlling interests	Share premium reserve \$	Total \$
<b>CONSOLIDATED</b>						
<b>Balance as at 1 July 2015</b>		<b>5,774,560</b>	<b>59,106,494</b>	-	<b>392,750</b>	<b>65,273,804</b>
Contributions by minority owners		-	-	93,380	-	93,380
Profit for the year		-	10,058,163	(76,509)	-	9,981,654
Other comprehensive income		-	-	-	-	-
<b>Total comprehensive income</b>		-	<b>10,058,163</b>	<b>16,871</b>	-	<b>10,075,034</b>
<b>Transactions with owners</b>						
Dividends paid or provided for	5	-	(4,330,920)	-	-	(4,330,920)
<b>Total transactions with owners</b>		-	<b>(4,330,920)</b>	-	-	<b>(4,330,920)</b>
<b>Balance as at 30 June 2016</b>		<b>5,774,560</b>	<b>64,833,737</b>	<b>16,871</b>	<b>392,750</b>	<b>71,017,918</b>
Contributions by minority owners		-	-	107,094	-	107,094
Profit for the year		-	4,642,930	(124,794)	-	4,518,136
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income</b>		-	<b>4,642,930</b>	<b>(17,700)</b>	-	<b>4,625,230</b>
<b>Transactions with owners</b>						
Dividends paid or provided for	5	-	(4,042,192)	-	-	(4,042,192)
<b>Total transactions with owners</b>		-	<b>(4,042,192)</b>	-	-	<b>(4,042,192)</b>
<b>Balance as at 30 June 2017</b>		<b>5,774,560</b>	<b>65,434,475</b>	<b>(829)</b>	<b>392,750</b>	<b>71,600,956</b>

The accompanying notes form part of these financial statements

## Statement of changes in equity *For the year ended 30 June 2017*

	Note	Issued capital \$	Retained earnings \$	Non-controlling interests	Share premium reserve \$	Total \$
<b>PARENT</b>						
<b>Balance as at 1 July 2015</b>		<b>5,774,560</b>	<b>57,744,854</b>	-	<b>392,750</b>	<b>63,912,164</b>
Profit for the year		-	8,326,907	-	-	8,326,907
Other comprehensive income		-	-	-	-	-
<b>Total comprehensive income</b>		-	<b>8,326,907</b>	-	-	<b>8,326,907</b>
<b>Transactions with owners</b>						
Dividends paid or provided for	5	-	(4,330,920)	-	-	(4,330,920)
<b>Total transactions with owners</b>		-	<b>(4,330,920)</b>	-	-	<b>(4,330,920)</b>
<b>Balance as at 30 June 2016</b>		<b>5,774,560</b>	<b>61,740,841</b>	-	<b>392,750</b>	<b>67,908,151</b>
Profit for the year		-	4,793,778	-	-	4,793,778
Other comprehensive income		-	-	-	-	-
<b>Total comprehensive income</b>		-	<b>4,793,778</b>	-	-	<b>4,793,778</b>
<b>Transactions with owners</b>						
Dividends paid or provided for	5	-	(4,042,192)	-	-	(4,042,192)
<b>Total transactions with owners</b>		-	<b>(4,042,192)</b>	-	-	<b>(4,042,192)</b>
<b>Balance as at 30 June 2017</b>		<b>5,774,560</b>	<b>62,492,427</b>	-	<b>392,750</b>	<b>68,659,737</b>

*The accompanying notes form part of these financial statements*

**Statement of cash flows** For the year ended 30 June 2017

	Note	Consolidated		Parent	
		2017 \$	2016 \$	2017 \$	2016 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers		14,207,163	15,126,384	10,340,714	11,570,652
Payments to suppliers and employees		(9,182,179)	(8,267,585)	(5,427,293)	(5,541,666)
Interest received		7,104	46,099	6,743	45,797
Borrowing costs		(996,655)	(898,851)	(614,614)	(747,534)
Income tax (paid)/ received		(1,553,906)	(1,698,441)	(1,396,950)	(1,527,032)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>18</b>	<b>2,481,527</b>	<b>4,307,606</b>	<b>2,908,600</b>	<b>3,800,217</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Payments for investments		(2,619,159)	(5,275,000)	(2,619,159)	(5,275,000)
Contribution from non-controlling interest		107,094	93,380	-	-
Proceeds from sale of property, plant and equipment		-	66,292	-	-
Payments for property plant and equipment		(525,483)	(4,303,537)	(463,844)	(420,292)
<b>NET CASH (USED IN) / PROVIDED BY INVESTING ACTIVITIES</b>		<b>(3,037,548)</b>	<b>(9,418,865)</b>	<b>(3,083,003)</b>	<b>(5,695,292)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
(Repayment)/Proceeds from borrowings		2,994,329	8,225,369	2,994,329	8,225,369
(Repayment)/Proceeds from borrowings - related party		-	-	164,559	(3,647,408)
Dividends paid		(4,042,192)	(4,330,920)	(4,042,192)	(4,330,920)
<b>NET CASH (USED IN) / PROVIDED BY FINANCING ACTIVITIES</b>		<b>(1,047,863)</b>	<b>3,894,449</b>	<b>(883,304)</b>	<b>247,041</b>
Net increase in cash held		(1,603,884)	(1,216,810)	(1,057,707)	(1,648,034)
Cash at the beginning of financial year		2,776,772	3,993,582	1,667,335	3,315,369
Cash at end of financial year	6	1,172,888	2,776,772	609,628	1,667,335

The accompanying notes form part of these financial statements

## Notes to the Financial Statements *For the year ended 30 June 2017*

### 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### **General information and statement of compliance**

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). South Australian Produce Market Ltd is a for-profit entity for the purpose of preparing the financial statements.

South Australian Produce Market Ltd is the Group's Ultimate Parent Company. South Australian Produce Market Ltd is a public company incorporated and domiciled in Australia. The address of its registered office and its principal place of business is Burma Road, Pooraka, SA 5095, Australia.

The consolidated financial statements for the year ended 30 June 2017 (including comparatives) were approved and authorised for issue by the Board of Directors.

New accounting standards and interpretations not yet adopted

The accounting standards that have not been early adopted for the year ended 30 June 2017 but will be applicable to the Group in future reporting periods are detailed below. Apart from these standards, we have considered other accounting standards that will be applicable in future periods but are considered insignificant to the Group.

<b>Standard/Interpretation</b>	<b>Effective Date</b>
AASB 9 Financial Instruments, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2014-1 Amendments to Australian Accounting Standards (Part E- Financial Instruments), AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014).	1-Jan-18
AASB 16 'Leases'	1-Jan-19
AASB 2014-4 'Amendments to Australian Accounting Standards- Clarification of Acceptable Methods of Depreciation and Amortisation'	1-Jan-16
AASB 2015-1 'Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1-Jan-16
AASB 2015-2 'Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101'	1-Jan-16
AASB 2016-1 'Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses'	1-Jan-17
AASB 2016-2 'Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107'	1-Jan-17

We do not expect these accounting standards will have any material impact on our financial results upon adoption.



## 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

### **New and amended standards adopted by the company**

The Group has adopted the following revisions and amendments to AASBs issued by the Australian Accounting Standards Board and IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Group's financial statements for the annual period beginning 1 July 2015.

- AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations;
- AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation;
- AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle;
- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101;
- AASB 1057 Application of Australian Accounting Standards;
- AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010); and
- AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality Management has reviewed the requirements of the above standards and has concluded that there was no effect on the classification or presentation of balances.

### **Summary of accounting policies**

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below.

The consolidated financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense.

The measurement bases are more fully described in the accounting policies below.

They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

### **(a) Basis of consolidation**

The Group financial statements consolidate those of the parent company and its subsidiaries as of 30 June 2017. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The subsidiaries have a reporting date of 30 June.

All transactions and balances between group companies are eliminated on consolidation, including unrealised gains and losses on transactions between group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

### **(b) Investments in joint ventures**

A joint venture is an arrangement that the Group controls jointly with one or more other investors, and over which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities. A joint arrangement in which the Group has direct rights to underlying assets and obligations for underlying liabilities is classified as a joint operation.

Investments in joint ventures are accounted for using the equity method. Interests in joint operations are accounted for by recognising the Group's assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

Any goodwill or fair value adjustment attributable to the Group's share in the associate or joint venture is not recognised separately and is included in the amount recognised as investment.

The carrying amount of the investment in joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

## 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

### (c) Income Tax

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity. The entity is a tax consolidated group.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office ('ATO') and other fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantially enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

### (d) Investment Property

Investment property, comprising all land and buildings owned by the Consolidated Group, is held to generate long term rental yields. All tenant leases are on an arm's length basis, in accordance with AASB 140 Investment Properties. Investment properties are carried at fair value, determined annually by an independent valuer. Changes to fair value are annually recorded in the Statement of profit or loss and other comprehensive income as other income.

An independent valuation of all land and building assets (including all plant and equipment considered to be an integral component of the relevant asset) was conducted by Jones Lang LaSalle as at 30 June 2017. All buildings assets were valued at market value in accordance with AASB 140.

### (e) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

#### Plant and Equipment

Plant and equipment is measured on the costs basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal.

#### Depreciation

Depreciation is calculated both on a straight-line and diminishing value basis so as to write off the net cost of each depreciable asset over its expected useful life to the Company commencing from the time the asset is held ready for use. Depreciation rates have been reviewed during the financial year by the Directors of the Company.

The independent valuation of buildings as at 30 June 2017 included all plant and equipment that was considered to be an integral component of the relevant asset and included additions at cost since the previous valuation. Consistent with previous financial years, buildings are not depreciated for accounting purposes as they are held as investment purposes.

Class of Fixed Asset	Depreciation Rate
Plant and equipment	3.75 - 50%
Motor vehicles	18.50%
Furniture and fittings	9 - 50%
Office equipment	9 - 50%

The assets' residual values and useful lives are reviewed and adjusted where deemed appropriate, at each balance date.

## 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

### (e) **Property, Plant and Equipment** *continued*

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or loss and other comprehensive income.

### (f) **Rents and Fees in Advance**

Rents and fees in advance are brought to account as income in the financial period to which they relate.

### (g) **Land and Development Expenditure**

As at 30 June any construction in progress and land re-development costs are separately disclosed.

### (h) **Revenue**

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer, adjusted where applicable for any amount that is prepaid.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

### (i) **Employee Entitlements**

Provisions are made in the Financial Statement for all employee benefits. On-costs have been recognised in calculating employee provisions. Liabilities for wages, salaries and annual leave are recognised in the provision for employee benefits in respect of employees' services up to the reporting date and are measured at amounts which are expected to be paid as the liability is settled.

Liabilities for long-service leave expected to be settled within the next 12 months from the reporting date are recognised in employee provisions and measured with the same principles as annual leave. The liability for long-service leave and annual leave expected to be settled more than 12 months from the reporting date is recognised in the provisions for employee benefits and is measured at the present value of the expected future payments to be made to settle the liability in respect of services provided by employees up to the reporting date.

### (j) **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits at call with banks and other short-term highly liquid investments with original maturities of three months or less.

## (k) **Financial Instruments**

### **Recognition and Initial Measurement**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

### **Financial assets at fair value through profit and loss**

Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

## 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

### (k) **Financial Instruments** *continued*

#### **Classification and subsequent measurement of financial liabilities**

The Group's financial liabilities include borrowings and trade and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in profit or loss.

### (l) **Impairment of Assets**

At each reporting date, the directors review the carrying values of tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of cash-generating unit to which the asset belongs.

### (m) **Comparative Figures**

Where required by Australian Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

### (n) **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

### (o) **Critical Accounting Estimates and Judgements**

The preparation of the South Australian Produce Market Limited Financial Statements requires management to make estimates and judgements based on the information available at that time that has an effect on the reported amounts of assets and liabilities and the disclosure of any contingent assets and liabilities at the date of the financial report and the reported revenues and expenses during the reporting period.

On an ongoing basis, management evaluates judgements and estimates made that impact on the Financial Report. Management bases its judgements and estimates on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements and estimates about carrying values of transactions that are not readily apparent from other sources. There may be variances between estimates and actual results which are monitored by management as mentioned above.

#### **Key Estimates - Impairment**

The Consolidated Group assesses impairment at each reporting date by evaluating conditions specific to the Consolidated Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amounts incorporate a number of key estimates.

Based on the performance of the Sunday Markets, the Directors have resolved that the investment is impaired in respect of goodwill and was written down to nil for the year ended 30 June 2015.

#### **Key Judgements - Provision for Impairment of Receivables**

The Directors have resolved that no provision for impairment of receivables is required for the year ended 30 June 2017.

### (p) **Parent entity information**

The financial information for the parent entity, South Australian Produce Market Ltd, has been prepared on the same basis as the consolidated financial statements.

### (q) **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in 'finance costs'.



## 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

### (r) Leases

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards of ownership of the leased asset. Where the Group is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance lease liability.

See Note 1(e) for the depreciation methods and useful lives for assets held under finance lease. The corresponding finance lease liability is reduced by lease payments net of finance charges.

The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to profit or loss, as finance costs over the period of the lease. All other leases are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

### (s) Equity, reserves and dividend payments

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Retained earnings include all current and prior period retained profits.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

All transactions with owners of the parent are recorded separately within equity.

## 2 REVENUE

	Consolidated		Parent	
	2017 \$	2016 \$	2017 \$	2016 \$
Rental Revenue:				
Rents and recoveries	15,576,922	15,083,813	11,161,462	11,227,043
<b>Other Revenue:</b>				
Interest received	7,104	46,099	6,743	45,797
Interest recoveries	-	-	196,361	265,601
	15,584,026	15,129,912	11,364,566	11,538,441

## Notes to the Financial Statements For the year ended 30 June 2017

	Consolidated		Parent	
	2017 \$	2016 \$	2017 \$	2016 \$
<b>3 EXPENSES</b>				
<b>Expenses</b>				
Finance costs	996,655	898,851	768,153	747,534
Depreciation of property, plant and equipment	341,562	234,749	221,832	213,527
<b>Remuneration of auditor:</b>				
Audit	27,000	27,000	27,000	27,000
There have been no non-audit services during the year.				
<b>Other expenses</b>				
Accounting and legal expenses	222,841	291,437	218,210	252,725
Bad debts	13,156	5,899	2,159	5,880
Cleaning	205,996	229,705	187,121	220,249
Cost of sales - produce sales	-	29,292	-	-
Cost of sales - recycling	534,282	129,142	-	-
Director fees	306,823	321,257	306,823	321,257
Emergency services levy	114,991	111,770	39,701	38,744
Equipment hire	145,307	130,300	79,941	60,189
Insurance expense	375,870	382,782	298,319	314,771
Land tax	726,124	734,066	436,826	436,441
Loss on sale of plant and equipment	-	4,000	-	-
Market Fresh contribution	148,333	239,362	148,333	239,362
Motor vehicle expenses	46,878	63,031	4,440	19,001
Other	995,959	820,861	392,374	477,197
Professional fees	439,151	279,419	194,194	274,537
Rates and taxes	755,190	779,630	194,174	228,593
Rent expense	424,929	352,028	424,929	352,028
Repairs and maintenance	560,112	585,957	417,660	415,331
Security	180,400	172,480	171,256	167,497
Subcontractor expenses	282,225	452,750	-	-
Water rates	266,904	308,128	98,156	112,872
	6,745,471	6,423,296	3,614,616	3,936,674

	Consolidated		Parent	
	2017 \$	2016 \$	2017 \$	2016 \$
<b>4 INCOME TAX EXPENSE</b>				
The components of Tax Expense comprise:				
Current tax	1,628,849	1,518,897	1,448,217	1,361,941
Deferred tax	671,837	3,021,225	614,046	2,214,733
	2,300,686	4,540,122	2,062,263	3,576,674
<i>The prima facie tax on profit before income tax is reconciled to the income tax as follows:</i>				
Prima facie tax payable on profit before income tax at 30% (2016: 30%)	2,045,647	4,356,533	2,056,812	3,571,074
<i>Add: Tax Effect of:</i>				
- provision for holiday pay	7,386	(5,183)	4,643	(7,348)
- provision for long service leave	(3,988)	3,588	(3,988)	3,588
- non-controlling interest	37,438	22,953	-	-
- other non-allowable items	471,200	318,877	279,452	117,534
<i>Less: Tax Effect of:</i>				
- revaluation gain	(477,063)	(2,720,757)	(465,000)	(1,981,852)
- allowable deduction for bitumen works	(318,300)	(363,925)	(332,082)	(253,709)
- other allowable items	(133,471)	(93,189)	(91,620)	(87,346)
	1,628,849	1,518,897	1,448,217	1,361,941
<b>5 DIVIDENDS</b>				
Final Distribution Paid	2,021,096	2,021,096	2,021,096	2,021,096
Interim Distribution Paid	2,021,096	2,309,824	2,021,096	2,309,824
Franking Account	603,825	779,587	603,825	779,587
<b>6 CASH AND CASH EQUIVALENTS</b>				
Cash on hand	900	900	900	900
Cash at bank	1,171,988	2,775,872	543,620	1,666,435
	1,172,888	2,776,772	544,520	1,667,335
<b>Reconciliation of Cash</b>				
<i>Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the items in the statement of financial position as follows:</i>				
Cash and cash equivalents	1,172,888	2,776,772	544,520	1,667,335
A security interest over cash and cash equivalents has been provided for certain debt. Refer to Note 12 - Borrowings.				

## Notes to the Financial Statements For the year ended 30 June 2017

	Consolidated		Parent	
	2017 \$	2016 \$	2017 \$	2016 \$
<b>7 TRADE AND OTHER RECEIVABLES</b>				
<b>CURRENT</b>				
Trade debtors	1,333,216	388,413	1,104,999	172,680
Provision for impairment	(10,997)	-	-	-
	1,322,219	388,413	1,104,999	172,680
Other debtors	348,757	56,844	137,326	52,536
	1,670,976	445,257	1,242,325	225,216
<b>NON-CURRENT</b>				
Trade debtors	203,982	59,942	203,982	59,942
Loan - Subsidiaries	-	-	12,932,137	13,240,736
	203,982	59,942	13,136,119	13,300,678

All of the Group's trade and other receivables have been reviewed for indicators of impairment.  
No trade receivables were found to be impaired.

	Gross amount	Past due & impaired	Past due but not impaired (days overdue)				Within initial trade terms
	\$	\$	<30 \$	31-60 \$	61-90 \$	90+ days \$	\$
<b>2017</b>							
<b>Consolidated Group</b>							
Trade Receivables	1,333,216	(10,997)	221,138	200,557	40,464	148,804	722,253
<b>Parent Entity</b>							
Trade Receivables	1,104,999	-	154,840	172,176	25,474	115,044	637,465
<b>2016</b>							
<b>Consolidated Group</b>							
Trade Receivables	388,413	-	68,040	51,663	79,718	29,794	159,198
<b>Parent Entity</b>							
Trade Receivables	172,680	-	(11,567)	27,841	20,246	4,757	131,403

	Consolidated		Parent	
	2017 \$	2016 \$	2017 \$	2016 \$
<b>8 OTHER CURRENT ASSETS</b>				
<b>CURRENT</b>				
Prepaid recycling supplies and inventory	70,872	5,604	-	-
Prepayments - other	451,113	416,539	378,847	348,400
	521,985	422,143	378,847	348,400



	Consolidated		Parent	
	2017 \$	2016 \$	2017 \$	2016 \$
<b>9 INVESTMENT PROPERTIES</b>				
<b>Investment Properties:</b>				
Land	53,865,000	51,565,000	46,565,000	44,265,000
Buildings	57,500,000	58,300,000	49,300,000	50,050,000
Total Investment Properties	111,365,000	109,865,000	95,865,000	94,315,000

**Movements in carrying amounts**

Movements in the carrying amounts for investment properties is as follows:

<b>Consolidated Group</b>	<b>Investment Properties \$</b>
<b>Balances at 1 July 2015</b>	<b>96,865,000</b>
Additions - at cost	3,930,810
Revaluation increment	9,069,190
<b>Carrying amounts at 30 June 2016</b>	<b>109,865,000</b>
<b>Balances at 1 July 2016</b>	<b>109,865,000</b>
Additions - at cost	14,180
Depreciation expense	(104,389)
Revaluation increment	1,590,209
<b>Carrying amounts at 30 June 2017</b>	<b>111,365,000</b>

<b>Parent Entity</b>	<b>Investment Properties \$</b>
<b>Balances at 1 July 2015</b>	<b>87,565,000</b>
Additions - at cost	143,826
Revaluation increment	6,606,174
<b>Carrying amounts at 30 June 2016</b>	<b>94,315,000</b>
<b>Balances at 1 July 2016</b>	<b>94,315,000</b>
Additions - at cost	-
Revaluation increment	1,550,000
<b>Carrying amounts at 30 June 2017</b>	<b>95,865,000</b>

Investment properties are leased out on operating leases. Rental income amounts to \$5,281,167 (2016: \$5,219,130) included in revenue.

	Consolidated		Parent	
	2017 \$	2016 \$	2017 \$	2016 \$
<b>10 PLANT AND EQUIPMENT</b>				
<b>Plant, Equipment and Vehicles</b>				
Plant, equipment & vehicles - at cost	4,455,744	3,944,441	3,277,403	2,813,559
Less: accumulated depreciation	(2,762,620)	(2,525,447)	(1,686,786)	(1,464,954)
Total plant, equipment and vehicles	1,693,124	1,418,994	1,590,617	1,348,605
Total Plant and Equipment	1,693,124	1,418,994	1,590,617	1,348,605

**Movements in carrying amounts**

Movements in the carrying amounts of plant and equipment is as follows:

<b>Consolidated Group</b>	<b>Plant and Equipment \$</b>
<b>Balances at 1 July 2015</b>	<b>1,351,308</b>
Additions - at cost	369,268
Disposals - carrying value	(66,833)
Depreciation expense	(234,749)
<b>Carrying amounts at 30 June 2016</b>	<b>1,418,994</b>
<b>Balances at 1 July 2016</b>	<b>1,418,994</b>
Additions - at cost	511,303
Disposals - carrying value	-
Depreciation expense	(237,173)
<b>Carrying amounts at 30 June 2017</b>	<b>1,693,124</b>

<b>Parent Entity</b>	<b>Plant and Equipment \$</b>
<b>Balances at 1 July 2015</b>	<b>1,285,666</b>
Additions - at cost	276,466
Disposals - carrying value	-
Depreciation expense	(213,527)
<b>Carrying amounts at 30 June 2016</b>	<b>1,348,605</b>
<b>Balances at 1 July 2016</b>	<b>1,348,605</b>
Additions - at cost	463,844
Disposals - carrying value	-
Depreciation expense	(221,832)
<b>Carrying amounts at 30 June 2017</b>	<b>1,590,617</b>

	Consolidated		Parent	
	2017 \$	2016 \$	2017 \$	2016 \$
<b>11 TRADE AND OTHER PAYABLES</b>				
<b>Current Unsecured Liabilities:</b>				
Trade payables	351,857	455,765	129,988	426,252
Sundry payables and accruals	1,548,370	1,622,790	1,288,334	1,270,880
	1,900,227	2,078,555	1,418,322	1,697,132

All amounts are short-term. The carrying values of trade payables and other payables are considered to be a reasonable approximation of fair value.

## 12 BORROWINGS

### Current

Finance lease liability	11,049	5,671	11,049	5,671
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### Non-current

Bank bills secured	33,451,692	30,451,692	33,451,692	30,451,692
Finance lease liability	-	11,049	-	11,049
	33,451,692	30,462,741	33,451,692	30,462,741

The bank bills are secured by:

- a guarantee unlimited as to the amount (\$4,500,000) by APML No. Two Pty Ltd
- registered equitable mortgage by South Australian Produce Market Limited over the whole of its assets and undertakings including uncalled capital.
- a first registered mortgage over the APML No. One Pty Ltd property located at Diagonal Road, Pooraka SA.
- a first registered mortgage over the South Australian Produce Market Limited property located at Market Lane, Pooraka SA.
- a first registered mortgage over the South Australian Produce Market Limited vacant land property located at Commerce Crescent, Pooraka SA.

The covenants for the above bank loans relate to interest cover. All required covenants have been met by the Company.

The finance lease liability is secured by a motor vehicle.

	Consolidated		Parent	
	2017 \$	2016 \$	2017 \$	2016 \$
<b>13 PROVISIONS</b>				
<b>Current</b>				
Provision for dividends	3,210	54,890	3,210	54,890
Employee benefits	346,538	314,100	322,079	298,785
	349,748	368,990	325,289	353,675
<b>Non-current</b>				
Employee benefits	14,026	35,136	14,026	35,136

## Notes to the Financial Statements For the year ended 30 June 2017

	Consolidated		Parent	
	2017 \$	2016 \$	2017 \$	2016 \$
<b>14 TAX</b>				
<b>Current</b>				
Income Tax	727,048	652,105	546,416	495,149
<b>Non-current</b>				
Deferred Tax Liabilities	16,313,829	15,641,992	16,136,627	15,522,581
<b>15 ISSUED CAPITAL</b>				
5,774,560 (2016: 5,774,560) fully paid Ordinary shares	5,774,560	5,774,560	5,774,560	5,774,560
Comprising:				
Ordinary Grower Shares	1,986,260			
Ordinary Wholesaler Shares	2,413,043			
Ordinary Retailer Shares	620,740			
Ordinary Unclassified Shares	754,517			
	5,774,560			

	Note	Consolidated		Parent	
		2017 \$	2016 \$	2017 \$	2016 \$
Total borrowings	12	33,462,741	30,468,412	33,462,741	30,468,412
Trade and other payables	11	1,900,227	2,078,555	1,418,322	1,697,132
Less cash and cash equivalents	6	(1,172,888)	(2,776,772)	(544,520)	(1,667,335)
Net debt		34,190,080	29,770,195	34,336,543	30,498,209
Total equity		71,600,956	71,017,918	68,659,737	67,908,151
Total capital		105,791,036	100,788,113	102,996,280	98,406,360
Gearing Ratio		32%	30%	33%	31%

**16 CAPITAL COMMITMENTS**

There are no capital commitments at reporting date (2016: Nil).

**17 CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There were no contingent liabilities or contingent assets recorded by the Company as at the date of this report (2016: Nil).

	Consolidated		Parent	
	2017 \$	2016 \$	2017 \$	2016 \$
<b>18 CASH FLOW INFORMATION</b>				
Reconciliation of cash flows from operations with profit after income tax:				
Profit after income tax	4,518,136	9,981,654	4,793,778	8,326,907
Non-cash flows in profit				
- revaluation gain	(1,590,209)	(9,069,190)	(1,550,000)	(6,606,174)
- depreciation	341,562	234,749	221,832	213,527
- fair value movement on interest rate swap	153,539	-	153,539	-
- (gain)/loss on sale of asset	-	4,000	-	-
Changes in assets and liabilities:				
- (increase)/decrease in trade receivables	(1,225,719)	42,571	(1,017,109)	78,008
- (increase)/decrease in other current assets	(99,842)	(8,145)	(30,447)	20,266
- increase/(decrease) in trade payables	(178,328)	232,853	(278,810)	(322,176)
- increase/(decrease) in tax liability	746,780	2,841,681	665,313	2,049,642
- increase/(decrease) in provisions	(40,352)	47,433	(49,496)	40,217
	2,625,567	4,307,606	2,908,600	3,800,217
<b>Non-cash financing and investing activities</b>				
There were no transactions or events during the year which affected assets and liabilities and did not result in cash flows				
<i>Credit standby arrangements with banks to provide funds and support facilities.</i>				
Credit facility	33,567,000	30,532,000	33,567,000	30,532,000
Credit facility utilised	(33,451,692)	(30,451,692)	(33,451,692)	(30,451,692)
Unused credit facility	115,308	80,308	115,308	80,308



	Consolidated		Parent	
	2017 \$	2016 \$	2017 \$	2016 \$
<b>19 LEASE COMMITMENTS</b>				
<b>(a) Operating Lease Commitments</b>				
Not later than 1 year	405,074	62,990	405,074	62,990
Later than 1 year but not later than 5 years	1,442,829	104,983	1,442,829	104,983
	1,847,903	167,973	1,847,903	167,973

There is an operating lease for the building rental on Warehouse K from Pooraka Fruit & Vegetable Supply Pty Ltd ending in August 2022. Annual rental payments including GST are \$342,085.

There is one other lease entered into with the Commonwealth Bank for electricity meter rentals ending February 2019. Annual rental payments are \$62,990.

	Consolidated		Parent	
	2017 \$	2016 \$	2017 \$	2016 \$
<b>(b) Finance lease commitments</b>				
Not later than 1 year	11,049	6,153	11,049	6,153
Later than 1 year but not later than 5 years	-	11,075	25	11,075
Minimum lease payments	11,074	17,228	11,074	17,228
Less future finance charges	(25)	(508)	(25)	(508)
Present value of minimum lease payments	11,049	16,720	11,049	16,720

The finance lease is with the Commonwealth Bank for a Ford Ranger. The lease was entered into in August 2013.

## 20 FINANCIAL RISK MANAGEMENT

### Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities is summarised below. The main types of risks are interest rate risk and liquidity risk.

	Consolidated		Parent	
	2017 \$	2016 \$	2017 \$	2016 \$
<b>Financial assets</b>				
Cash and cash equivalents	1,172,888	2,776,772	544,520	1,667,335
Trade and other receivables - current	1,670,976	445,257	1,242,325	225,216
Trade and other receivables - non-current	203,982	59,942	13,136,119	13,300,678
Financial assets	7,894,159	5,275,000	7,894,161	5,275,002
	10,942,005	8,556,971	22,817,125	20,468,231
<b>Financial liabilities</b>				
Market rate loans	33,451,692	30,451,692	33,451,692	30,451,692
Finance leases	11,049	16,720	11,049	16,720
Interest rate swap	153,539	-	153,539	-
Trade and other payables	1,900,227	2,078,555	1,418,322	1,697,132
	35,516,507	32,546,967	35,034,602	32,165,544

**20 FINANCIAL RISK MANAGEMENT** continued**Interest Rate Risk**

The Group's policy is to minimise interest rate cash flow risk exposures on market rate loans. The interest rates are variable therefore the Group has entered into an interest rate swap agreement to hedge against unfavorable changes in interest rates. The fixed rate on \$10,000,000 of the market rate loans is 2.65%.

The following illustrates the sensitivity of profit and equity to a 1% change in interest rates on the remaining amount.

Year ended 30 June 2017	\$
+/- 1% in interest rates	235,000

**Liquidity Risk**

Liquidity risk is the risk that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt payments for market rate loans as well as cash inflows and outflows due in day-to-day business. The timing of cash outflows is presented below:

<b>Consolidated group</b>	within 6 months \$	6-12 months \$	1-5 years \$	greater than 5 years \$	Total \$
2017					
<b>Financial assets</b>					
Trade and other receivables - current	1,670,976	-	-	-	1,670,976
Trade and other receivables - non-current	-	-	203,982	-	203,982
Total financial assets	1,670,976	-	203,982	-	1,874,958
<b>Financial liabilities</b>					
Trade and other payables	1,900,227	-	-	-	1,900,227
Borrowings - lease liability	11,049	-	-	-	11,049
Borrowings - bank loans	-	-	33,451,692	-	33,451,692
Interest rate swap	-	-	153,539	-	153,539
Total financial liabilities	1,911,276	-	33,605,231	-	35,516,507

<b>Consolidated group</b>	within 6 months \$	6-12 months \$	1-5 years \$	greater than 5 years \$	Total \$
2016					
<b>Financial assets</b>					
Trade and other receivables - current	445,257	-	-	-	445,257
Trade and other receivables - non-current	-	-	59,942	-	59,942
Total financial assets	445,257	-	59,942	-	505,199
<b>Financial liabilities</b>					
Trade and other payables	2,078,555	-	-	-	2,078,555
Borrowings - lease liability	2,759	2,912	11,049	-	16,720
Borrowings - bank loans	-	-	30,451,692	-	30,451,692
Total financial liabilities	2,081,314	2,912	30,462,741	-	32,546,967

**Notes to the Financial Statements** For the year ended 30 June 2017

**20 FINANCIAL RISK MANAGEMENT** *continued*

The Board has determined that the carrying values of financial assets and financial liabilities are consistent with fair values. The interest rate swap has been valued by the Commonwealth Bank of Australia using the standard pricing methodology.

<b>Parent entity</b>	<b>within 6 months \$</b>	<b>6-12 months \$</b>	<b>1-5 years \$</b>	<b>greater than 5 years \$</b>	<b>Total \$</b>
2017					
<b>Financial assets</b>					
Trade and other receivables - current	1,242,325	-	-	-	1,242,325
Trade and other receivables - non-current	-	-	13,136,119	-	13,136,119
Total financial asset	1,242,325	-	13,136,119	-	14,378,444
<b>Financial liabilities</b>					
Trade and other payables	1,418,322	-	-	-	1,418,322
Borrowings - lease liability	11,049	-	-	-	11,049
Borrowings - bank loans	-	-	33,451,692	-	33,451,692
Interest rate swap	-	-	153,539	-	
Total financial liabilities	1,429,371	-	33,605,231	-	34,881,063

<b>Parent entity</b>	<b>within 6 months \$</b>	<b>6-12 months \$</b>	<b>1-5 years \$</b>	<b>greater than 5 years \$</b>	<b>Total \$</b>
2016					
<b>Financial assets</b>					
Trade and other receivables - current	225,216	-	-	-	225,216
Trade and other receivables - non-current	-	-	13,300,678	-	13,300,678
Total financial assets	225,216	-	13,300,678	-	13,525,894
<b>Financial liabilities</b>					
Trade and other payables	1,697,132	-	-	-	1,697,132
Borrowings - lease liability	2,759	2,912	11,049	-	16,720
Borrowings - bank loans	-	-	30,451,692	-	30,451,692
Total financial liabilities	1,699,891	2,912	30,462,741	-	32,165,544

The Board has determined that the carrying values of financial assets and financial liabilities are consistent with fair values. The interest rate swap has been valued by the Commonwealth Bank of Australia using the standard pricing methodology.

	Consolidated		Parent	
	2017 \$	2016 \$	2017 \$	2016 \$
<b>21 TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL</b>				
Key management of the group are the Board of Directors and the Chief Executive Officer.				
<b>Short term employee benefits</b>				
Salaries & Directors fees	460,043	501,930	460,043	501,930
Other - salary sacrifice	30,500	-	30,500	-
	490,543	501,930	490,543	501,930
<b>Post-employment benefits</b>				
Superannuation Contributions	40,283	47,938	40,283	47,938
	40,283	47,938	40,283	47,938
Total Remuneration	530,826	549,868	530,826	549,868

**22 FINANCIAL REPORTING BY SEGMENTS**

The Company operates wholly within Australia and owns and operates a large scale facility for the wholesale marketing of fresh produce.

**23 RELATED PARTY DISCLOSURES**

Directors and Director-related entities hold directly, indirectly or beneficially as at balance date the following number of shares in this Company. Details of each Director's holdings are listed in the accompanying Director's Report.

	Consolidated		Parent	
	2017 No.	2016 No.	2017 No.	2016 No.
South Australian Produce Market Ltd - Ordinary Shares	1,492,422	1,492,422	1,492,422	1,492,422

The group used the legal and accounting services of director related entities over which they exercise significant influence. The amounts billed were based on normal market rates and amounts to:

	Consolidated		Parent	
	2017 \$	2016 \$	2017 \$	2016 \$
Schirripa Evans Lawyers	206,863	199,467	206,863	199,467
Bentleys	45,595	32,101	45,595	32,101
Minicozzi Solicitors	10,382	-	10,382	-
	262,840	231,568	262,840	231,568

There was nil outstanding to these related entities (2016: \$1,843 to Bentleys).

Legal fees paid to the director related law firms noted above may include fees paid to barristers acting on behalf of the Company and other disbursements incurred on the Company's behalf. Fees paid to Director related law and accounting firms are charged at normal commercial rates. Detailed timesheets are provided to the Board and Directors whose firms provide professional services do not participate in the approval for payment of any fees paid to their respective firms.

	Consolidated		Parent	
	2017 \$	2016 \$	2017 \$	2016 \$
<b>23 RELATED PARTY DISCLOSURES</b> <i>continued</i>				
The Group transacted with several directors in the company and their related entities as customers, in relation to leased premises and market services. The amounts charged were based on normal market rates and amounted to:				
P & E Scalzi Services Pty Ltd	256,269	232,276	256,269	232,276
Paseva Pty Ltd ATF P & E Scalzi Superannuation Fund	151,620	135,333	151,620	135,333
Thorndon Park Produce Co Pty Ltd	5,285	5,226	5,285	5,226
Dublin Fruit & Veg	3,300	-	3,300	-
R Ceravolo & Co Pty Ltd	308,967	217,891	308,967	217,891
Pooraka Fruit & Vegetable Supply	57,365	41,680	57,365	41,680
	782,806	632,406	782,806	632,406

The outstanding balances at the reporting date were as follows:

P & E Scalzi Services Pty Ltd	12,548	6,244	12,548	6,244
Paseva Pty Ltd ATF P & E Scalzi Superannuation Fund	10,314	5,130	10,314	5,130
R Ceravolo & Co Pty Ltd	52,917	1,138	52,917	1,138
Pooraka Fruit & Vegetable Supply	6,036	(13,022)	6,036	(13,022)
	81,815	(510)	81,815	(510)
Lease payments to Pooraka Fruit and Vegetable Supply	397,941	352,028	397,941	352,028

#### Transactions with Joint Ventures

During 2017, South Australian Produce Market provided contribution to Market Fresh of \$105,000 (2016: \$185,200). At reporting date there is no amounts owed to or by Market Fresh (2016: Nil).

#### 24 SUPERANNUATION COMMITMENTS

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

#### 25 EVENTS AFTER THE REPORTING DATE

There are no events subsequent to 30 June 2017 that would have a material effect on the 2017 Financial Report (2016: Nil).

#### 26 ECONOMIC DEPENDENCY

The future revenue of the Consolidated Group is dependent on the commercial contribution of the principal activities disclosed in the Directors' Report.



**27 CONTROLLED ENTITIES**

Controlled Entities	Country of Incorporation	Percentage Owned	
		2017	2016
APML No. One Pty Ltd	Australia	100%	100%
APML No. Two Pty Ltd	Australia	100%	100%
5101 Commerce Crescent Pty Ltd	Australia	100%	100%
5102 Commerce Crescent Pty Ltd	Australia	100%	100%
APML Exports Pty Ltd	Australia	100%	100%
Adelaide Market Pty Ltd	Australia	100%	100%
9 Burma Road Pooraka Pty Ltd	Australia	100%	100%
Australian Produce Cases and Recycling Pty Ltd	Australia	100%	100%
Australian Produce Collective Pty Ltd	Australia	85%	85%

**Controlled Entities Acquired**

No controlled entities were acquired during the year.

**Control Entity Disposal**

No controlled entities were disposed during the year.

**Controlled Entities with Ownership Interest of 50% or Less**

No controlled entities are held by the Parent Entity with an ownership interest of 50% or less.

**28 OTHER FINANCIAL ASSETS**

	Consolidated		Parent	
	2017 \$	2016 \$	2017 \$	2016 \$
Non-Current				
Unlisted Investments - at cost				
- Shares in Controlled Entities	-	-	2	2
- Shares in Perth Markets Ltd & Perth Markets				
Land Trust (PML) (non-controlling interest)	7,894,159	5,275,000	7,894,159	5,275,000
	7,894,159	5,275,000	7,894,161	5,275,002

**29 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**

The Group has one material joint venture, Market Fresh SA Pty Ltd (Market Fresh).

Market Fresh was incorporated in Australia and it was formed for the purpose of establishing a jointly owned marketing company to promote and increase the volume of fruit and vegetable produce sold through the South Australian Produce Market.

	Percentage Owned	
	2017	2016
Proportion of ownership interests held by the group	50%	50%

The investment in Market Fresh is accounted for using the equity method in accordance with AASB 128. Market Fresh SA is in a deficit position at 30 June 2017 and as such the carrying value of the investment is nil. South Australian Produce Market Ltd paid share capital of \$50 upon the set up of the new company.

**30 CHANGES IN ACCOUNTING POLICY**

There were no changes in accounting policy for the year ended 30 June 2017.

**31 RESERVES**

Reserves represent share premiums.

**32 NON-CONTROLLING INTEREST**

	Consolidated		Parent	
	2017 \$	2016 \$	2017 \$	2016 \$
Balance at the beginning of the year	16,871	-	-	-
Contributions from minority interest	107,094	93,380	-	-
Share of profit (loss) for the year	(124,794)	(76,509)	-	-
Balance at the end of the year	(829)	16,871	-	-

During the prior year the Group acquired 85% of Australian Produce Collective Pty Ltd.  
The movement in the non-controlling interest represents 15% of the company's net assets.

**33 COMPANY DETAILS**

*The registered office of the Consolidated Group is:*

Burma Road  
Pooraka SA 5095

*The principal place of business of the Consolidated Group is:*

Burma Road  
Pooraka SA 5095

**CORPORATE DIRECTORY (AS OF THE DATE OF THIS REPORT)***DIRECTORS*

David Schirripa (Chairman)  
Nicola Minicozzi (Deputy Chairman)  
Pasquale Scalzi  
Daniele De Ieso  
Antonio Ceravolo  
Michael Ruggiero  
Christine Scalzi  
Girolamo Fragnito  
Derrick Patterson

*SECRETARY*

Angelo Demasi

*REGISTERED OFFICE*

Burma Road  
Pooraka South Australia 5095

Telephone: 08 8349 4493  
Facsimile: 08 8349 6574

Internet site: [www.saproducemarket.com.au](http://www.saproducemarket.com.au)

*AUDITOR*

Grant Thornton Audit Pty Ltd

Level 3  
170 Frome Street  
Adelaide South Australia 5000

*BANKER*

Commonwealth Bank of Australia  
213 Glynburn Road  
Firle South Australia 5070

*SHARE REGISTRAR*

David Garry & Associates  
225 Fullarton Road  
Eastwood South Australia 5063

## Directors' Declaration

In accordance with a resolution of the Directors of South Australian Produce Market Limited, the Directors of the Company declare that:

- 1) The financial statements and notes, as set out on pages 26 to 52, are in accordance with the *Corporations Act 2001* and:
  - a) comply with Australian Accounting Standards which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standard (IFRS); and
  - b) give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the Company and Consolidated Group.
- 2) In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



**David Schirripa**

*Chairman of Directors*

*Signed at Pooraka, South Australia on this  
29<sup>th</sup> day of September 2017.*



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## Independent Auditor's Report To the Members of South Australian Produce Market Limited

### Auditor's Opinion

We have audited the financial report of South Australian Produce Market Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2017, 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration of and the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion, the accompanying financial report of South Australian Produce Market Limited is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
- b 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 Company 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Information other than the Financial Report and Auditor's Report

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

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## Independent Auditor's Report



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

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, 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*. The Directors responsibility also includes 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Report

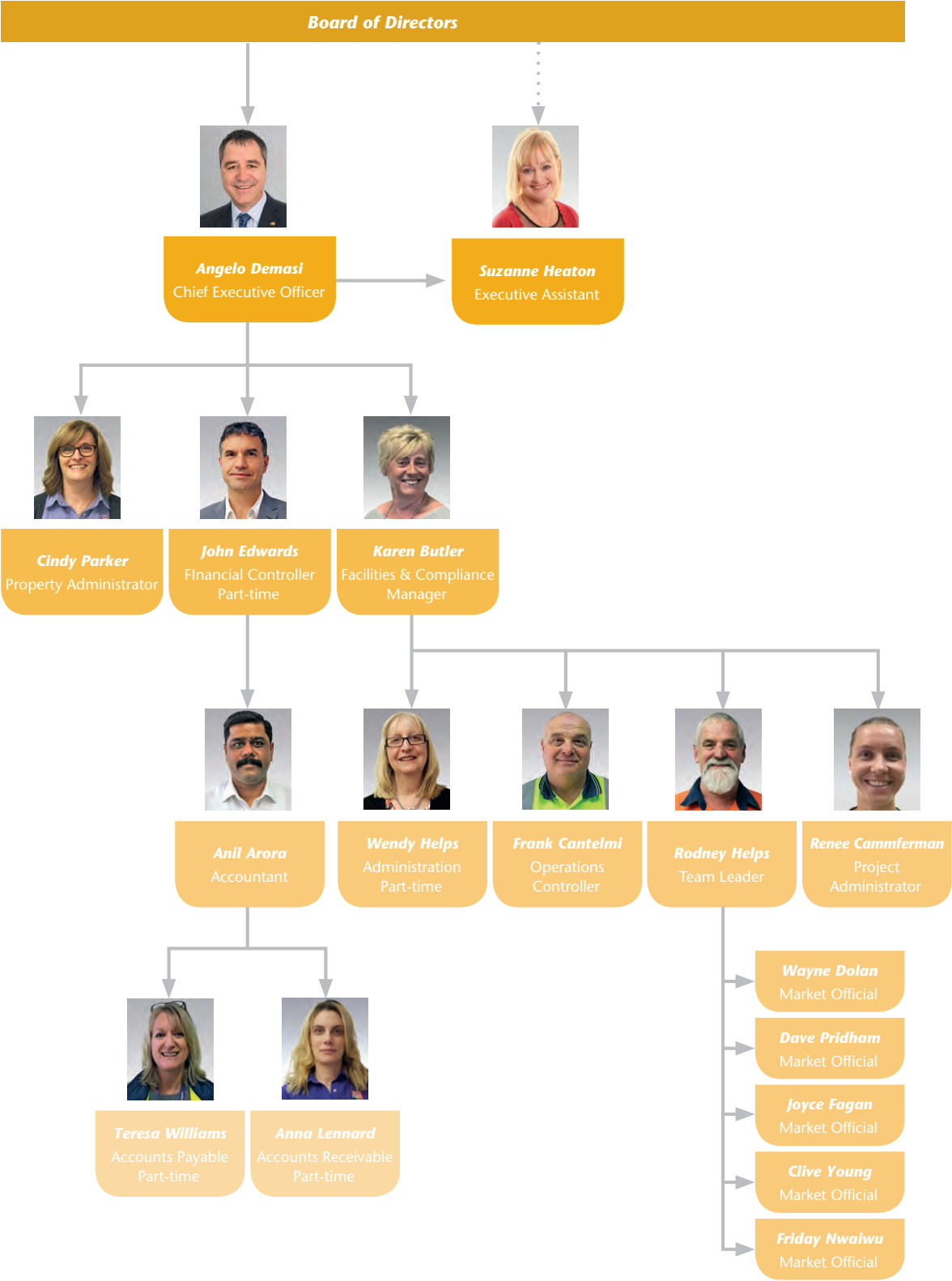
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that 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 at: [http://www.auasb.gov.au/auditors\\_files/ar7.pdf](http://www.auasb.gov.au/auditors_files/ar7.pdf). This description forms part of our auditor's report.

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

J L Humphrey  
Partner - Audit & Assurance

Adelaide, 29 September 2017



\* This Organisational Chart does not include business units or subsidiary companies.





## Corporate Directory

### *DIRECTORS*

David Schirripa (*Chairman*)  
Nicola Minicozzi (*Deputy Chairman*)  
Pasquale Scalzi  
Daniele De Ieso  
Antonio Ceravolo  
Michael Ruggiero  
Christine Scalzi  
Girolamo Fragnito  
Derrick Patterson

### *SECRETARY*

Angelo Demasi

### *REGISTERED OFFICE*

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Pooraka South Australia 5095  
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[www.saproducemarket.com.au](http://www.saproducemarket.com.au)

### *AUDITOR*

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Level 3 , 170 Frome Street  
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### *BANKER*

Commonwealth Bank of Australia  
213 Glynburn Road  
Firle South Australia 5070

### *SHARE REGISTRAR*

David Garry & Associates  
225 Fullarton Road  
Eastwood South Australia 5063



