ANNUAL REPORT 2020

SOUTH AUSTRALIAN PRODUCE MARKET LIMITED

SOUTH AUSTRALIAN PRODUCE MARKET

Our Vision

By 2030 the Market will be an innovative and fully developed mixed use facility that includes a Fresh Food Market, a Transport and Cold Chain Logistics Hub and a Packing and Processing Centre.

Our Purpose

To promote shareholder's interests through the provision of modern and innovative market facilities and services.

SOUTH AUSTRALIAN PRODUCE MARKET

2020 Achievements

Environment

Green Power Generation

- Solar and Backup Microgrid launched by SA Government and first full year successful operations
- Power up - 1040 homes pa
- Cars removed – 613
- Carbon emission reduced by 1,440 tonnes

Recycling efforts on site benefits

- Repositioned 1,640,000kg of produce from landfill donated to Foodbank
- Power up - 223 houses pa
- Cars removed - 43
- Carbon emission reduced by 219.3 tonnes

- Solar Power generated 3,273,579 kWH
- Total houses powered up - 1,263 pa
- Total cars removed - 656 cars pa
- Reduction by 30% of CO_2 emissions meeting Australia's commitment to the Paris Agreement

*these figures exclude 1.64m donation to Foodbank and green waste sent direct to farms

2020 Achievements

Community

Community Investment

	$5,000	Camp Quality
	$20,000	Variety
	$75,000	Bushfire Appeal
FOOD BANK	$90,000	Foodbank Rent Relief
Total	$190,000	Community Investment
2.36%	Contribution as a % of EBIT	

Food relief to people in need

FOOD BANK	1.64M kg	Foodbank donation
FOOD BANK	3.2M	Meals distributed

Donation Country Fire Service 2 tonnes bananas

Donation Kick Start School Sports 2 tonnes oranges

Strategic

- Business Continuity Plans implemented successfully in dealing with COVID-19 Pandemic and Fruit Fly outbreak
- Master Plan completed
- Company Structure and Constitution review completed
- Appointment of SAPML inaugural female Independent Chairman
- Continued consolidation of Store Leases
- Commencement of IT system review
- Completion of Banking tender for main lending facility with facilities extended to 2023
- Implemented Market Logistics Review
- Brand new saproducemarket.com.au website went live
- New car/van wash and Carl's Jnr agreement signed
- Canopy extension on Building D completed
- COVID-19 free site

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Chairman and CEO Report 2020

Chairman
Joanna Andrew

CEO
Angelo Demasi

On behalf of the Board of Directors, we are delighted to present the South Australian Produce Market Limited (SAPML) 2020 Annual Report.

To say 'we are living in unprecedented times', is an understatement. FY20 has been a year that has tested the Market Community's resilience. We are, and continue to be, incredibly proud and inspired by our team and their unwavering commitment to work through these challenging times.

The year began with the dreadful bushfires and as we were recovering from that, COVID-19 was thrown at us. If that wasn't enough, the Market, for the first time in its 32 year history, was placed in an outbreak (suspension) area due to an outbreak of Mediterranean Fruit Fly.

Despite these challenges, the Company's financial performance improved on the 2019 financial year. This was on the backdrop of a solid first half performance with the effects of COVID-19 and Fruit Fly becoming evident in the last three months of the 2020 financial year.

FY2020 was the first financial year in which the Market's flagship onsite Microgrid was operational. The Microgrid has provided a significant reduction in reliance on the amount of electricity purchased from the energy grid. As reported last year, SAPML continues to be committed in reducing the Market's carbon emissions and we are delighted to report a reduction of 1,440 tonnes of CO_2 emissions in 2020, which equates to a 30% reduction. The Microgrid constantly reviews the

South Australian electricity spot price to protect the Market precinct from high electricity pricing and determines the optimum combination of producing energy onsite and when it is cost effective to purchase power from the grid. As a result of this combination, the total electricity charged to tenants was down 25% on the previous financial year, even though tenant consumption was only down 2%.

The implementation of the Company's 5-year Strategic Plan has commenced with the Market Logistics, Bio-security Master Plan completed and costed. The Master Plan will be rolled out in three

Chairman and CEO Report 2020

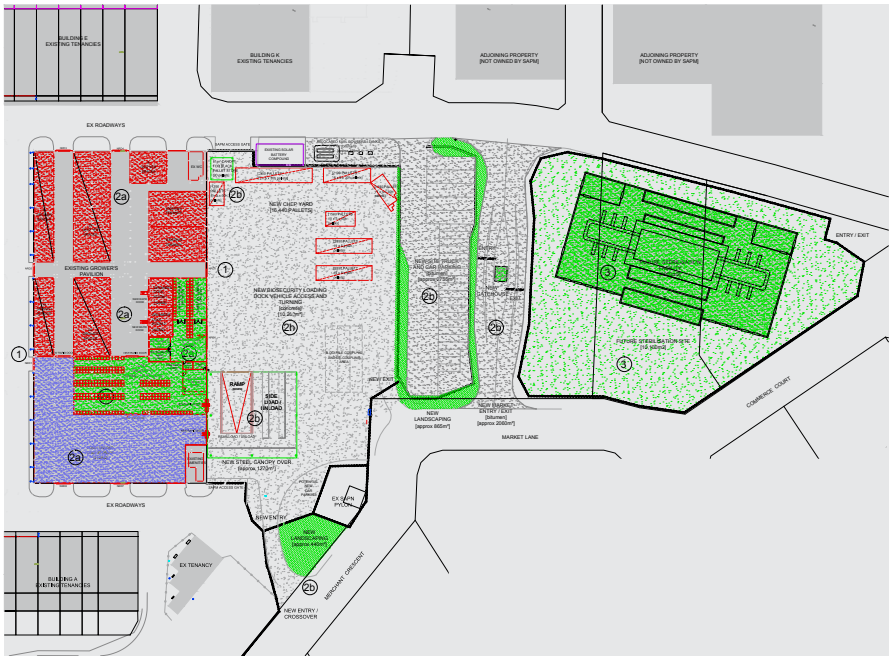
stages. Stage one has commenced and will be completed at the end of October 2020. Stages two and three which include a fumigation, cold treatment and end to end treatment Bio-security Facility, are currently being costed and due to commence in the second half of 2020/21 subject to funding.

Agreement for Leases, subject to Council approval, have been completed for a Car / Van Wash and Carl's Jnr food outlet located on vacant land at the corner of Burma and Main North Roads. At the time of writing this report, we are awaiting planning approval requiring a Category 3 Public Notification.

The Company's new Business Risks and Disaster Recovery Plan was finalised in October 2019, which was timely, considering the Disaster Recovery Plan swung into action in March 2020 due to COVID-19. Management completed a COVID-19 Business Continuity Pandemic Plan which was also developed and swiftly implemented in March 2020. Management reviewed and updated our Risk Focus Register and Plan which was carried out in the first half of the financial year. One of the business risks identified in the Plan was Fruit Fly and this became a reality when an outbreak of Mediterranean Fruit Fly was declared in Pooraka and the Market precinct was placed in a Fruit Fly outbreak (suspension) area for the first time in the 32-year history of this Market site.

The Market precinct experienced extremely high insurance cost increases during the fourth quarter of the FY20 period and this will significantly affect the 2020/21 outgoings expenditure. One of the main focuses in 2020/21 will be to review insurance regarding Industrial Special Risks with the view to reducing the site's exposure to expanded polystyrene (EPS) which is used in cold rooms across the site. The Board has appointed Fire Engineers to work with Management and Marsh Insurance Brokers to review all options available to reduce the site's exposure.

Bio-security Facility Master Plan



Financial Results

We are delighted to report the Group FY20 Consolidated Profit after Income Tax, excluding Revaluation Gain and Fair Value Movement, was $5.41M, 7.1% up from FY19 of $5.05M despite Revenue for the Group decreasing by 1.7%. The Revenue decrease was primarily a direct result of the reduction of electricity billing to tenants ($434k). Revenue was also negatively impacted because of COVID-19 in the secondary wholesaling sector servicing food services, cafés and restaurants, [HORECA] channel. The revenue decreases were partially offset by increases in Market Services and other revenues generated from the Microgrid such as trading of Large Scale Generation Certificates [LGCs] and exports to the national electricity grid.

The Board acted swiftly in dealing with COVID-19 rent relief for those affected tenants, placing a freeze on rents for 12 months and implementing the full recommendations of the Federal Government Mandatory Code of Conduct which is anticipated to have reduced rents by $300,000 across the Group during the COVID-19 pandemic. The purpose

of the Code of Conduct ("the Code") was to impose a set of good faith leasing principles for application to commercial tenancies (including retail, office and industrial) between owners, operators, other landlords and tenants, where the tenant is an eligible business for the purpose of the Commonwealth Government's JobKeeper Payment Scheme. These principles applied to negotiate amendments in good faith to existing leasing arrangements. It aided the management of cashflow for SME tenants and SAPML as landlord on a proportionate basis, as a result of the impact and commercial and economic disruption caused by the declared Coronavirus ("COVID-19") pandemic. The Company used independent auditors, Grant Thornton, to assist in assessing tenant applications according to the Code. The Group has also been able to pass savings onto tenants as a result of Government incentives such as Payroll Tax Relief, Land Tax Relief and the PAYG Cash Boost.

The occupancy across the Group property holding decreased in FY20 to 98.35% compared to 99.32% in FY19. COVID-19 has provided challenges in finding new tenants to replace those that have relinquished tenancies.

The Statutory Profit after Income Tax for FY20 was $6.67M compared to $3.34M in FY19, a $3.33M increase. The increase in Statutory Profit after Income Tax was higher due to an investment property revaluation gain of $1.60M net of deferred tax compared to a reduction in FY19 of ($1.25M). This accounted for a $2.85M turnaround in the Statutory Profit after income tax.

Although there has been an increase in the Property Valuation, it is imperative to note that due to COVID-19, the Company's Valuer has noted that there is an inherent risk of any valuation changing quickly in response to underlying changes in market conditions as a result of the ongoing pandemic. The Valuation is therefore, reported on the basis of 'significant valuation uncertainty'. The Real Estate market is being impacted by the uncertainty that COVID-19 has caused and market conditions are changing daily at present. The Valuer expressed that the Valuation is current at the date of the Valuation only and the value assessed herein, may change significantly and unexpectedly over a relatively short period of time. The Board has adopted the Valuation, noting that it represents the value as at 30 June 2020.

Interest Rates continued to drop during the financial year and SAPML's total secured liabilities increased by $1.01M with the completion of the Microgrid. Total finance costs only rose 7.4% with weighted average cost of borrowing as at 30 June 2020 reducing to 2.58% from 2.86% last year.

SAPML's investment in Perth Markets Limited [PML] and Brisbane Markets Limited [BML] increased during the year as a result of Fair Market Valuations from $12.22M to a combined Fair Value of $13.93M as at 30 June 2020. These investments have grown 27.9% in value compared to acquisition cost. In November 2019, PML changed its structure from a unit trust to a corporate entity and this will result in a change the way SAPML receives distributions from PML. Previously, SAPML received unit trust distributions that were higher but with a higher taxable impact on SAPML. These will now be paid as dividends and will have franking credits attached, matching tax already paid by PML.

The increase in the total value of the investment properties, investments and Solar Microgrid resulted in Gross Assets for the Group increasing to $144.94M from $137.57M in 2019. We are delighted to report the Net Asset Backing has increased from $12.60 in FY19 to $13.27 per share in 2020. This was a result of an uplift in valuation in the Company's properties and the benefits gained from the Solar Microgrid and investments in PML and BML.

Shares traded significantly higher than Net Asset Backing of $13.27 per share. In FY20, 652,048 shares traded at an average selling price of $15.35 per share compared to in FY19, 30,525 shares traded in the Company at an average price of $14.83 per share.

The Management and Board felt it was prudent that the Company's banking facility was placed out to tender early as it was due to expire in October 2020 taking into consideration COVID-19 and the uncertainty in the financing and banking sector. After an extensive review of the submissions received from a range of banking institutions, it was decided to remain with the Commonwealth Bank who provided a 3-year facility at favourable bank margins.

Chairman and CEO Report 2020

Strategic Plan 2019-2024

The Management and Board commenced the first year into the Company's 5-Year Strategic Plan and although the year became distracted with bushfires, COVID-19 and Fruit Fly, it was a great start. A summary of the achievements within the 6 Strategic Challenges are shared below.

Considering the rapidly changing circumstances, the Board will review the current Plan early in the new year to enhance, adjust and consider the effects of COVID-19. The review will analyse post COVID-19 trends and opportunities. The incursion of Fruit Fly within our site has also changed the landscape and will be considered in the strategic review.

Strategic challenges - our areas of focus

STRATEGIC CHALLENGE

Market bypass

STRATEGIC INITIATIVES

FY20 Achievements

Co-branding Pick a Local, Pick SA! with National Marketing program A Better Choice.

Increased social media activity and industry promotions strategy.

Increased public relations within the Independent Retail sector on mainstream print radio and TV media.

Maintained buyer participation within the Market during COVID-19.

STRATEGIC CHALLENGE

Supply chain distribution channels

STRATEGIC INITIATIVES

FY20 Achievements

Developed strong communication with Retail Buyers of the importance of online, home delivery services during COVID-19. Strong take up within existing Independent retail sector and new emerging online buyers / home delivery businesses established within the Market.

Development of new buyer category placed on hold during COVID-19.

Increased profiling our local Growers supply chain.

Strong emphasis on Bio-security zero tolerance on Fruit Fly entering South Australia. Radio and print media and ensuring the integrity of our Fruit Fly status remains. This was as a response to the outbreak in Pooraka.

STRATEGIC CHALLENGE

Online digital platforms

STRATEGIC INITIATIVES

FY20 Achievements

Commenced developing digital platform to be used within the wholesale markets.

COVID-19 and Contractor / Visitor App developed and implemented ensuring traceback of all Market non card holder users entering the Market are captured.

Commenced the feasibility of developing a mobile phone Bluetooth entry system, eliminating the need for entry cards.

Increased communication via social media using SAPML Facebook page and web-based videography.

COVID-19 remote office implemented including Microsoft Teams video conferencing, increased number of laptops and wireless internet connection.

Developed SAPML new website.

STRATEGIC CHALLENGE

Site optimisation and diversification

STRATEGIC INITIATIVES

FY20 Achievements

Implementation of Market logistic review recommendations in providing a Just in time and cost-effective model for logistics within the Market.

Commenced relocation program taking into account the medium and long-term objectives of the Company's Market Master Plan.

Completion of Market Master Plan to maintain paddock to plate cold chain and integrating unloading, and a Bio-security precinct offering cold treatment and fumigation facilities subject to funding.

Build other cold storage logistics offering within the Market Unloading Service.

Commercial agreements in place and obtaining planning approval for Car / Van wash and Carl's Jnr development on the corner of Burma and Main North Roads.

Working with Department of Industry and Trade to explore new technologies for the horticulture industry in attracting an end to end point treatment facility with the Market.

Completion of a 281sqm canopy extension on Building D on time and on budget.

STRATEGIC CHALLENGE

Synergies with other wholesale markets

STRATEGIC INITIATIVES

FY20 Achievements

Commenced working with two Markets, PML and BML on implementing an integrated Property/Facility Management system.

National tender to appoint an Enterprise Resource Planning (ERP) specialist to tender SAPML, BML and PML requirements for an Integrated Property / Facility Management and Accounting System.

Successfully appointed CMC as the 3 markets ERP specialist and coordinators.

Completion of national tender for integrated Property/Facility Management and Accounting system.

Shortlisted integrated Property/ Facility Management and Accounting System.

The final design phase underway with three markets immersion workshops.

STRATEGIC CHALLENGE

Internal structures

STRATEGIC INITIATIVES

FY20 Achievements

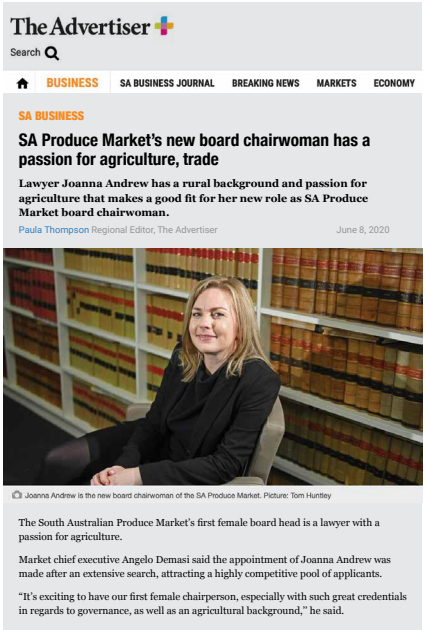
Employed Senior Commercial Property Manager.

Review of Operational team, streamlining management across business units.

Appointment of Chairman.

Company structure and Constitution review.

Chairman and CEO Report 2020



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SA BUSINESS

SA Produce Market's new board chairwoman has a passion for agriculture, trade

Lawyer Joanna Andrew has a rural background and passion for agriculture that makes a good fit for her new role as SA Produce Market board chairwoman.

Paula Thompson Regional Editor, The Advertiser June 8, 2020

Joanna Andrew is the new board chairwoman of the SA Produce Market. Picture: Tom Huntley

The South Australian Produce Market's first female board head is a lawyer with a passion for agriculture.

Market chief executive Angelo Demasi said the appointment of Joanna Andrew was made after an extensive search, attracting a highly competitive pool of applicants.

"It's exciting to have our first female chairperson, especially with such great credentials in regards to governance, as well as an agricultural background," he said.

Due to the resignation of former Chairman, David Schirripa, a Committee was formed by the Board after the 2019 Annual General Meeting. This Committee was Chaired by Independent Director, Michael Ruggiero, to seek a new Independent Chairman.

After an extensive search attracting a highly competitive pool of applicants, we were pleased to announce the appointment of Ms Joanna Andrew as Chairman of the Board.

Ms Andrew's appointment was a first for the Company being the inaugural female Chairman of the SAPML Board. Appointed as a casual appointment until the 2020 Annual General Meeting when Ms Andrew will be seeking election to an Independent Director position for a three-year term.

Ms Andrew brings with her a wealth of experience as a Partner of the South Australian law firm, Mellor Olsson and having vast experience in both Corporate Governance and the Agricultural industry. Raised in the Riverland on a grape and citrus property, Ms Andrew became a partner in the South Australian legal firm Mellor Olsson at the age of 28 and was an InDaily 40 Under 40 Award Winner in 2018. She also brings substantial Board and Chairman experience with her.

The Board completed a refresher course on Corporate Governance which was one of the first objectives for Ms Andrew to ensure reinforcement of Directors' obligations.

The Board and Management engaged legal firm Thomson Geer to review the Company Constitution to strengthen the current definitions. After a number of workshops and deliberations, we are pleased to present the proposed changes at this year's AGM.

Leasing

Market Precinct

It has been a busy three years on the leasing front, commencing in FY18 and FY19 with renewal of 41 Store leases and it did not stop in FY20. It has been encouraging that the industry continues to invest within the Market with the next generation of Wholesalers expanding their footprint and investing in upgrading their facilities.

During the year, long standing tenant Stramare Produce went into liquidation. SAPML advertised for Expressions of Interest for the Store and a number of applications were received and assessed over a period of three weeks based on offerings and tenancy mix. Local Grower and Wholesaler, Pogas Produce increased their footprint within the Market as they purchased the current Flavell's Fruit Sales Store in Building D. Flavell's Fruit Sales applied in the Expression of Interest process and took advantage of the larger Store in Building E and merged their warehousing and store to locate to larger and former Stramare Produce Store in Building E.

Wholesalers continued to reinvest in upgrading their facilities by providing a more vibrant trading floor. Rainbow Fresh Direct updated their trading floor to provide a more farm shed feel with most Wholesalers investing to ensure their facilities are fruit fly compliant.

Management ensured all movements taking place were in line with the long-term Master Plan.

Market Bag Supplies relocated from the Growers Pavilion to Store 22 to enable them to reinvest and upgrade their facility providing a better tenancy mix and vibrancy within the Market. An additional 281sqm canopy extension was also completed on Building D for Russo Produce which was completed on time and on budget.

Over 260 Buyer Licence Agreements were renewed and entered into during FY20. Relocation of Growers within the Market precinct took place including the relocation of Buyer parks and the Unloading Service. With the issue of Fruit Fly, all Buyers vehicles were removed from the Market square.

The weighted average of lease expiry (WALE) was steady at 3.44 years in FY20.

Chairman and CEO Report 2020

Other Property Segments

A review of the current tenancy layout of the Burma Road property was undertaken and construction of new loading and road areas will be completed in the first half of FY21. A restructure of tenancy mixes on the site is also being undertaken. The current net rental for FY20 at circa $345K compared to FY19 of $350K.

As reported last year, the Master Plan for the Burma Road site will address the current tenants' needs and has future proofed the precinct for the medium and long term. Unfortunately, COVID-19 slowed down commercial discussions with tenants on the precinct.

An Agreement for Lease has been signed on a strategic land parcel of land on the corner of Burma and Main North Roads with Agreement for Lease signed by Carl's Jnr franchise and a much-needed Car / Van Wash. The Agreement for Lease is subject to Council approval and other commercial outcomes.

The project is currently being assessed for planning under a Category 3 Notification and a building tender is currently in progress. Subject to planning and commercial terms being met, it is anticipated that construction will commence in the first quarter of FY21.

In 2020, the weighted average lease expiry (WALE) of leases of the whole Group, is 9.08 years as at 30 June 2020 compared to 9.57 years for FY2019.

During FY20 cold storage tenant, Auscold re-negotiated their lease and extended it to 31 August 2021. A Tender was conducted to appoint a Property Agent to market the property. A joint agency between Colliers and Leedwell has been appointed to find a new tenant for the facility.

Debt Level/Ratio

The Group's secured liabilities as at 30 June 2020 was $43,497,88.

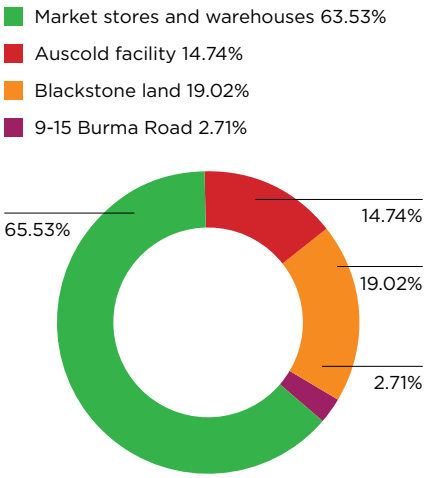
In the current economic climate, it is pleasing to report that all the Company borrowings are non-current after the successful completion of a banking tender process that has locked in a facility until 31 July 2023. The group continues to have approximately 30% of borrowing costs fixed through a combination of the Equipment Facility and SWAP arrangement with CBA. This has allowed us to take advantage of the continued low interest rate environment over the last 12 months on the majority of the borrowings. The Board continually monitors the mix of fixed and variable borrowing.

In total, the Group's debt as a proportion of the value of its real estate assets mortgaged to CBA (LVR) (as determined by valuation) is 42.7% compared to 44.0% in FY19 and this continues to represent a conservative weighting of debt which in turn permits the Group to consider developing its vacant land assets and other strategic investments.

Property Valuation

The Group recorded a gain on revaluation in 2020 of $2.28M following on from a decrease in revaluation reserves in 2019 of $1.79M. This year's valuation increase was mainly attributed to Gallop Land Lease and adjusting for the Solar Microgrid CAPEX and the finalisation of Store leases in 2019 and 2020. The summary of the Group's revaluation on the different assets within the Group can be explained in the table on page 15.

Contributions to net market rental as at 30 June 2020



Valuation Comparison 2020 vs 2019

Site Location	30 June 2020 $	30 June 2020 Eqiv Yield	30 June 2019 $	30 June 2019 Eqiv Yield	Capital Expenditure $	Depreciation $	Net Movement $
SA Produce Market	73,800,000	7.96%	70,800,000	8.41%	2,773,224	-585,894	812,670
Auscold Facility	11,750,000	7.92%	12,250,000	8.43%	-	-65,952	-434,048
Gallop Blackstone Land	33,000,000	5.43%	31,000,000	5.61%	-	-	2,000,000
9-15 Burma Road	3,600,000	7.96%	3,700,000	8.00%	-	-	-100,000
Surplus land	1,630,000		1,630,000		-	-	-
Total	**123,780,000**		**119,380,000**		**2,773,224**	**-651,846**	**2,278,622**

Capital Works

The majority of Capital Works in FY20 consisted of final payments of the Solar Microgrid – $2.4M; and Administration and the Market Cafe upgrade of $0.267M.

With the Microgrid complete, it was imperative upgrades were completed for all electrical sub-boards feeding each building due to the age of the old sub-boards being 32 years old. The majority of the Site now has all new electrical infrastructure from the main High Voltage control room through to most transformers and all sub-boards. CME Group were awarded the contract to replace all switchboards on Buildings A, B, C and D at a cost of $205k.

Ahrens Engineering were awarded a contract for $110,000 in May 2020 for Building D Canopy Extension. The project was also completed within the approved budget and was built on time with minimal disruption. This project commenced in FY20 and was completed in early FY21.

The Carl's Jnr and Car / Van Wash was in the planning and design phase during FY20 and therefore, did not record any capital expenditure with the exception of planning and design costs.

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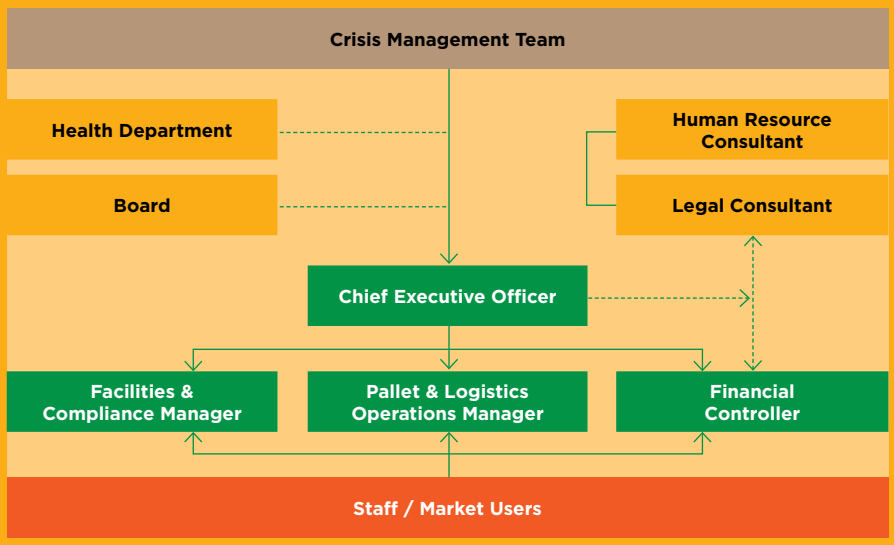


COVID-19

The Operations Team was extremely stretched and as mentioned in our opening statement, must be commended for their efforts during these unprecedented times. With the Facilities and Compliance Manager on extended personal leave, Jamie Paddick, Logistic / Pallet Management Operations Manager has been appointed as the Operations Manager to oversee the three Market businesses units.

Management and the support teams worked countless hours in developing and implementing the Site's COVID-19 Pandemic Plan. As part of the Plan, the Crisis Incident Management Team was developed and met regularly to implement the Plan.

The first case of COVID-19 in Australia was found on 1 March 2020 in NSW and it was evident from what was happening around the world that Australia was not going to be spared. It was clear that we needed to communicate to the Market Community that any person(s) who had travelled from China were required to self-isolate.

On 5 March 2020, SAPML also communicated to staff the importance of hygiene and advised if they were sick, they were not to come to work. As the days went by, the virus was spreading around the world at an increasingly alarming rate.

Management reviewed the Business Continuity Plan which was implemented in the second quarter of FY20. Although this Plan had the framework in relation to a number of possible business interruption scenarios, it was evident that the

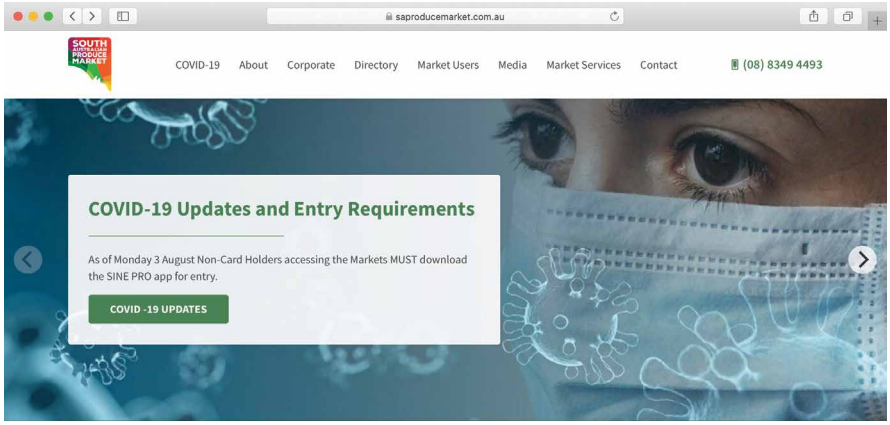
Plan also called for a Pandemic Plan which we needed to develop and implement.

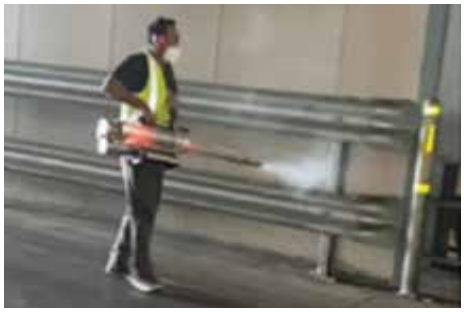
Management developed the COVID-19 Pandemic Plan for SAPML internal business and the Market site. Due to the continued ever-changing landscape at the time, Consultant - Risk Logic was appointed to assist in the implementation of the Plan. We continued to have adequate staffing levels across these business units to minimise disruption. SAPML implemented rotational staff rosters with a small number of staff working from home as a contingency if the site had any COVID-19 cases.

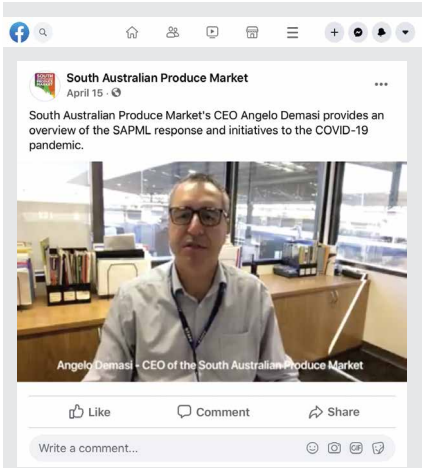
We are proud that SAPML was the first Market and one of the first businesses in South Australia to implement Health Screening and temperature checking upon entry into the Market. On 16 March 2020, we sent a communication to the Market Community advising that SAPML had implemented the SAPML Business Continuity Plan – COVID-19 including Health Screening and temperature checking.

COVID-19 hygiene and communication posters were placed around the Market along with over 60 sanitisation stations. Touchpoint sanitisation was conducted on a daily basis including outdoor fogging of touch points and sanitation of all inside areas.

Our new website went 'live' with a new COVID-19 tab for the Market Community to refer to for ongoing updates. The page also included a Resource link for reference to up to date Government information to







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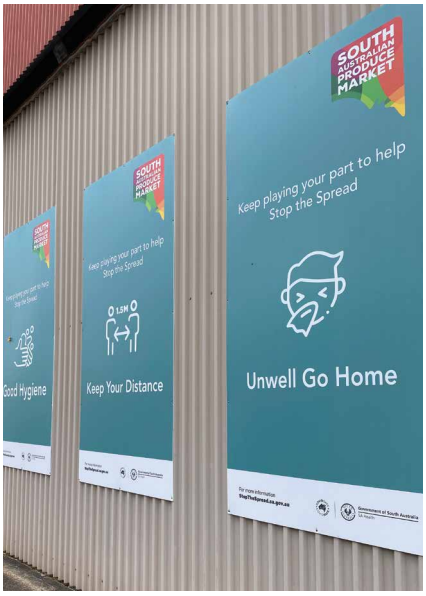


ensure everyone had and continues to have, up to date information.

SAPML used a number of other communication channels to ensure Market patrons were continually updated such as Mailchimp emails, Facebook and Social media posts as well as utilizing communicating via videography with regard to a range of COVID-19 related issues including rent relief.

The timeline of events is important as it shows that our business was ready to manage this major worldwide pandemic.

On 18 March 2020, the Prime Minister's Office announced the National Security Committee had declared a Bio-security Emergency for the Nation with regard to COVID-19. SAPML communicated once again with the Market Community to ensure all Tenants stepped up their cleaning regime. SAPML stated that we were doing the same and in particular, touch points and toilets, etc.

On 22 March 2020, we notified Tenants regarding the Border closures and assured everyone that the information we were being provided by the Government was that our fresh produce wholesale market would be exempt due to the Market being classed as an Essential Service.

On 24 March 2020, SAPML staff stepped up the messaging to Tenants and advised that they needed to be on top of cleaning their facilities as hygiene was paramount.

We provided further updates on 25 March 2020, to the Market Community and requested Tenants to ensure they read information and communication from SAPML and if they required any further information to refer to our website using the COVID-19 tab.

Our systems were put to the test. However, each time we were able to implement the protocols put in place in line with our COVID-19 Crisis Management Plan with no inherent risk to our Market Patrons.

The Crisis Incident Management Team continued to review the Plan and systems in line with the changing landscape.

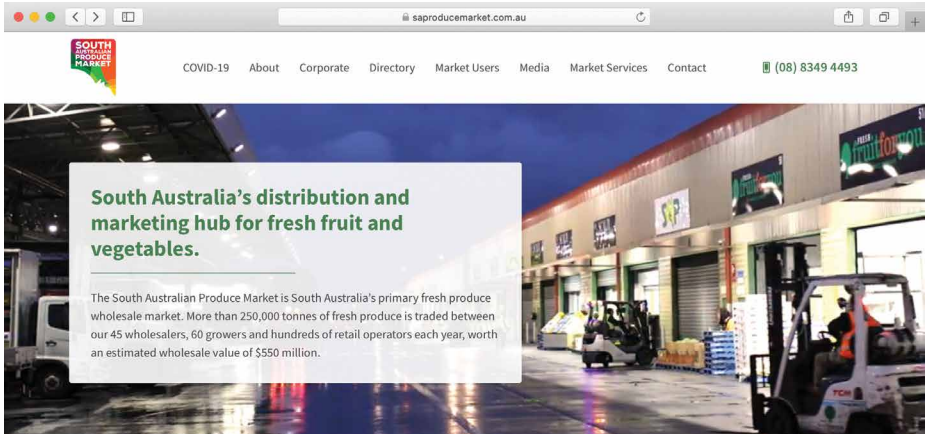
The introduction of the health screening forms was a very manual process and quite time consuming which caused delays upon entry to Site. The Crisis Incident Management Team continued to explore the ability to implement an online platform and SAPML partnered with "Sine" who redeveloped a Contract Visitor Management System and adapted it to include the health screening forms.

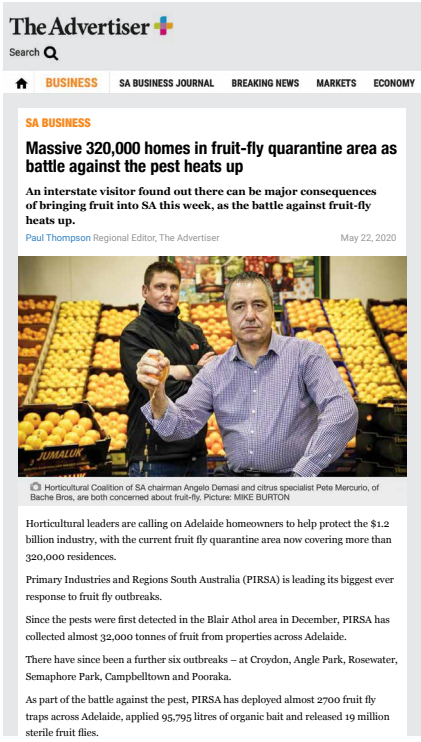
SAPML's CEO continues to have direct contact with State Government PIRSA at Ministerial level and the Management team within PIRSA. A weekly SA Agriculture COVID-19 Management Committee was formed by PIRSA which held a weekly video link up with Senior PIRSA, Department of Health, Police and Food Industry representatives and covered issues that may need to be addressed. The first few weeks it was important to keep the Market at the forefront of Government's mind and that the Market is an "Essential Service", especially when the announcement came regarding closing of all "outdoor and indoor retail markets".

A review of a majority of Human Resource Policies and Procedures due to COVID-19 was undertaken, in particular, to the Working from Home, Information Technology and Equal Opportunity Policies.

The Board met on a weekly basis during March and April 2020 using on line platform Microsoft Teams to ensure they were abreast of the rapidly changing environment. This was important to provide Management with the ability to implement changes promptly.

We are pleased to report our site maintained and is continuing to maintain a COVID-19 Safe site throughout the Pandemic.





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SA BUSINESS

Massive 320,000 homes in fruit-fly quarantine area as battle against the pest heats up

An interstate visitor found out there can be major consequences of bringing fruit into SA this week, as the battle against fruit-fly heats up.

Paul Thompson Regional Editor, The Advertiser May 22, 2020

Horticultural Coalition of SA chairman Angelo Demasi and citrus specialist Pete Mercurio, of Bache Bros, are both concerned about fruit-fly. Picture: MIKE BURTON

Horticultural leaders are calling on Adelaide homeowners to help protect the $1.2 billion industry, with the current fruit fly quarantine area now covering more than 320,000 residences.

Primary Industries and Regions South Australia (PIRSA) is leading its biggest ever response to fruit fly outbreaks.

Since the pests were first detected in the Blair Athol area in December, PIRSA has collected almost 32,000 tonnes of fruit from properties across Adelaide.

There have since been a further six outbreaks – at Croydon, Angle Park, Rosewater, Semaphore Park, Campbelltown and Pooraka.

As part of the battle against the pest, PIRSA has deployed almost 2700 fruit fly traps across Adelaide, applied 95,795 litres of organic bait and released 19 million sterile fruit flies.

Market Operations

As reported in FY19, the Site Waste and Commercial Cleaning contract was awarded and in FY20, our Operations Team worked with the new contractors to improve site cleaning.

There is much more work to be done to continue to reduce the landfill costs on Site, however we started seeing the benefits of the new contractors. Working with the Waste Removal contractor, Cleanaway, we are now able to measure onsite environmental benefits as shown in 2020 Achievements.

Line marking changes to the roadway between A and H Shed were also made to assist with congestion.

The installation of Electrical Switchboards required several site shutdowns which was managed by the Facilities Management team.

During the year, SAPML launched the company's new website which included a more user-friendly interface. The upgrade included a new automated induction portal and is now maintained in-house by our Marketing team.

Fruit Fly outbreak at Pooraka

An outbreak of Mediterranean Fruit Fly was declared at Pooraka at the beginning of June 2020 which was the first time an outbreak had occurred on site in the 32-year history of the Market being located at Pooraka.

Management worked with the PIRSA Bio-security team to implement changes in the way the Market operates. SAPML and PIRSA Bio-security staff conducted a number of Fruit Fly Information Sessions with various Market patrons. New protocols were written and issued to Buyers, Wholesalers and Growers and which were implemented and adhered to by all Market patrons.

Traders on site were advised of the special conditions in relation to selling and loading of their fruit and vegetables.

Outlined below were the new protocols the Market Users were required to adhere to on the Market site:

1. Use fly-proof packaging – ensuring all host produce is covered in fly-proof packaging. This means there are no gaps > 1.6mm in the packaging. Examples of fly-proof packaging include:

- fly-proof bags/mesh
- cardboard boxes sealed with tape (no holes)
- plastic bags (tied or sealed).

2. Keep host produce inside – remove all host produce from an open air environment and keep it enclosed behind closed doors.

Chairman and CEO Report 2020

3. Keep host produce cool – keep all host produce in an environment of < 13 degrees Celsius. If produce reaches > 13 degrees, it must be put into secure conditions as point one and two, within an hour of reaching that threshold.

Due to the strict protocols implemented, it meant that Wholesalers were required to either use the necessary packaging or keep produce within their enclosed premises. It was evident that Wholesalers needed to invest in enclosing trading floors with Rapid lift doors or PVC curtains or to keep all produce within their cool rooms.

It was also evident that the Site building infrastructure required upgrading to meet the 1.6mm penetrations within all buildings. This included the installation of fruit fly netting on all buildings within the Market that did not have cold rooms installed and the installation of rapid lift doors within the Growers Pavilion. This was required for Growers to remain compliant when selling within the open facility. This also enabled us to relocate the Unloading Service within the Growers Pavilion in order to maintain our Unloading Service as Fruit Fly compliant.

The building upgrade included Fruit Fly netting, nine automated Rapid lift doors, evaporative air conditioning, automated CO_2 detection and an upgrade in exhaust extraction. A budget was approved by the Board post FY20 to complete the works in the first quarter of FY21 at an estimative value of $760k.

Operational changes also occurred with the removal of all Buyer vehicles from within the Market square to ensure daily and adequate cleaning of parking areas was undertaken and to ensure no host produce was left on Site within vehicles.

It was clear, if we did not take these necessary steps at an operational level and make the changes to site infrastructure, it would have been extremely difficult to operate within the Market.

Pallet Management Unloading Business Unit

The CHEP National Fresh Market roll-out was placed on hold due to CHEP being awarded the Coles contract and due to the COVID-19 situation. South Australia continued its steady volume of pooled equipment. 3.1M pooled equipment was handled in FY20 including pallets, Plastic Crates and bins.

The ALDI contract with CHEP ceased in July 2020 and had an immediate impact on the crate transactions. However, this should be offset with the introduction of Market and other Supermarket businesses.

It is anticipated that there will be a fall in the plastic crate business in FY21. However, there will be an increase in the sorting business.

COVID-19 provided the opportunity to cross skill with other business units as part of the Company's Business Continuity Plan. Team members across the Unloading Service, Pallet Management and Market Operations were managed by our Pallet and Logistics Operations Manager who worked across each business unit.

There were zero incidents / accidents recorded across the Unloading Service, Pallet Management and the Market Operations business units.

The numbers within the service continues to be steady with lift numbers around 90,000pa. We were able to reduce staffing numbers, increase productivity, and reduce wages whilst maintaining service.

Master Planning of the Unloading Service was completed with a three staged process. The Unloading Service was relocated to the Eastern side of the Market canopy as stage one.

Stage two, with the utilisation of the Growers Pavilion and cold rooms within the Growers Pavilion, has also been completed. Subject to funding, stage three will include purpose-built loading docks and end to end cold chain facilities with other ancillary services to be included.

The Unloading Service and the Pallet Management business continues to perform well after the review of operations with a $75k increase in profit. We thank the Pallet and Logistics Operations Manager, Jamie Paddick for another exceptional year in Operations, considering the difficult circumstances in dealing with COVID-19 and Fruit Fly.

Market Fresh SA Pty Ltd

Market Fresh SA Pty Ltd is a joint initiative of SAPML and the SA Chamber for Fruit and Vegetables (SA Chamber).

During FY20, the Pick A Local, Pick SA! marketing campaign continued to co-brand with the National Brand, 'A Better Choice' with the aim of increasing the volume of produce sold through Market customers, the Independent Retailers.

SAPML and the SA Chamber jointly funded Market Fresh SA Pty Ltd $150K each in FY20 and have committed to fund $130k each in FY21 even through this tough economic climate.

Market Fresh SA Pty Ltd expanded promotional activities with local Retailers with the objective of raising brand awareness and improving reputation, delivering marketing activities on a larger scale and, providing marketing services at a store level to support Retailers.

Retailer participation in the program increased from 42 to 99 who now display the Pick A Local, Pick SA! – A Better Choice branding in-store point of sale and participate in seasonal campaigns. This has created traction for the brand and a louder voice for collective advocacy and promotional activities.

Callum Hann continued as brand ambassador for Pick a Local, Pick SA! supporting the brand through radio commercials aired across Hit 107, video content posted to social media channels, in-store collateral and supporting public relations activities.

An event at the Adelaide Central Markets to launch the SA Strawberry season included the auction of a tray of Strawberries which raised $20,000 for Variety. Media coverage was in print, radio and television outlets.

During the Christmas period radio commercials, social media activity and public relations focussed on putting South Australian produce on the plate for the Festive season and with the support of the National Delivery Manager, SA rolled out a summer fruits campaign - Enjoy Great South Aussie Bites This Summer. The campaign consisted of in-store collateral, social media, radio and digital advertising.

In January the activations team participated in supporting The Tour Down Under with fruit donations from wholesalers distributed at four major event locations over the ten-day event.

The launch of the SA Adelaide Hills Apple and Pear season was highlighted through a radio campaign voiced by Callum Hann encouraging consumers to #BuyThemOut, an event at the Adelaide Central Markets with cooking displays, an apple bobbing competition and a social media campaign. This launch also attracted media coverage in print and television media outlets.

When COVID-19 broke in SA, the team worked with retailers to encourage readiness for the constant changes required in relation to social distancing, hygiene practices and panic buying. A campaign promoting independents offering delivery services, click and collect options and produce boxes with minimal contact was heavily promoted across traditional and social media.

A number of media opportunities presented during this period in print, radio and television media with the key messages to support local family businesses that were providing South Australian sourced produce.

The first National Campaign – Go To Those Who Know – with co-branded in-store collateral, digital, radio and social media advertising was implemented in April. An outdoor banner featuring a local retailer was placed at SAPML and also positioned at the Golden Grove outdoor netball courts run by the SA Districts Netball Association.

In-store demonstrations were activated by the team throughout the year with work completed for The Chosen One, Costa Farms, Hi Tech Fresh and Nutri Kiwi.

Investment into in-house video creation for use across social media channels that included visits to farms, wholesalers and retailers saw increased reach and engagement with the following on Facebook increasing from 7,700 to 10,000 fans. The team focus on telling personal stories of the families behind the businesses to build the connection and importance of supporting local. Farm visits were conducted and retailers participated in content creation to provide shareable social media content.

Chairman and CEO Report 2020

We thank Penny Reidy for her leadership of the campaign as Marketing, Communications and Business Development Manager and Michaela Kantarias for her role as Marketing Activations Assistant. The new marketing team has spent the year building relationships with key stakeholders and made an impact in the market place to raise the profile of South Australian produce from paddock to retailer.

We also thank Wendy Helps, Price and Produce Reporter for another successful year with Market Fresh SA Pty Ltd - Price Reporting business. The development of a weekly e-Fresh Market Alert communicating to industry and stakeholders was further developed and and we look forward to growing this communication to reach a broader audience in 2020/21.

Chairman and CEO Report 2020

Corporate Responsibility

SAPML has been an integral part of the community of South Australia and the Northern Territory for more than 30 years. SAPML strives to be a responsible and active corporate citizen.

Established in South Australia in 2000 and celebrating its -20th Anniversary this year, Foodbank South Australia's core concept remains simple – to feed those in need by redistributing surplus food. It is the largest food relief organisation in South Australia and it's mission is to end hunger in this State.

Foodbank's innovative partnership with the SAPML tackles food insecurity and access to healthy fresh produce for those who can least afford it, whilst also helping waste reduction to landfill by rescuing edible surplus produce that otherwise may have gone to waste.

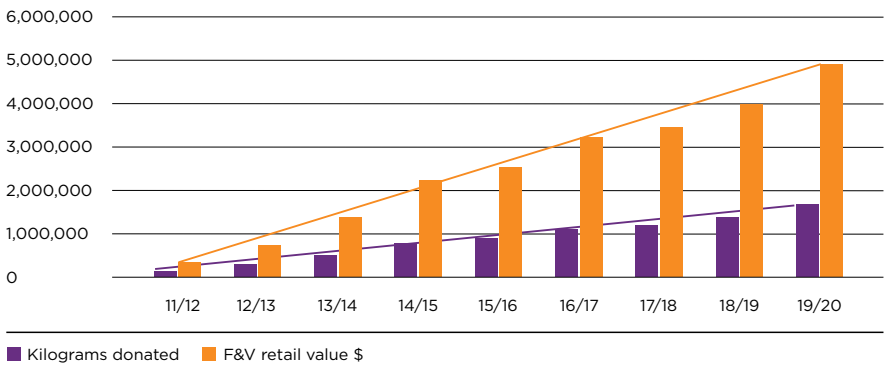
Since the partnership was established in 2013, we have worked collaboratively and donations of fresh fruit and vegetables have dramatically increased. In 2011-12 donations of fresh produce were 100,000 kilograms, representing just 6% of Foodbanks' annual food distribution. In 2019-20, through this successful partnership, donations of fresh produce were a record 1,640,000 kilograms, representing more than 40% of the total food distributed to the South Australian community in need.

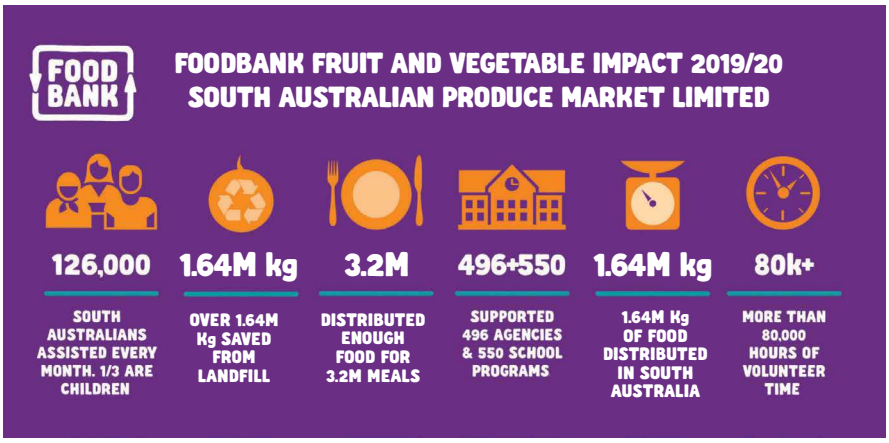
The graph below shows the successful joint venture and the significant targeted growth in donations of edible surplus fruit and vegetables.

Foodbank has now increased fresh fruit and vegetables to a healthy 42% of the total food groups distributed annually by Foodbank SA and all produce is gifted free of cost to vulnerable kids, youth, families and individuals in South Australia. The supply of Fresh Fruit and Vegetables, as far reaching as the remote Aboriginal APY Lands, continues to grow and is just one example of how important the SAPML and Foodbank partnership is.

Foodbank - SAPML Joint Venture Free Fresh Fruit & Vegetable Program

Growth in Annual Fruit & Vegetable donations

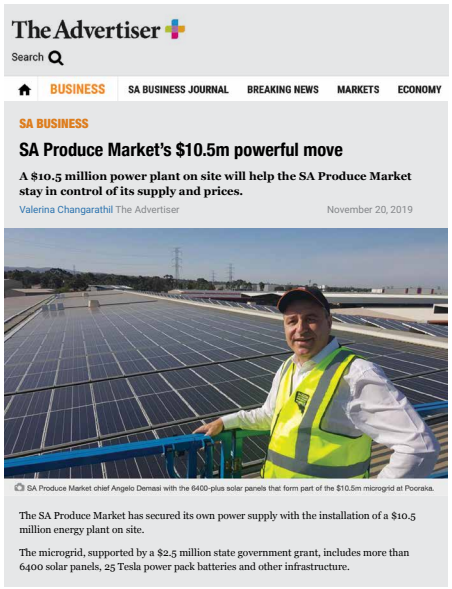




Market Matters

Launch Microgrid

FY20 was a year of celebration of the accomplishments achieved in 2019 with the major launch of the site's Microgrid with Minister for Energy and Mining, the Hon Dan van Holst Pellekaan launching the Microgrid. We were delighted to have key partners in the project including overseas executives from Schneider Electric, interstate lead contractor Autonomous Energy, local contractor Azzo and Solar Panel supplier Sun Power. The launch and project received



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SA BUSINESS

SA Produce Market's $10.5m powerful move

A $10.5 million power plant on site will help the SA Produce Market stay in control of its supply and prices.

Valerina Changarathil The Advertiser November 20, 2019

SA Produce Market chief Angelo Demasi with the 6400-plus solar panels that form part of the $10.5m microgrid at Pooraka.

The SA Produce Market has secured its own power supply with the installation of a $10.5 million energy plant on site.

The microgrid, supported by a $2.5 million state government grant, includes more than 6400 solar panels, 25 Tesla power pack batteries and other infrastructure.

Fire-affected Hills growers encouraged to seek funding

PAULA THOMPSON

IN the wake of the devastating Cudlee Creek fires, Pick a Local Pick SA! raised $75,000 for Adelaide Hills fire-affected growers – and is now calling on applications for the funding.

Administered through the Apple and Pear Association, all funds raised will be distributed directly to growers to help in the re-establishment of orchards following more than 30ha of horticultural land being burnt.

The association has identified six apple, pear and cherry growers in the Adelaide Hills region that have fire-damaged crops and is putting out a final call to any other horticultural producers affected by the Cudlee Creek fire that would like to be considered for the funding.

Pick a Local Pick SA! campaign manager Penny Reidy said the community had rallied to raise funds for the Adelaide Hills horticultural industry.

"We are looking forward to making sure the funds go directly to where they were intended," she said.

Funds raised through the appeal were as a result of instore coin collections at about 100 Pick a Local Pick SA! retailers, online donations collected through charity partner Foodbank SA as well as major donations from the SA Produce Market, Radio Italiana, Romeo's Supermarkets, Drakes Supermarkets and a fundraising dinner dubbed Produce to Platter held at the SA Produce Market.

"The Adelaide Hills newseason apples and pears will be coming into full supply in coming weeks," Ms Reidy said.

"Consumers should be looking for the produce in their local Pick a Local Pick SA! retailer to provide continued support to the industry."

Apple and Pear Association chief executive Susie Green, pictured, said with re-establishment costs likely to be about $300,000 a hectare, the group encouraged any commercial producer that suffered damage to horticultural crops in the Cudlee Creek fires to apply for the funding.

Potential funding recipients should contact Ms Green directly through email – sgreen@apgasa.com – by Saturday, in order to be considered.

V1 - ADVE01Z01MA

worldwide recognition though Schneider Electric who funded a promotional video promoting SAPML'S initiative and the advanced technologies deployed on our site.

It was important that the project received media attention as this will not only benefit existing Market Users, but can be used as a promotional tool for future tenants considering establishing on our precinct.

Opening of the Market Café

It was pleasing that the former Minister for Primary Industries and Regional Development, the Hon Tim Whetstone, took time out of his busy schedule to officially open the new Market Café. The Market Café was another FY19 flagship project which was celebrated in FY20.

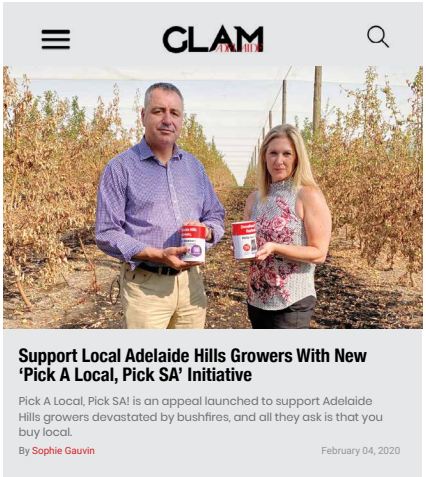
The Market Café is an integral part of the Market and the newly refurbished facility meant that many industry and Market events were conducted within the site. It started with the launch of the Microgrid, the 2019 AGM, launch of the Citrus season, many industry consultation forums and the Adelaide Hills Bushfire fund raiser.

We look forward to more exciting COVID Safe functions and events in the new year.

Bushfire fundraiser + Kangaroo Island Donations

When the bushfires hit the Adelaide Hills, SAPML and Market Fresh SA launched a campaign to raise funds for fire affected growers. With collection tins produced and distributed into 100 retailers stores, an online donation page hosted by Foodbank SA and a fundraising dinner held at SAPML. The Adelaide Hills Horticultural Appeal raised $75,000 which was donated directly to growers. We thank Radio Italiana 531 for raising $17,500 on behalf of the Italian community which went towards the Adelaide Hills Horticulture appeal.

Chairman and CEO Report 2020



This campaign created media opportunities in print, radio, digital and television media outlets that was supported by a social media campaign. This enabled us to raise the much needed funds for our Hills Growers

SAPML and Banana Wholesaler, LaManna Premier Group, Fresh Pick and Costa partnered to supply free Bananas to our amazing firefighters on Kangaroo Island and Adelaide Hills. Foodbank, being the food Charity partner for the Adelaide Hills and Kanagaroo Island, also assisted by coordinating the logistics and distribution of the produce to ensure our emergency services and firefighters were kept well nourished.

Industry Matters

An extremely successful Citrus campaign was launched at the Market under strict COVID-19 protocols with former Minister for Primary Industries and Regional Development Hon Tim Whetstone attending along with Citrus SA Chief Executive, Mark Doecke.

Two tonnes of oranges were delivered to schools and sporting clubs across the State to mark the start of this year's citrus season.

The campaign coincided with the first step towards easing COVID-19 restrictions, which included a return to outdoor sports training for groups of up to 10 participants. SAPML delivered oranges over a period of four weeks as schools and sporting clubs ramped up their training activities.

It was encouraging to work closely with the Minister for Primary Industries and Regional Development, the Hon Tim Whetstone with several visits to the Market. With the start of the bushfires and during the start of COVID-19, the Minister was on the Market floor gauging issues that affected Growers and the Market. It was disappointing to see a hard-working passionate Minister leave the portfolio, however, we look forward to working with the Hon David Basham as the new Minister for Primary Industries and Regional Development.

SAPML continues to play a pivotal role within the industry with SAPML CEO chairing the Horticultural Coalition of SA (HCSA) during one of the most challenging times. The HCSA Committee were kept busy dealing with the Adelaide Hills bushfires, COVID-19 and Bio-security in

relation to the 8 Mediterranean Fruit fly outbreaks. The HCSA worked very closely with the Minister for Primary Industries and Regional Development and with the current outbreak of Mediterranean Fruit Fly, the industry has supported the Government's stance on zero tolerance.

The HCSA and SAPML have been calling to extend zero tolerance between Ceduna and the South Australian Border. This is important as the current Mediterranean Fruit Fly outbreaks originated from Western Australia and the zero tolerance on the Yamba road block has been affective in curtailing the number of breaches through that checkpoint.

It is so important not only to the regions but for our Market due to the outbreaks like the current Pooraka incursion which increases costs to traders and SAPML.

The HCSA continued to work with Government on the Blueprint for Horticulture, stressing the key objective impediments for Horticulture being, Business Sustainability (ie rates and taxes, electricity and labour costs); Infrastructure; Water; Bio-security and Workforce.

Unfortunately, for the first time since the Hort Connections has been running, the National Horticultural Conference was cancelled due to COVID-19. This also coincided with the meeting of Central Markets of Australia Association [CMAA] for FY20 being cancelled with all Market management across the country.

Conclusion

In conclusion, despite the fact that we are in the midst of a global pandemic and the worst economic downturn since the great depression, we have embraced the challenge to create a better tomorrow.

We have developed a set of COVID Safe standards for the Market and our workplace and we continue to focus on five key areas as part of our response, which includes health, hygiene, personal protective equipment, cleaning and social distancing. Our COVID-19 Planning and Crisis Incident Management Team will continue to keep our business COVID Safe and will also be a focus in our key strategic review in FY21.

The transformation with our Property and Facilities Management system will continue to develop with our interstate Market partners ensuring there are more efficient and flowing information systems within our businesses.

Our FY21 priorities continue to reflect our current FY19-24 Strategic Plan looking to adjacencies for growth and opportunities that extend our service offering and property portfolio. We look forward to further unlocking these opportunities to deliver sustainable returns for all our stakeholders.

I want to thank the SAPML team, our Tenants and our Market Users for their continued support during 2020. We thank Nic Minicozzi for his dedication and assistance in filling the Chairman role during the period of vacancy in November 2019 until 26 May 2020.

We are all in this together and it is only by continuing to be better together that we can succeed in this uniquely challenging and uncertain environment.

Joanna Andrew
Chairman

Angelo Demasi
CEO

Chairman and CEO Report 2020

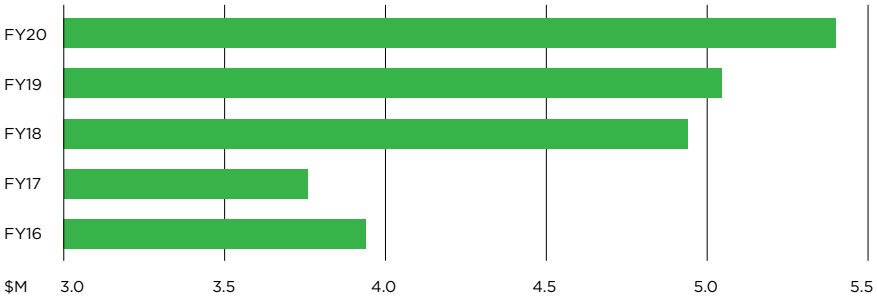
Five Year Key Financial Metrics

	FY20	FY19	FY18	FY17	FY16
Key financial performance metrics					
Net Operating Profit before Interest & Tax, excluding Revaluation Movements	8,024,529	8,171,821	7,770,321	6,378,807	6,351,437
Revaluation Gain / (Loss)	2,278,622	(1,791,076)	541,974	1,590,209	9,069,190
Fair Value Movement of Interest Rate Swap	(28,637)	(302,818)	2,681	(153,539)	0
Finance Costs	(1,365,911)	(1,271,265)	(1,119,669)	(996,655)	(898,851)
Reported Profit before Tax	8,908,603	4,806,662	7,195,307	6,818,822	14,521,776
Current Income Tax Payable	(1,251,014)	(1,852,756)	(1,704,388)	(1,628,849)	(1,518,897)
Net Operating Profit after Income Tax, excluding Revaluation Movements and Fair Value Movement	5,407,604	5,047,800	4,946,264	3,753,303	3,933,689
Key balance sheet metrics					
Total Assets	144,938,909	137,566,212	127,582,119	124,522,114	120,263,108
Net Assets	76,602,932	72,772,448	72,875,373	71,600,956	71,017,918
Net Asset Backing	13.27	12.60	12.62	12.40	12.30
Gearing Ratio	37.5%	37.5%	31.5%	32.3%	29.5%
Key equity metrics					
Issued Capital	5,774,560	5,774,560	5,774,560	5,774,560	5,774,560
Dividend per Share	0.70	0.70	0.70	0.70	0.70
Earnings per Share after Income Tax excluding Revaluation Gain / (Loss) and Fair Value Movement	0.94	0.87	0.86	0.65	0.68

Net Operating Profit after Income Tax, excluding Revaluation Movements and Fair Value Movement

FY20
$5.4M

Up 7.1% on FY19



Total Assets

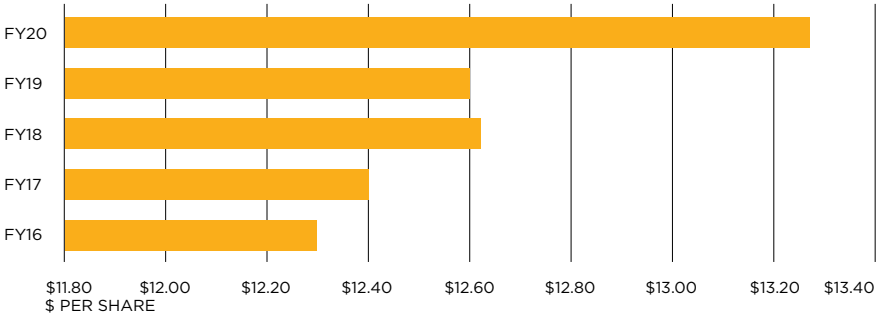
FY20
$144.9M

Up 5.4% on FY19

Net Asset Backing

FY20
$13.27

Up 5.3% on FY19

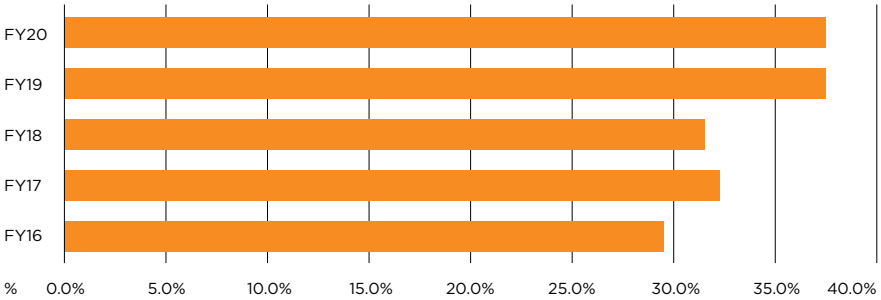


Gearing Ratio

FY20
37.5%

Weighted average cost of debt as at 30 June 2020 is 2.58%

Unchanged from FY20



Dividend Shareholder Returns	**70 cents per share fully franked**

South Australian Produce Market Limited ABN 49 008 129 566
Financial Report

Directors' Report

30 June 2020

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of South Australian Produce Market Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2020.

Directors

The following persons were directors of South Australian Produce Market Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Ms Joanna Andrew (Chairman)
Appointed 26 May 2020

Mr Michael Ruggiero (Deputy Chairman)
Appointed 26 May 2020

Mr Nicola (Nic) Minicozzi (Deputy Chairman)
Acting Chairman 1 November 2019 to 26 May 2020

Mr Pasquale (Pat) Scalzi

Mr Daniele (Danny) De Ieso

Mr Antonio (Tony) Ceravolo

Ms Christine Scalzi

Mr Girolamo (James) Fragnito

Mr Derrick Patterson

Mr Mark Brougham

Mr David Schirripa (Former Chairman)
Resigned 31 October 2019

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.

Dividends

Dividends paid/payable during the financial year were as follows:

	Consolidated	
	2020 $	**2019 $**
Fully franked final dividend of 35 cents per share (declared 24 September 2019)	2,021,096	2,021,096
Fully franked interim dividend of 35 cents per share (declared 25 April 2020)	2,021,096	2,021,096
	4,042,192	4,042,192

Directors' Report

30 June 2020

Review of operations

The profit for the consolidated entity after providing for income tax amounted to $6,674,151 (30 June 2019: $3,342,835).

	2020 $	2019 $	Change $	Change %
Consolidated profit before income tax	8,908,603	4,806,661	4,101,942	85%
Revaluation (loss)/gain included in consolidated profit	2,278,622	(1,791,076)	4,069,698	(227%)
Fair Value Movement Interest Rate Swap	(28,637)	(302,818)	274,181	(91%)
Consolidated profit before income tax, excluding the revaluation gain / loss & Fair Value Movement	6,658,618	6,900,555	(241,937)	(4%)
Current income tax payable	1,251,014	1,852,756	(601,742)	(32%)
Consolidated profit after income tax excluding revaluation gain/(loss) & Fair Value Movement	5,407,604	5,047,779	359,825	7%

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

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

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

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

South Australian Produce Market Limited

Directors' Report

30 June 2020

Information on directors

Ms Joanna Andrew

Director and Chairman
Appointed 26 May 2020

Qualifications

Bachelor of Laws (Honours)

Bachelor of Health Sciences

Experience and expertise

Partner
Mellor Olsson Lawyers

Non-Executive Director
Adelaide Cemeteries Authority

Member
National Sports Tribunal

Committee Member
SANFL Players Payment Integrity Committee

InDaily 40 Under 40 Award Winner 2018

Raised on a Riverland grape and citrus property, the inaugural female Chair of the Board has a wealth of experience as a legal practitioner and in both corporate governance and the agricultural industry

Mr Michael Ruggiero

Director and Deputy Chairman
Appointed 26 May 2020

Acting Deputy Chairman from 2 November 2020

Audit, Corporate Governance and Finance Committee Chairman

Qualifications

Bachelor of Arts (Accounting)

Chartered Accountant

Chartered Tax Adviser

Diploma in Financial Services

Experience and expertise

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

Mr Nicola (Nic) Minicozzi

Director and Deputy Chairman

Acting Chairman 2 November 2019 to 26 May 2020

Qualifications

Bachelor of Laws (LLB)

Notary Public

Experience and expertise

Admitted Legal Practitioner in 1974

Experience in non-litigious and litigious Commercial Law

South Australian Produce Market Limited ABN 49 008 129 566
Financial Report

Directors' Report

30 June 2020

Mr Pasquale (Pat) Scalzi OAM

Director

Experience and expertise

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

Mr Daniele (Danny) De Ieso

Director

Qualifications

Advanced Diploma in Horticulture Production

Diploma of Rural Business Management

Experience and expertise

Over 35 years experience in fruit and vegetable industry

Grower Board Member since 2002

Director Ausveg

Director Ausveg SA

Mr Girolamo (James) Fragnito

Director

Experience and expertise

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

Ms Christine Scalzi

Director

Experience and expertise

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

South Australian Produce Market Limited

Directors' Report

30 June 2020

Mr Antonio (Tony) Ceravolo

Director

Experience and expertise

Managing Director
R Ceravolo & Co Pty Ltd

Director
Ashton Valley Fresh Juices

Director
Ceravolo Orchards Pty Ltd

Director
Apple & Pear Growers Association of SA

Non-Executive Director of Perth Markets Limited (as a representative of South Australian Produce Market Ltd (appointed 1 February 2020)

35 years of orchard experience

35 years of experience in wholesale of fruit and vegetables

Mr Derrick Patterson

Director

Experience and expertise

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

Mr Mark Brougham

Director

Experience and expertise

Board member since November 2018

Chairman
South Australian Chamber of Fruit & Vegetables

Director
M & C Fruit & Vegetable Supplies

Board Member
South Australian Produce Credit

Board Member
Fresh Market Australia

Board Member
Vice President
Baseball SA

Mr David Schirripa

Director and
Former Chairman
Resigned 31 October 2019

Qualifications

Lawyer LLB (Hons) GDLP

B. Econ.(Accg)

Notary Public

Experience and expertise

Involvement in fresh produce industry at grower, wholesale and retail level

Director from November 2004 to November 2007, including period as Deputy Chairman since 2010

Director of Schirripa Evans Lawyers, a private client law practice

Director of Schirripa Orchards Pty Ltd, an avocado orchardist.

Non-Executive Director of Perth Markets Limited (as a representative of South Australian Produce Market Ltd (resigned 31 October 2019)

Directors' Report

30 June 2020

Company secretary

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

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2020, and the number of meetings attended by each director were:

	Full Board		Master Building Committee		Audit Corporate Governance and Finance Committee	
	Attended	**Held**	**Attended**	**Held**	**Attended**	**Held**
Ms Joanna Andrew (Chairman)	2	2	-	-	1	1
Mr Michael Ruggiero (Deputy Chairman)	13	14	-	-	5	5
Mr Nicola (Nic) Minicozzi (Deputy Chairman) (Acting Chairman to 26 May 2020)	14	14	-	-	5	5
Mr Pasquale (Pat) Scalzi	14	14	2	2	5	5
Mr Daniele (Danny) De leso	14	14	2	2	-	-
Mr Antonio (Tony) Ceravolo	14	14	2	2	-	-
Ms Christine Scalzi	12	14	-	-	-	-
Mr Girolamo (James) Fragnito	13	14	2	2	-	-
Mr Derrick Patterson	14	14	-	-	3	5
Mr Mark Brougham	14	14	2	2	-	-
Mr David Schirripa (Former Chairman)	3	3	-	-	3	3

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

South Australian Produce Market Limited

Directors' Report

30 June 2020

Details of remuneration

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

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.

Amounts of remuneration
Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

	Short-term benefits		Post-employment benefits	Bushfire appeal	
	Cash salary and fees	Committee fees	Super-annuation	Salary Sacrifice	Total
2020	**$**	**$**	**$**	**$**	**$**
Ms Joanna Andrew (Chairman)	5,231	750	568	-	6,549
Mr Michael Ruggiero (Deputy Chairman)	36,462	3,750	3,820	(1,000)	43,032
Mr Nicola (Nic) Minicozzi (Deputy Chairman) (Acting Chairman)	44,926	1,500	4,410	(1,000)	49,836
Mr Pasquale (Pat) Scalzi	30,000	5,250	3,349	(1,000)	37,599
Mr Daniele (Danny) De leso	30,000	1,500	2,993	(1,000)	33,493
Mr Antonio (Tony) Ceravolo	30,000	1,500	2,993	(1,000)	33,493
Ms Christine Scalzi	30,000	-	2,850	(1,000)	31,850
Mr Girolamo (James) Fragnito	30,000	1,500	2,993	(1,000)	33,493
Mr Derrick Patterson	30,000	2,250	3,064	(1,000)	34,314
Mr Mark Brougham	30,000	1,500	2,993	(1,000)	33,493
Mr David Schirripa (Former Chairman)	17,500	-	1,663	-	19,163
Other Key Management Personnel:					
Mr A Demasi	206,456	-	19,613	-	226,069
	520,575	19,500	51,309	(9,000)	582,384

Other than that disclosed in Note 32, 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.

Directors' Report

30 June 2020

Additional disclosures relating to key management personnel

Share and option
The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares and options					
Mr David Schirripa (Former Chairman)	253,900	-	-	(253,900)	-
Mr Pasquale (Pat) Scalzi	823,199	-	40,000	(60,000)	803,199
Mr Daniele (Danny) De leso	2,400	-	-	-	2,400
Mr Antonio (Tony) Ceravolo	131,300	-	-	-	131,300
Ms Christine Scalzi	258,200	-	-	-	258,200
Mr Girolamo (James) Fragnito	37,500	-	-	-	37,500
Mr Derrick Patterson	10,000	-	-	(5,000)	5,000
Mr Angelo Demasi	1,600	-	-	-	1,600
	1,518,099	-	40,000	(318,900)	1,239,199

South Australian Produce Market Limited

Directors' Report

30 June 2020

Shares under option

There were no unissued ordinary shares of South Australian Produce Market Limited under option outstanding at the date of this report.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

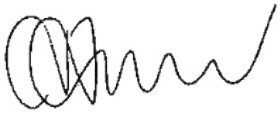
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Joanna Andrew
Chairman of Directors
24 September 2020

South Australian Produce Market Limited

Auditor's Independence Declaration

Level 3, 170 Frome Street
Adelaide SA 5000

Correspondence to:
GPO Box 1270
Adelaide SA 5001

T +61 8 8372 6666

Auditor's Independence Declaration

To the Directors of South Australian Produce Market Pty Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of South Australian Produce Market Pty Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 24 September 2020

Grant Thornton Audit Pty Ltd ACN 130 913 594
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South Australian Produce Market Limited ABN 49 008 129 566

Financial Statements

30 June 2020

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General information

The financial statements cover South Australian Produce Market Limited as a consolidated entity consisting of South Australian Produce Market Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is South Australian Produce Market Limited's functional and presentation currency.

South Australian Produce Market Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office
Burma Road
Pooraka SA 5095

Principal place of business
Burma Road
Pooraka SA 5095

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 September 2020. The directors have the power to amend and reissue the financial statements.

South Australian Produce Market Limited

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2020

	Note	Consolidated 2020 $	2019 $
Revenue	4	17,868,378	18,180,151
Other income	5	462,360	-
Expenses			
Investment property revaluation (loss) / gain		2,278,622	(1,791,076)
Fair value movement of interest rate swap		(28,637)	(302,818)
Employee benefits expense		(2,172,323)	(2,040,820)
Depreciation expense	6	(1,263,481)	(247,779)
Finance costs	6	(1,365,911)	(1,271,265)
Other expenses	6	(6,582,187)	(7,719,731)
Write off of assets		(288,218)	-
Profit before income tax expense		8,908,603	4,806,662
Income tax expense	7	(2,234,452)	(1,463,827)
Profit after income tax expense for the year		6,674,151	3,342,835
Other comprehensive income			
Fair value movement in financial assets (net of tax)		1,198,525	596,068
Other comprehensive income for the year, net of tax		1,198,525	596,068
Total comprehensive income for the year		7,872,676	3,938,903

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

South Australian Produce Market Limited

Statement of financial position

As at 30 June 2020

	Note	Consolidated 2020 $	2019 $
Assets			
Current assets			
Cash and cash equivalents	8	2,854,248	3,062,122
Trade and other receivables	9	777,338	609,564
Other assets	10	1,161,226	823,842
Total current assets		4,792,812	4,495,528
Non-current assets			
Receivables	11	80,411	1,463
Financial assets at fair value through other comprehensive income	12	13,934,810	12,222,631
Investment properties	13	123,780,000	119,380,000
Plant and equipment	14	1,681,063	1,466,590
Right-of-use assets	15	669,813	-
Total non-current assets		140,146,097	133,070,684
Total assets		144,938,909	137,566,212
Liabilities			
Current liabilities			
Trade and other payables	16	4,537,080	4,160,411
Lease liabilities	17	1,182,597	735,432
Income tax payable	18	597,405	727,699
Provisions	19	442,690	383,068
Total current liabilities		6,759,772	6,006,610
Non-current liabilities			
Borrowings	20	35,951,692	34,951,692
Lease liabilities	21	7,048,208	6,794,168
Derivative financial instruments	22	482,313	453,676
Deferred tax	23	18,072,435	16,575,342
Provisions	24	21,557	12,276
Total non-current liabilities		61,576,205	58,787,154
Total liabilities		68,335,977	64,793,764
Net assets		76,602,932	72,772,448
Equity			
Issued capital	25	6,167,310	6,167,310
Reserves	26	2,128,140	929,615
Retained earnings		68,307,482	65,675,523
Total equity		76,602,932	72,772,448

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

South Australian Produce Market Limited

Statement of changes in equity

For the year ended 30 June 2020

Consolidated	Issued capital $	Fair value OCI reserves $	Retained profits $	Non-controlling interest $	Total equity $
Balance at 1 July 2018	6,167,310	333,547	66,374,880	-	72,875,737
Profit after income tax expense for the year	-	-	3,342,835	-	3,342,835
Other comprehensive income for the year, net of tax	-	596,068	-	-	596,068
Total comprehensive income for the year	-	596,068	3,342,835	-	3,938,903
Transactions with owners in their capacity as owners:					
Dividends paid (note 27)	-	-	(4,042,192)	-	(4,042,192)
Balance at 30 June 2019	6,167,310	929,615	65,675,523	-	72,772,448

Consolidated	Issued capital $	Fair value OCI reserves $	Retained profits $	Non-controlling interest $	Total equity $
Balance at 1 July 2019	6,167,310	929,615	65,675,523	-	72,772,448
Profit after income tax expense for the year	-	-	6,674,151	-	6,674,151
Other comprehensive income for the year, net of tax	-	1,198,525	-	-	1,198,525
Total comprehensive income for the year	-	1,198,525	6,674,151	-	7,872,676
Transactions with owners in their capacity as owners:					
Dividends paid (note 27)	-	-	(4,042,192)	-	(4,042,192)
Balance at 30 June 2020	6,167,310	2,128,140	68,307,482	-	76,602,932

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

South Australian Produce Market Limited

Statement of cash flows

For the year ended 30 June 2020

	Note	Consolidated 2020 $	2019 $
Cash flows from operating activities			
Receipts from customers		19,868,701	18,518,524
Payments to suppliers and employees		(10,452,568)	(8,704,281)
		9,416,133	9,814,243
Interest received		21,560	40,570
Interest and other finance costs paid		(1,336,955)	(1,247,800)
Income taxes paid		(1,381,307)	(2,251,428)
Net cash provided by operating activities	38	6,719,431	6,355,585
Cash flows from investing activities			
Payments for investments		-	(3,000,000)
Payments for property, plant and equipment	14	(3,566,040)	(8,210,792)
Proceeds from disposal of property, plant and equipment		-	85,516
Net cash used in investing activities		(3,566,040)	(11,125,276)
Cash flows from financing activities			
Dividends paid	27	(4,042,192)	(4,042,192)
Repayment of borrowings		-	(144,052)
Proceeds from borrowings		1,016,516	9,173,652
Repayment of lease liabilities		(335,589)	-
Net cash (used in) / provided by financing activities		(3,361,265)	4,987,408
Net increase/(decrease) in cash held		(207,874)	217,717
Cash and cash equivalents at the beginning of the financial year		3,062,122	2,844,405
Cash and cash equivalents at the end of the financial year	8	2,854,248	3,062,122

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

South Australian Produce Market Limited

Notes to the financial statements

30 June 2020

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 16 Leases
The group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The adoption of this new Standard has resulted in the consolidated entity recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application. The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting AASB 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated as a result of this new accounting standard.

The group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of AASB 16, being 1 July 2019. At this date, the group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of AASB 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

On transition to AASB 16 the weighted average incremental borrowing rate applied to lease liabilities recognised was 4%. The Group recognised right-of-use assets and lease liabilities totalling $991,323.

The following is a reconciliation of total operating lease commitments at 30 June 2019 (as disclosed in the financial statements to 30 June 2019) to the lease liabilities recognised at 1 July 2019:

Total operating lease commitments disclosed at 30 June 2019: $1,047,167
Less: discount factor ($40,726)
Less: short term leases ($15,118)
Total lease liability at 1 July 2019: $991,323

South Australian Produce Market Limited

Notes to the financial statements

30 June 2020

Note 1. Significant accounting policies (cont)

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 34.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of South Australian Produce Market Limited ('company' or 'parent entity') as at 30 June 2020 and the results of all subsidiaries for the year then ended. South Australian Produce Market Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

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

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

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Revenue recognition

The consolidated entity recognises revenue as follows:

Rent
Rent revenue from investment properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Rendering of services
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.

Notes to the financial statements

30 June 2020

Note 1. Significant accounting policies (cont)

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

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

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

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

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

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

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

South Australian Produce Market Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Notes to the financial statements

30 June 2020

Note 1. Significant accounting policies (cont)

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

Cash flow hedges
Cash flow hedges are used to cover the consolidated entity's exposure to variability in cash flows that is attributable to particular risks associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income through the cash flow hedges reserve in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, the amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, the amounts previously recognised in equity remain in equity until the forecast transaction occurs.

South Australian Produce Market Limited

Notes to the financial statements

30 June 2020

Note 1. Significant accounting policies (cont)

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduce the carrying amount of the investment.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Investment properties

Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the consolidated entity. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised directly to profit or loss.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

Notes to the financial statements

30 June 2020

Note 1. Significant accounting policies (cont)

Transfers to and from investment properties to property, plant and equipment are determined by a change in use of owner-occupation. The fair value on the date of change of use from investment properties to property, plant and equipment are used as deemed cost for the subsequent accounting. The existing carrying amount of property, plant and equipment is used for the subsequent accounting cost of investment properties on the date of change of use.

Investment properties also include properties under construction for future use as investment properties. These are carried at fair value, or at cost where fair value cannot be reliably determined and the construction is incomplete.

Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	3.75 - 50%
Motor vehicles	18.50%
Furniture and fittings	9 - 50%
Office equipment	9 - 50%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Notes to the financial statements

30 June 2020

Note 1. Significant accounting policies (cont)

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Notes to the financial statements

30 June 2020

Note 1. Significant accounting policies (cont)

Fair value measurement

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

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

Issued capital

Ordinary shares are classified as equity.

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

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the company, on or before the end of the financial year but not distributed at the reporting date.

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

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

South Australian Produce Market Limited

Notes to the financial statements

30 June 2020

Note 2. Critical accounting judgements, estimates and assumptions

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

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax
The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Notes to the financial statements

30 June 2020

Note 2. Critical accounting judgements, estimates and assumptions (cont)

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Employee benefits provision
As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

South Australian Produce Market Limited

Notes to the financial statements

30 June 2020

Note 3. Operating segments

The Company operates wholly within Australia and owns and manages a large scale facility to facilitate wholesale marketing of fresh produce.

Note 4. Revenue

	Consolidated	
	2020	**2019**
	$	**$**
Rents and recoveries	17,846,818	18,099,698
Other revenue		
Interest received	21,560	41,083
Gain on sale of property, plant and equipment	-	39,370
	21,560	80,453
Revenue	17,868,378	18,180,151

Note 5. Other income

	Consolidated	
	2020	**2019**
	$	**$**
Cash boost, payroll tax relief, and land tax relief	254,027	-
Grant income - solar microgrid	208,333	-
Other income	462,360	-

South Australian Produce Market Limited

Notes to the financial statements

30 June 2020

Note 6. Expenses

	Consolidated 2020 $	Consolidated 2019 $
Profit before income tax includes the following specific expenses:		
Depreciation		
Depreciation of plant & equipment	941,971	247,779
Depreciation of right of use assets - Warehouse K	321,510	-
Total depreciation	1,263,481	247,779
Finance costs		
Finance costs and bank charges	1,336,955	1,271,265
Interest from lease liabilities - Warehouse K	28,956	-
Total finance costs	1,365,911	1,271,265
Remuneration of auditor		
Audit of group and outgoings	29,000	27,000
Tenant reviews	2,000	-
	31,000	27,000

South Australian Produce Market Limited

Notes to the financial statements

30 June 2020

Note 6. Expenses (cont)

	Consolidated 2020 $	Consolidated 2019 $
Other expenses		
Accounting and legal expenses	133,586	157,360
Bad debts (recovery)	21,846	6,665
Cleaning	285,177	263,060
Cost of sales - produce sales and recycling	-	843
Director fees	365,310	362,236
Emergency services levy	122,170	115,878
Equipment hire	72,594	81,425
Insurance expense	615,105	479,587
Land tax	888,940	847,369
Market Fresh contribution	167,988	192,313
Motor vehicle expenses	57,609	54,149
Other	673,930	518,613
Professional fees	251,773	206,026
Rates and taxes	676,032	653,125
Rent expense	103,815	454,830
Repairs and maintenance	450,228	465,481
Security	170,563	133,801
Subcontractor expenses	13,658	159,798
Water rates	374,876	350,315
Electricity	1,136,987	2,216,857
	6,582,187	7,719,731

South Australian Produce Market Limited

Notes to the financial statements

30 June 2020

Note 7. Income tax expense

	Consolidated 2020 $	2019 $
Income tax expense		
Current tax	1,251,014	1,852,756
Deferred tax	983,438	(388,929)
Aggregate income tax expense	2,234,452	1,463,827
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	8,908,603	4,806,662
Tax at the statutory tax rate of 30%	2,672,581	1,441,999
Tax effect amounts which are not deductible/ (taxable) in calculating taxable income:		
Provision for holiday pay	13,871	885
Provision for long service leave	7,925	7,558
Other non-allowable items	730,726	400,494
Under/over adjustment	(271,400)	-
	3,153,703	1,850,936
Revaluation gain	(683,587)	537,323
Allowable deduction for capital works	(560,412)	(253,346)
Other allowable items	(540,440)	(282,156)
Franking income received	(118,250)	-
Income tax expense	1,251,014	1,852,757

Note 8. Current assets - cash and cash equivalents

	Consolidated 2020 $	2019 $
Cash on hand	600	600
Cash at bank	2,853,648	3,061,522
	2,854,248	3,062,122

South Australian Produce Market Limited

Notes to the financial statements

30 June 2020

Note 9. Current assets - trade and other receivables

	Consolidated	
	2020 $	2019 $
Trade debtors	805,850	613,854
Less: Provision for expected credit loss	(28,512)	(6,665)
	777,338	607,189
Other debtors	-	2,375
	777,338	609,564

Note 10. Current assets - other assets

	Consolidated	
	2020 $	2019 $
Prepayments	1,145,225	808,745
Inventory	16,001	15,097
	1,161,226	823,842

Note 11. Non-current assets - receivables

	Consolidated	
	2020 $	2019 $
Trade receivables	80,411	1,463

South Australian Produce Market Limited

Notes to the financial statements

30 June 2020

Note 12. Non-current assets - financial assets at fair value through other comprehensive income

	Consolidated 2020 $	2019 $
Shares in Perth Markets Ltd & Perth Markets Land Trust (PML)	10,653,560	8,941,381
Shares in Brisbane Markets Ltd	3,281,250	3,281,250
	13,934,810	12,222,631

At 30 June 2020 investments were reflected at fair value of $13,934,810, with the incremental movement recorded at fair value through other comprehensive income (FVOCI) of $1,198,525, net of tax.

Note 13. Non-current assets - investment properties

	Consolidated 2020 $	2019 $
Land	59,930,000	57,930,000
Buildings	63,850,000	61,450,000
	123,780,000	119,380,000

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening fair value	119,380,000	113,245,000
Additions - at cost	2,773,224	8,004,478
Revaluation increment / (decrement)	2,278,622	(1,791,076)
Depreciation expense	(651,846)	(78,402)
Closing fair value	123,780,000	119,380,000

Valuations of investment properties

The basis of the valuation of investment properties is fair value. The investment properties are revalued annually based on independent assessments by a member of the Australian Property Institute having recent experience in the location and category of investment property being valued. Valuations are based on current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment.

Investment properties are leased out on operating leases.

Rental income amounts to $8,661,711 (2019: $8,677,051) included in revenue on a consolidated basis.

South Australian Produce Market Limited

Notes to the financial statements

30 June 2020

Note 14. Non-current assets - Plant and equipment

	Consolidated 2020 $	Consolidated 2019 $
Plant, equipment & vehicles - at cost	4,530,419	4,025,821
Less: accumulated depreciation	(2,849,356)	(2,559,231)
	1,681,063	1,466,590

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Plant and Equipment $	Total $
Balance at 1 July 2018	1,475,798	1,475,798
Additions	206,314	206,314
Disposals	(46,146)	(46,146)
Depreciation expense	(169,376)	(169,376)
Balance at 30 June 2019	1,466,590	1,466,590
Additions	792,817	792,817
Write off of assets	(288,218)	(288,218)
Depreciation expense	(290,126)	(290,126)
Balance at 30 June 2020	1,681,063	1,681,063

Note 15. Non-current assets - right-of-use assets

	Consolidated 2020 $	Consolidated 2019 $
Land and buildings - Warehouse K	669,813	-

The consolidated entity leases Warehouse K which is set to expire on 3 August 2022.

The consolidated entity leases office equipment which are either short-term or low-value, so they have been expensed as incurred and not capitalised as right-of-use assets.

South Australian Produce Market Limited

Notes to the financial statements

30 June 2020

Note 15. Non-current assets - right-of-use assets (cont)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Warehouse K $	Total $
Balance at 1 July 2018	-	-
Balance at 30 June 2019	-	-
Adoption of AASB 16	991,323	991,323
Depreciation expense	(321,510)	(321,510)
Balance at 30 June 2020	669,813	669,813

Note 16. Current liabilities - trade and other payables

	Consolidated 2020 $	2019 $
Trade payables	465,876	336,033
Sundry payables and accruals	4,071,204	3,824,378
	4,537,080	4,160,411

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

Note 17. Current liabilities - lease liabilities

	Consolidated 2020 $	2019 $
Lease liability - bank finance leases	845,330	735,432
Lease liability - Warehouse K	337,267	-
	1,182,597	735,432

South Australian Produce Market Limited

Notes to the financial statements

30 June 2020

Note 18. Current liabilities - income tax payable

	Consolidated	
	2020	**2019**
	$	**$**
Income tax payable	597,405	727,699

Note 19. Current liabilities - provisions

	Consolidated	
	2020	**2019**
	$	**$**
Provision for dividends	-	3,745
Employee benefits	442,690	379,323
	442,690	383,068

South Australian Produce Market Limited

Notes to the financial statements

30 June 2020

Note 20. Non-current liabilities - borrowings

	Consolidated	
	2020 $	2019 $
Bank bills secured	35,951,692	34,951,692

Total secured liabilities
The total secured liabilities (current and non-current) are as follows:

	Consolidated	
	2020 $	2019 $
Bank bills secured	35,951,692	34,951,692
Bank finance leases	7,546,116	7,529,600
	43,497,808	42,481,292

During July 2020, the Group signed a new facility agreement extending the term to 31 July 2023.

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 Australia 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 Australia Produce Market Limited property located at Market Lane, Pooraka SA.
- a first registered mortgage over the South Australia Produce Market Limited vacant land property located at Commerce Crescent, Pooraka SA.

The covenants for the above bank loans relate to interest cover, and loan to valuation ratio. All required covenants have been met by the Company.

Note 21. Non-current liabilities - lease liabilities

	Consolidated	
	2020 $	2019 $
Lease liability - bank finance leases	6,700,786	6,794,168
Lease liability - Warehouse K	347,422	-
	7,048,208	6,794,168

Refer to note 28 for further information on financial instruments.

South Australian Produce Market Limited

Notes to the financial statements

30 June 2020

Note 22. Non-current liabilities - derivative financial instruments

	Consolidated	
	2020 $	2019 $
Interest rate swap contracts - cash flow hedges	482,313	453,676

Note 23. Non-current liabilities - deferred tax

	Consolidated	
	2020 $	2019 $
Deferred tax liabilities	18,072,435	16,575,342

Note 24. Non-current liabilities - provisions

	Consolidated	
	2020 $	2019 $
Employee benefits	21,557	12,276

South Australian Produce Market Limited

Notes to the financial statements

30 June 2020

Note 25. Equity - issued capital

	2020 Shares	2019 Shares	Consolidated 2020 $	Consolidated 2019 $
Ordinary shares - fully paid	5,774,560	5,774,560	6,167,310	6,167,310

Comprising	Consolidated 2020 $	Consolidated 2019 $
Ordinary Grower Shares	1,715,491	1,952,114
Ordinary Wholesales Shares	2,211,943	2,386,443
Ordinary Retailer Shares	450,090	531,090
Ordinary Unclassified Shares	1,397,036	904,913
	5,774,560	5,774,560

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

South Australian Produce Market Limited

Notes to the financial statements

30 June 2020

Note 26. Equity - reserves

Reserves
Reserves represent share premiums and fair value adjustments on available for sale financial assets.

Note 27. Equity - dividends

Dividends
Dividends paid/payable during the financial year were as follows:

	Consolidated	
	2020	**2019**
	$	**$**
Fully franked final dividend of 35 cents per share (declared 24 September 2019)	2,021,096	2,021,096
Fully franked interim dividend of 35 cents per share (declared 25 April 2020)	2,021,096	2,021,096
	4,042,192	4,042,192

Franking credits

	Consolidated	
	2020	**2019**
	$	**$**
Franking credits available for subsequent financial years based on a tax rate of 30%	678,230	951,040

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

South Australian Produce Market Limited

Notes to the financial statements

30 June 2020

Note 28. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

Price risk
The consolidated entity is not exposed to any significant price risk.

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.

	Basis points increase		Basis points decrease	
Consolidated - 2019	**Effect on profit before tax**	**Effect on equity**	**Effect on profit before tax**	**Effect on equity**
Borrowings net of interest rate swap	250,000	250,000	250,000	250,000

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

South Australian Produce Market Limited

Notes to the financial statements

30 June 2020

Note 28. Financial instruments (Cont)

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements. The Group does not hold any collateral as security over any receivable balances, nor does it hold any restrictions of title.

The average credit period is 30 days. Extended credit terms may be provided through negotiation with customers. No interest is charged on the trade receivables.

Some of the unimpaired trade receivables are past due as at reporting date. These relate to customers who have a good credit history with the Group and are expected to be recovered in full.

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 an outflows due in day-to-day business. The timing of cash outflows is presented below:

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2020	1 year or less $	Between 1 and 5 years $	Remaining contractual maturities $
Non-derivatives			
Non-interest bearing			
Trade and other payables	4,537,080	-	4,537,080
Interest-bearing - variable			
Borrowings - bank loans	-	35,951,692	35,951,692
Bank finance lease	845,330	6,700,786	7,546,116
Lease liability - Warehouse K	337,267	347,422	684,689
Total non-derivatives	5,719,677	42,999,900	48,719,577

South Australian Produce Market Limited

Notes to the financial statements

30 June 2020

Note 28. Financial instruments (Cont)

Consolidated - 2019	1 year or less $	Between 1 and 5 years $	Remaining contractual maturities $
Non-derivatives			
Non-interest bearing			
Trade and other payables	4,160,411	-	4,160,411
Interest-bearing - variable			
Borrowings - bank loans	-	34,951,692	34,951,692
Bank finance lease	735,432	6,794,168	7,529,600
Total non-derivatives	4,895,843	41,745,860	46,641,703

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

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.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 29. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated 2020 $	Consolidated 2019 $
Salaries & Directors fees	514,689	526,495
Other - salary sacrifice	16,386	30,385
Superannuation contributions	51,309	49,700
	582,384	606,580

South Australian Produce Market Limited

Notes to the financial statements

30 June 2020

Note 30. Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets recorded by the Company as at the date of this report (2019: Nil).

Note 31. Commitments

	Consolidated	
	2020	**2019**
	$	**$**
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Solar project	-	2,409,623
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	-	379,371
One to five years	-	667,796
	-	1,047,167

The lease for the building rental on Warehouse K from Pooraka Fruit & Vegetable Supply Pty Ltd has been included in lease liabilities upon adoption of AASB 16.

South Australian Produce Market Limited

Notes to the financial statements

30 June 2020

Note 32. Related party transactions

Parent entity
South Australian Produce Market Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 35.

Joint ventures
Interests in joint ventures are set out in note 36.

Key management personnel
Disclosures relating to key management personnel are set out in note 29.

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 2020 No	Consolidated 2020 No	Parent 2020 No	Parent 2020 No
South Australian Produce Market Ltd - Ordinary Shares	1,239,199	1,518,099	1,239,199	1,518,099

Transactions with Joint Ventures
During 2020, South Australian Produce Market provided contribution to Market Fresh of $150,000 (2019: $150,000). At reporting date there is no amounts owed to or by Market Fresh (2019: Nil).

Transactions with related parties
The following transactions occurred with related parties:

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 2020 $	Consolidated 2019 $
Bentleys	32,175	33,611
Minicozzi Solicitors	49,940	174,869
Schirripa Evans Lawyers	30,108	125,119

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.

South Australian Produce Market Limited

Notes to the financial statements

30 June 2020

Note 32. Related party transactions (Cont)

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:

	Consolidated	
	2020	**2019**
	$	**$**
Ceravolo Orchards Pty Ltd	61,742	3,719
M & C Brougham Pty Ltd	100,781	98,269
Mt Barker Fresh Markets	3,733	3,362
P & E Scalzi Services Pty Ltd	471,857	513,204
Paseva Pty Ltd ATF P & E Scalzi Superannuation Fund	1,286	42,191
Pooraka Fruit & Vegetable Supply	54,410	28,101
R Ceravolo & Co Pty Ltd	269,849	339,254
Scalzi Produce	-	9,658
Select Naturally Pty Ltd	88,456	77,685
Thorndon Park Produce Co Pty Ltd	10,332	11,743

Payment for goods and services:

	Consolidated	
	2020	**2019**
	$	**$**
Lease payments to Pooraka Fruit and Vegetable Supply	380,764	371,761
Ceravolo Orchards	4,465	-
Scalzi Produce	968	-

Oustanding balances at reporting date
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2020	**2019**
	$	**$**
M & C Brougham Pty Ltd	10,192	(1,756)
Minicozzi Solicitors	-	(24,702)
Mt Barker Fresh Markets	260	(322)
P & E Scalzi Services Pty Ltd	10,216	(16,644)
Pooraka Fruit & Vegetable Supply	15,644	(2,959)
R Ceravolo & Co Pty Ltd	6,916	(60,454)
Thorndon Park Produce Co Pty Ltd	(522)	-

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

South Australian Produce Market Limited

Notes to the financial statements

30 June 2020

Note 33. 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.

Note 34. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

		Parent
	2020	**2019**
	$	**$**
Profit after income tax	6,305,617	2,942,871
Total comprehensive income	6,305,617	2,942,871

Statement of financial position

		Parent
	2020	**2019**
	$	**$**
Total current assets	4,106,157	3,958,720
Total assets	137,910,987	131,532,186
Total current liabilities	5,500,649	5,440,920
Total liabilities	67,025,847	64,108,996
Equity		
Issued capital	6,167,310	6,167,310
Reserves	2,128,140	929,615
Retained earnings	62,589,690	60,326,265
Total equity	70,885,140	67,423,190

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2020 and 30 June 2019.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2020 and 30 June 2019.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2020.

South Australian Produce Market Limited

Notes to the financial statements

30 June 2020

Note 34. Parent entity information (Cont)

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 35. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

		Ownership interest	
Name	**Principal place of business / Country of incorporation**	**2020 %**	**2019 %**
5101 Commerce Crescent Pty Ltd	Australia	100.00%	100.00%
5102 Commerce Crescent Pty Ltd	Australia	100.00%	100.00%
9 Burma Road Pooraka Pty Ltd	Australia	100.00%	100.00%
Adelaide Market Pty Ltd	Australia	100.00%	100.00%
APML Exports No 2 Pty Ltd	Australia	100.00%	100.00%
APML No Two Pty Ltd & Adelaide Produce Market Limited Partnership	Australia	100.00%	100.00%
APML No. One Pty Ltd	Australia	100.00%	100.00%
APML No. Two Pty Ltd	Australia	100.00%	100.00%
Australian Produce Cases & Recycling Pty Ltd	Australia	100.00%	100.00%
Australian Produce Market Pty Ltd	Australia	100.00%	100.00%
Produce Markets Australia Pty Ltd	Australia	100.00%	100.00%

South Australian Produce Market Limited

Notes to the financial statements

30 June 2020

Note 36. Interests in joint ventures

Interests in joint ventures are accounted for using the equity method of accounting. Information relating to joint ventures that are material to the consolidated entity are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest 2020 %	Ownership interest 2019 %
Market Fresh SA Pty Ltd (Market Fresh)	Australia	50.00%	50.00%

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.

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 2020 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 company.

Note 37. Events after the reporting period

No matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

South Australian Produce Market Limited

Notes to the financial statements

30 June 2020

Note 38. Cash flow information

Reconciliation of profit after income tax to net cash provided by operating activities

	Consolidated 2020 $	Consolidated 2019 $
Profit after income tax expense for the year	6,674,151	3,342,835
Adjustments for:		
Depreciation and amortisation	1,263,481	247,778
Revaluation gain	(2,278,622)	1,791,076
Fair value movement on interest rate swap	28,637	302,818
Income tax effect through reserves	(513,654)	(255,458)
(Gain) loss on sale of asset	-	(39,370)
Asset impairment	288,218	-
Unwinding of the discount on lease liabilities	28,956	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(246,723)	337,922
Increase in inventories	-	(15,097)
Decrease in other current assets	(337,384)	(111,883)
Increase in trade and other payables	376,669	1,258,716
Increase/(decrease) in provision for income tax	1,366,799	(532,143)
Increase in provisions	68,903	28,391
Net cash provided by operating activities	6,719,431	6,355,585

Non-cash investing and financing activities
There were no transactions or events during the year which affect assets and liabilities and did not result in cash flows.

Credit standby arrangements with banks to provide funds and support facilities.

	Consolidated 2020 $	Consolidated 2019 $
Credit facility	36,567,000	36,567,000
Credit facility utilised	(35,951,692)	(34,951,692)
	615,308	1,615,308

South Australian Produce Market Limited

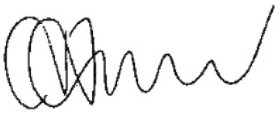
Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Joanna Andrew
Chairman of Directors
24 September 2020

South Australian Produce Market Limited

Independent Auditor's Report

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Correspondence to:
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Adelaide SA 5001

T +61 8 8372 6666

Independent Auditor's Report

To the Members of South Australian Produce Market Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of South Australian Produce Market Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, 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 consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

a giving a true and fair view of the Group's financial position as at 30 June 2020 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 Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We 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 thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

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

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South Australian Produce Market Limited

Independent Auditor's Report

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 Group'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 the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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_responsibilities/ar3.pdf. This description forms part of our auditor's report

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 24 September 2020

SA Produce Market Limited Structure

BOARD OF DIRECTORS

ANGELO DEMASI
Chief Executive Officer

SUZANNE HEATON
Executive Assistant

TONY BOWES
Senior Commercial Property Manager

JOHN EDWARDS
PT Financial Controller

KAREN BUTLER
Facilities & Compliance Manager

JAMIE PADDICK
Pallet and Logistics Operations Manager

HANNAH WALKER
Administration Assistant

SHARNA CAVANAGH
Property Administrator

COLIN WATT
Accountant

WENDY HELPS
PT Administration

FRANK CANTELMI
Maintenance Coordinator

VACANT
Team Leader

TERESA WILLIAMS
PT Accounts Payable

JOYCE FAGAN
Market Official

BRETT LANG
PT Accounts Receivable

DAVE PRIDHAM
Market Official

Market Fresh SA Pty Ltd Structure

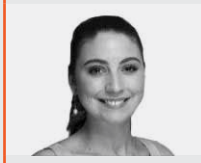
ANGELO DEMASI
CEO SAPML

GEORGE GIAMEOS
Manager
SA Chamber

TONY IASIELLO
The Right Mix

WENDY HELPS
Price and Produce
Reporter

PENNY REIDY
Marketing
Communications &
Business Development
Manager



MICHAELA KANTARIAS
Marketing Activation
Assistant

Adelaide Markets Pty Ltd Structure

ANGELO DEMASI
Chief Executive
Officer

JAMIE PADDICK
Logistics / Pallet Management
Operations Manager

CHEP EQUIPMENT YARD

NATALIA LOBANOVA
Logistics Assistant

NIGEL GASKIN
Team Leader

JIM REID
Forklift Driver

UNLOADING SERVICE

STEVE CENTOFANTI
SAPML – CHEP
Operator

Casual
CHEP Operator

JOHN RUSHWORTH
Unloading
Administrator

JUSTIN COCKBURN
Unloading Team
Leader

Forklift Driver

Forklift Driver

Forklift Driver

Directors

Ms Joanna Andrew (Chairman)
Appointed 26 May 2020

Mr Michael Ruggiero (Deputy Chairman)
Appointed 26 May 2020

Mr Nicola (Nic) Minicozzi (Deputy Chairman)
Acting Chairman 1 November 2019 to 26 May 2020

Mr Pasquale (Pat) Scalzi

Mr Daniele (Danny) De leso

Mr Antonio (Tony) Ceravolo

Ms Christine Scalzi

Mr Girolamo (James) Fragnito

Mr Derrick Patterson

Mr Mark Brougham

Mr David Schirripa (Former Chairman)
Resigned 31 October 2019

Secretary

Angelo Demasi

Registered office

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Internet site 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

ABNAustralia.com.au
225 Fullarton Road
Eastwood South Australia 5063

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