Annual Report 2023

South Australian Produce Market Limited

SOUTH AUSTRALIAN PRODUCE MARKET

THINKING *fresh.*

2023 Strategic Review

Vision	**To maintain our role as SA's prominent wholesale produce market and be recognised amongst the world leaders in the category.**			
Purpose	**Always looking for ways to deliver the best products, service, accessibility, and points of difference.**			
Values	**Trusted | Exceptional | Agile | Modern**			
Strategic Themes	**Future Focused**	**Innovation / Bio Security**	**Next Generation**	**Relevance**
Strategic Objective	SAPML is an essential and trusted organisation in a sector experiencing rapid change through, **diversity** within our organisation, embracing and adopting **sustainable practices**, develop a cohesive pathway for the Market in the **circular economy**, is **Governance focused**, will develop the next generation of leaders and invest in Social projects aligned with the wellbeing of South Australians.	Develop a Market culture of growth and innovation, embracing and adopting **new technology**, embracing change by becoming the lead entity driving and ensuring Biosecurity is one of our key focuses.	To remain a sustainable and valuable entity to the sector and South Australia enabling the next generation of Growers, Wholesalers and Retailers to be actively engaged in the sector and SAPML. The Next Generation Committee will focus on **Sustainability** within the horticulture Supply chain and a **Circular economy**, adoption of new **Technologies** and **develop** diversity of industry leader across our industry.	SAPML to be recognised as key sector leaders and influencers to state and federal government, sector groups and stakeholders.

Contents

2023 Highlights

Environment

4 Year Cumulative - 2023

		Tonnes	mWh	Homes	Cars	Tonnes
Green power	Green Energy produced		10,258			
	Power Up			3,505		
	Cars Removed				2,011	
	Carbon Emissions reduced					3,817
		Tonnes	kw	Homes	Cars	Tonnes
Recycling	Waste repositioned	10,057				
	Power Up			955		
	Cars removed				184	
	Carbon Emissions reduced**					19,109
Total Power and Recycling - 3 Year Rolling		**10,057**	**10,258**	**4,460**	**2,195**	**22,925**

2023 - Stand Alone

		Tonnes	mWh	Homes	Cars	Tonnes
Green power	Green Energy produced		2,698			
	Power Up			937		
	Cars Removed				401	
	Carbon Emissions reduced					674
		Tonnes	kw	Homes	Cars	Tonnes
Recycling	Waste repositioned	3,825				
	Power Up			199		
	Cars removed				38	
	Carbon Emissions reduced**					7,268
Total Power and Recycling		**3,825**	**2,698**	**1,136**	**439**	**7,942**

** Food Waste Greenhouse Gas Calculator >> Watch My Waste

2023 Highlights

Governance

- Banking facility renewed to 2025.
- Introduction of Bank SA to provide 50% finance facility, in addition to existing bankers CBA.
- Appointment of 2XE, to assess and measure SAPML's ESG targets.
- Appointment of Independent External Safety Auditor.
- Updated internal control procedures in line with new company structure.
- Conversion to a Fulltime Commercial Financial Controller.
- Proposed changes to Constitution.

Strategic Key Result Areas

- Fruit Fly Resilience grant funding announced post balance date.
- Tenders for Biosecurity precinct currently being finalised.
- First full year realisation of full rental on building works.
- Full rental on available tenancies.
- Mid-term Strategic plan review.
- Implementation of revised 2023-26 Corporate Plan.
- Fire sprinkler installation project 45% completed with tanks and majority of underground works completed, 2 buildings online and 6 other buildings commenced.
- Completion of new business plan for introduction of SA's largest Farmers Market.
- New Farmers Market opened following successful movement of Gepps Cross Market.
- New 'SA Farmers Market' brand developed.
- Increased SAPML's stake in Perth Market Limited by 211,667 shares (a 13.29% stake).
- Strong Balance sheet with continued asset growth.
- Reduction of Board size implemented.
- New Company structure implemented.
- Strong Industry and Government engagement.
- Continued strategic alliance with Foodbank and introduction of Puddle Jumpers Incorporated working with our SA Farmers Market.
- Strategic partnership with AGL in participating in FCAS (Frequency Control Ancillary Services).
- Further utilisation of SAPML Microgrid.
- New canopy extension tendered and built for building A.

2023 Highlights

Operational Key Result Areas

- Appointment of Operations, Facilities and Compliance Manager.
- Reduced outgoing expenditure.
- Operational plan implemented for integration of SA Farmers Market onsite.
- New truck parking area introduced.
- One full year of afterhours unmanned automated gatehouse.
- Upgrade of onsite CCTV to Nx Witness system.
- Continued introduction of Bluetooth entry system

Community / Social

Community / Social	FY23 $	4 year Cumulative $
Leukaemia Foundation*	50,000	100,000
Childhood Cancer Launch Strawberry Season*	-	46,000
Heartkids SA*	3,000	11,000
Foodbank Rent Relief	106,000	407,000
Community Radio	7,000	8,000
The Hospital Research Foundation	-	500
Variety	-	1,500
Bushfire Appeal / Flood Relief*	166,000	241,000
* - Amounts include Gross funds raised per event	**$332,000**	**$815,000**

Food relief people in need	4 Year Cumulative - 2023
10,057 tonnes Foodbank food distribution	
21.6M meals distributed	

2023 Highlights

SA Produce Market in Figures

19.6ha
Land area SAPM

36.61ha
Total land holding

102
Businesses

15,500
Weekly market users

2,600
Vehicles access the market everyday

4,000
Employees within businesses on site

$19.25m
Revenue

$7.4m
Net operating profit before tax

Largest
Undercover farmers market in SA

Over 160
Stallholders

Over 6,000
Customers every sunday

105
Cameras provide security 24 hours a day

250t
Fruit and vegetables sold through the market

26,998 Sqm
Cold storage on site

Chairman and CEO Report 2023

Creating value for all our stakeholders

It is a pleasure to introduce to you South Australian Produce Market group 2023 Annual Report. While the 2023 financial year marked a return to normal operations after several years of COVID-related disruption. The strong foundations and developments our team has built over the past three years during these challenging times has resulted in a strong Group (SAPML) result.

Chairman
Joanna Andrew

In today's dynamic business landscape, organisations are grappling with a host of pressing issues that demand immediate attention and strategic solutions. Among these challenges are the significant workforce shortages, mounting inflationary pressures, and the burden of rising borrowing costs, which have cast a shadow over businesses across various sectors. In light of these formidable obstacles, our organisation has sharpened its focus on devising effective strategies aimed at addressing these issues head-on. Our multifaceted approach encompasses cost reduction initiatives in areas such as insurance and electricity expenditure, along with a concerted effort to enhance our value proposition to better serve our valued customers.

Despite these challenges we have managed to achieve improvements in FY23 results. We remain committed to planning and developing key infrastructure projects aimed at creating long term value for our stakeholders.

In FY23 we are pleased to report strong income growth of $1.4M with the Group's income increasing from $17.8M to $19.2M; an increase of 7.41%. This has been achieved with the full year rent for tenants Baiada, Carls Jnr / Carwash, our new Sunday SA Farmers Market. FY23 encountered challenges with costs, primarily with interest and fluctuating electricity prices.

CEO
Angelo Demasi

We are pleased to report continued growth in the Company's Asset in FY23, which has been significant since FY20. Total Assets are now $215.8m compared to $204.7m in FY22 (FY20 $144.9m).

We are excited to announce that the Group has delivered net operating profit (before interest, tax, revaluation) for FY23 of $7.4M million, up 27% on FY22, and operating earnings per security (EPS) of $0.76. An outstanding achievement despite significant inflationary and interest costs.

In FY23 SAPML invited a tender process for our Banking loan which was due to expire on the 30th of June 2023. We are pleased to announce that we have successfully secured new loan facilities until June 2025. We welcome Bank SA as a co-equal lender with our current banking partner, CBA. This dual financier arrangement will provide more flexibility and a competitive method of lending moving forward. In addition, we are now halfway through the installation of the Fire Sprinkler system, working closely with our insurance brokers, Edgewise and FM Global. Although this has been a complex undertaking, the long-term benefits for our tenants and the Market are anticipated to be substantial for many years. While the results may not be immediately evident in the financials for the first nine months of FY23, in April 2023 our insurance renewal did not increase by double digits, as was common throughout commercial enterprises. Once the entire site is commissioned, we will see significant savings in insurance premiums.

Our cyber-security management in partnership with Blackbird IT continues to have exceptional results. We have not experienced any breaches and our improved two-tier password authentication process ensures the security of our data when our team is working on-site or remotely.

In our fourth year since the installation of our Flagship Microgrid, it has continued to create value for all stakeholders with record energy prices in the Marketplace coupled with a continued reduction of CO2 emissions, it was an exceptional investment now and into the future. It's imperative that we remain forward thinking, embracing innovation and deepening our understanding of how we can reach our goal of net- zero emissions by 2050. This year we partnered with large energy Retailer AGL to participate in FCAS (Frequency Control Ancillary Services). The Energy Regulator has approved SAPML in becoming a participant in FCAS which will allow us to utilise unused green energy back into the grid at extremely high price events to stabilise the national grid whilst SAPML being financially compensated for participating. The agreement with AGL will likely be finalised in December 2023, with income generation anticipated from January 2024.

We are delighted to report a reduction of 10,258 tonnes of CO^2 emissions since the construction of the Microgrid in 2020, above and beyond renewable energy purchased from the grid.

The strong foundation we built in the past 3 years has reaped rewards in 2023 with the first full year of rent achieved for Car/ Van wash and Baiada since the development and refurbishment of these facilities respectively. In addition to these developments our Burma Road precinct completed the respective redevelopment in the last quarter of FY23 AMJ and Mighty Fresh warehouses. Full rent will be realised in FY24 for these developments with building A Canopy extension complete in the 2nd quarter of FY24.

Strategic Plan

The Board and management refreshed the company's Strategic plan developed in FY21. The refresh kept the key strategic objectives with further emphasis on diversity and sustainability. Our second year into our strategy has continued to focus on our key strategic themes including being Future Focused, Innovative / Biosecurity and function in the Next Generation.

Biosecurity Precinct

As reported in FY22, the Biosecurity facility is pivotal to our strategic plan ensuring the market precinct and facility becomes a key focus for many years to come. We are pleased to report after many years of planning and working with Industry, State and Federal Government that approval has been granted for a $14M grant made up of $9.8M from the Federal Government and $4.2M from the State Government to establish a biosecurity post-harvest treatment facility within the Market precinct. Stage one will include $2M in Grant funding which will be used to establish state of the art biosecurity treatment, cold treatment, and an inspection facility within the southern side of the dis-used part of the Growers Pavilion. Stage two will include $12M of grant funding which will be used to attract new Xray sterilisation technology to be built on the northern part of our precinct behind Building H.

Stage one is scheduled to be tendered in the 2nd quarter of FY24 with commencement and completion expected within the next 18 months. Stage two should commence during the next financial year and should be completed before FY26/27. As previously reported in FY22 this has been a comprehensive process, however we have successfully secured the Grant funding that makes it possible for these projects to proceed. It has been a three-year process working on this initiative which is set to be deliver significant benefits for both the Horticulture industry and our market precinct.

Stage one Biosecurity fumigation facility will cost approximately $8.7M with $2M Grant funding and the balance of $6.67M being funded by SAPML. Stage two will cost approximately $40.76M, with $12M grant funding, $25.6M from the successful operator of the facility and will include a $3.1M land component to the project.

Artist impression of Biosecurity facility south side of Growers Pavilion

Master Planning

Management have continued to work on key areas of the master plan with the key focus this year in completing upgrades in building works, the commencement of fire sprinkler works, relocation of truck parking to the former CHEP yard, finalising funding for Biosecurity precinct, relocation of tenants within the Growers Pavilion, completed refreshment of AMJ and Mighty Fresh, extension of building A Canopy and continued negotiations of future warehousing within the market precinct on vacant land behind the Growers Pavilion.

We look forward to further developing our plan in 2024 in the following projects:

- Completion of fire sprinkler system through all stores and warehouses November 2024.
- The tendering and commencement of stage one construction of SAPML's Biosecurity precinct.
- The continued negotiations to complete warehousing on vacant market land within the Market precinct.
- Working with Council on additional street parking around the Market on Diagonal Road for our Retail Market.
- Master plan additional onsite parking options.
- Completion of building A Canopy extension.
- Replacement of all internal tenancy lighting with LED.
- Long term plan of further enhancing SAPML Microgrid with additional sustainable power generation.
- Stage 2 of refurbishment of Administration toilets and facilities.
- Revisit options for Main gatehouse refurbishment.
- Development of Electric car station.

Our Masterplan ensures we can continue to create value for stakeholders for now and into the future.

Major infrastructure Fire Sprinkler upgrade

In FY23 we are pleased to report that the project commenced in September 2023 and is due to be completed in August September 2024. It is one of the most complex fire sprinkler projects undertaken in South Australia as it is a retrofit that includes not only sprinklers throughout the base building but also tenants cool rooms and office fit outs to meet the FM Global standards. This has meant contractors had to not only work within an operational warehouse however also work inside and above cold rooms and offices with minimal working space. As reported last year this investment has been necessary as it will significantly reduce insurance premiums and improve the insurability risk, improve flexibility for future expansion and in the event of a fire ensure the Market's continued operation and business continuity.
In FY22 we reported that 6 underwriters were responsible for the Groups insurance; we are delighted to report that in FY23 we have reduced the number of underwriters to 4, due to the progress of the ongoing fire sprinkler installation. Our insurance cost increased by 3.7% in FY23 compared to a 20% increase experienced in the previous 2 financial years.

This project has caught the attention of international FM Global CEO and Vice President who personally visited our site to inspect the current progress of the fire sprinkler project.

The Sprinkler project has had expenditure of $3.34M at balance date with 9 buildings within the market precinct being fitted with the fire sprinkler system, on the top left is the program update for this project.

At the time of writing this report the project is tracking within its 2-year timeframe with a final estimated cost of the project tracking at $8.30M with a variation in relation to Tenants Cold-rooms.

The progress of works as of the 13th of September 2023

Supply mains above ground	**87%**
Supply mains underground	**65%**
Building A Building partially live	**40%**
Building B	**95%**
Building C Building partially live	**20%**
Building D	**85%**
Building E	**15%**
Building F & G Building live / new biosecurity facility to be completed	**85%**
Building H	**15%**
Building J Building live	**100%**
Building N	**0%**

People, Culture And Community

In response to the formidable challenges posed by significant workforce shortages and the imperative of implementing a structured development plan for our ERP system, SAPML recently underwent a structural transformation within our organisation.

Our Group is making efforts towards gender equality with a gender ratio of 42% female and 58% male which is great progress in achieving a more balanced representation of genders within our organisation. Additionally, having 50% senior female executives is a positive sign of gender diversity at leadership levels, which can serve as an example and inspiration for others in the organisation.

Gender equality is an important aspect of fostering a diverse and inclusive workplace, which can lead to various benefits, including enhanced creativity, improved decision-making, and a more representative workforce that better understands and serves a diverse customer base.

Our Group has remained steadfast in implementing our zero-tolerance program for our contractors and market users, which has led to enhanced operational monitoring of safety standards. As a result, we are pleased to report that in FY23 we continued our ongoing zero fatality rate among our contractors and market users.

The Group has partnered with and co-contributed to a total of $0.332M in fundraising activities and in-kind contributions during the year. This takes our total involvement with fund-raising to $0.815M since 2020.

We were delighted to host an International Women's Day Breakfast at Josie's Café. Such events provide a platform for celebrating the achievements and contributions of women in the industry while fostering a sense of community and collaboration.

The event attendees included a diverse range of individuals, including market administration staff, wholesalers, growers, and corporate sponsors. This diversity reflects a broad representation of the industry and its commitment to inclusivity.

Our guest Speakers included Joanna Andrew, Chair of SAPML, and Joyce Ceravolo, Chair of SAPML Next Generation Committee. Their insights and experiences provided valuable perspectives on the role of women in the horticultural and broader business sectors.

The interview-style panel discussion, conducted by ABC' Radio's Cassie Hough, added an interactive element to the event. Such discussions allow for in-depth exploration of topics and provide a platform for sharing stories and insights.

The fact that the interview was aired on ABC Country Hour and is accessible online extends the event's reach beyond its immediate participants. It allowed a wider audience to benefit from the insights and discussions shared during the event.

International Women's Day events like these contribute to raising awareness about gender diversity and equality in the workplace while highlighting the accomplishments of women in traditionally male-dominated industries. They also provide valuable networking opportunities and promote the sharing of knowledge and experiences among industry peers.

SA Farmers Market Pooraka

Over the past two years we have been working in collaboration with the Gepps Cross market management to successfully relocate this long-standing market to our site. After extensive planning we are delighted to report that on Sunday the 5th of March the SA Farmers Market opened its doors to the public, marking the start of a weekly Sunday market featuring fresh produce, arts and crafts and bric a brac held on our Market square.

The successful launch and growth of the SA Farmers Market, held on the premises of our Market site, is an exciting development and a testament to the market's adaptability and vision for expanding its offerings.

The decision to explore alternate activities on the market site during non-market hours demonstrates an innovative approach to maximising the utility of the space. The relocation and rebranding of the Gepps Cross market as the SA Farmers Market is a significant achievement that aligns with the Market's broader objectives.

The meticulous planning, including the development of a business plan, rebranding, and social marketing strategies, has paid off with the successful launch of the SA Farmers Market. Such planning is crucial for the smooth execution of new ventures. The fact that the SA Farmers Market is attracting 160+ stallholders and over 6,000 buyers every Sunday is a remarkable accomplishment. It clearly meets a demand for fresh produce and bric-a-brac markets in the area and contributes to the local economy.

The diversity of stallholders, including fresh produce, seafood, eggs, olive oil, wine, bakery, and more, showcases a wide range of local products and provides small growers with a platform to sell directly to the public. This not only supports local businesses but also fosters a sense of community.

The introduction of an Art/Craft market on the first Sunday of each month adds an extra layer of variety and appeal to the SA Farmers Market, attracting new stallholders and visitors.

The positive reception and involvement of the market community demonstrate a willingness to adapt and embrace new ventures. It's a testament to the market's adaptability and the resilience of its stakeholders.

Becoming the largest Farmers Market in South Australia by stallholders and visitors is a remarkable achievement that reflects the market's commitment to offering valuable experiences to both buyers and sellers.

Acknowledging the learnings from the initial months of trading and a commitment to continued success are indicative of a forward-thinking approach. The market's ability to evolve and improve is vital for its long-term sustainability.

The introduction of the Farmers Market also underpinned our Market Café business when operating Monday to Saturday prior to the opening of the Farmers Market. This ensured the continued viability of a café operating on our precinct.

The SA Farmers Market's growth and success not only contribute to the local economy but also strengthen the market's role as a hub for the community. It's an exciting development that showcases the market's adaptability and commitment to meeting the diverse needs of its stakeholders.

SA FARMERS MARKET
POORAKA

SA Farmers Market Pooraka

Next Generation Committee

The Next Generation committee has been busy in FY23 ensuring they continue to build on our key strategic pillars. A notable highlight was the invitation extended to the Next Generation Committee and SAPML Board by the State Government to join a delegation trip to the Netherlands to learn about new Horticultural technologies, sustainability, logistics and Wholesale Markets in Europe.

The SAPML Board approved Mark Russo and Dino Labbozzetta, two industry and award-winning business owners, to accompany SAPML CEO Angelo Demasi, along with Director Tony Ceravolo, on this intensive 8-day mission. This also included a key component of transitioning our market for the future generation with the study of the Barcelona Day Time Wholesale Market.

The Hort Connections Conference was in Adelaide in 2023 and the committee also had the pleasure of attending the conference and different industry events including exploring different industries, networking with market leaders in the horticultural sector and attended the Awards Night.

In FY23 the committee continued to work on ways to adapt the market floor, including assessing the FRESHO ordering platform as it continues to battle with an older demographic of the Market, in embracing and transitioning to this online platform.

We look forward in working with the Next Generation Committee ensuring the younger demographic of the Market Community take up the opportunity.

Next Generation Committee Member	Sector Representing
1 Joyce Ceravolo *Chair*	Grower, Wholesaler
2 Jessica Manov *Vice Chair*	Retailer, Secondary Wholesaler
3 Joseph Ceravolo	Grower, Wholesaler
4 Dino Labbozzetta	Retailer, Secondary Wholesaler
5 Luke Manno	Wholesaler, Secondary Wholesaler
6 Renee Pye	Grower, Wholesaler
7 Mark Russo	Grower, Wholesaler
8 Adam Sapio	Wholesaler

Further work has been completed in researching the plastic returnable sustainable crate initiative including working with Foodland Supermarkets and Growers on an alternative option for foam boxes. This posing a more longer-term challenge considering the use of foam boxes is a notional issue. Our European visit also showed this being a challenge in Markets across Europe.

The committee worked on improving their skills and stayed active with training, including finance training with William Buck and training with SAPML Chairman on group diversity and personality types when sitting on a board. We have got a great like-minded group that continues to work together to improve the market for all generations involved and to ensure it improves and grows successfully.

SAPML and SA Chamber Market Operational Committee

SAPML & SA Chamber Market Operational Committee

1	**Angelo Demasi** ***Chair***	SAPML CEO
2	**Ella Prowse**	SAPML Operations, Facilities and Compliance Manager
3	**Mark Brougham**	SA Chamber of Fruit and Vegetables President SAPML Director
4	**Peter Koukos**	SA Chamber of Fruit and Vegetables Committee member
5	**Pat Scalzi**	SAPML Director
6	**Mark Russo**	Next Generation Committee member SA Chamber of Fruit and Vegetables Committee member
7	**Andrew Sinnott**	SA Chamber of Fruit and Vegetables Committee member

The introduction in FY22 of a joint operational committee has been an important introduction which has ensured the SAPML Board could continue to focus on Strategy. A key item on the agenda has been working with the Next Generation committee on the longer-term operational hours of the Market. During the year there has been a change in the nomination by the Chamber with the retirement from the Chamber committee of Greg James and the change of charter to include two Chamber Directors rather than the Chamber CEO and a Director, we welcome Andrew Sinnott and Peter Koukos on the committee and thank Greg James and George Giameos for their valuable contribution and time over the past 12 months and look forward to working with Andrew and Peter.

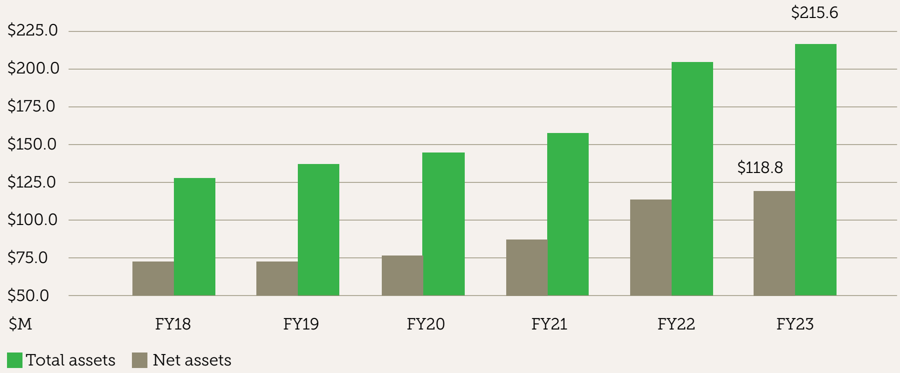
Financial Results

We present a strong trading result with consolidated Profit before Income Tax, excluding Revaluation Gain and Fair Value Movement up to $5.3M in FY23 compared to $5.0M in FY22. Profit was impacted adversely due to interest rate cost, together with upward pressure provided on insurance and statutory costs. Despite these challenges we are pleased to have achieved a 6% increase in consolidated Profit before Income Tax, excluding Revaluation Gain and Fair Value Movement. Occupancy across the Group property portfolio for FY23 is 98.5%.

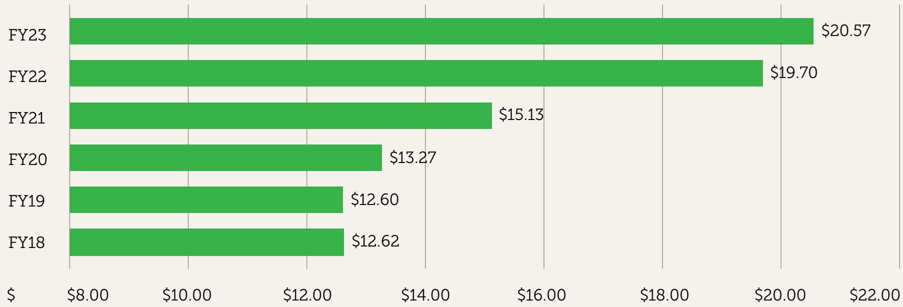
Dividend payments in the immediate future will require a different franking structure, due to the Franking Account balance forecast into deficit during FY24. This is being primarily driven by accelerated taxation write-offs in FY22 ($2.6m), coupled with high interest cost during late FY22 and entire FY23; both reducing taxable income (and in turn, reducing the amount of tax we pay). A reduction in tax payable, and income tax refunds (FY22 $0.9m, FY23 $0.7m), adversely impacts the franking account balance. FY24 dividend payments will be recommended to the Board to be 80% fully franked and 20% unfranked, whilst we look to maintain a consistent cents per share return to our investors.

Five Year Key Financial Metrics

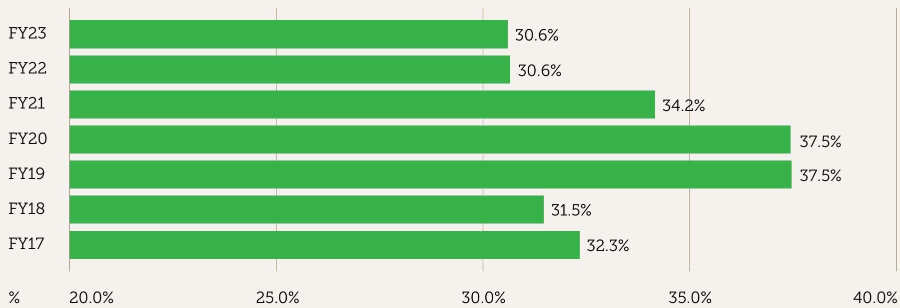
Assets - $'M



Net Asset Backing - $ per share



Gearing Ratio



	FY23	FY22	FY21	FY20	FY19	FY18
Key financial performance metrics						
Net operating profit before interest & tax, excluding revaluation movements	7,488,265	5,882,144	7,691,793	8,024,529	8,171,821	7,770,321
Revaluation gain / (loss)	3,203,127	29,223,428	11,935,209	2,278,622	(1,791,076)	541,974
Fair value movement of interest rate swap	0	0	228,247	(28,637)	(302,818)	2,681
Finance costs	(2,140,233)	(852,456)	(1,093,815)	(1,365,911)	(1,271,265)	(1,119,669)
Reported profit before tax	8,551,159	34,253,116	18,761,434	8,908,603	4,806,662	7,195,307
Current income tax payable	(962,672)	(90,468)	(1,353,867)	(1,251,014)	(1,852,756)	(1,704,388)
Net profit after income tax excluding revaluation gain/(loss) & fair value movement	4,385,360	4,939,220	5,244,111	5,407,604	5,047,800	4,946,264
Key balance sheet metrics						
Total assets	215,836,967	204,724,592	157,692,824	144,938,909	137,566,212	127,582,119
Net assets	118,809,732	113,750,446	87,366,424	76,602,932	72,772,448	72,875,737
Net asset backing	$ 20.57	$ 19.70	$ 15.13	$ 13.27	$ 12.60	$ 12.62
Gearing ratio	30.6%	30.6%	34.2%	37.5%	37.5%	31.5%
Key equity metrics						
Issued capital	5,774,560	5,774,560	5,774,560	5,774,560	5,774,560	5,774,560
Dividend paid per share	60 cents	60 cents	65 cents	70 cents	70 cents	70 cents
Earnings per share after income tax excluding revaluation gain/(loss) & fair value movement	76 cents	86 cents	91 cents	94 cents	87 cents	86 cents

The site valuation for SAPML in FY23 resulted in an uplifted property valuation. With the continued level of interest rates likely in FY24, this has the potential for a minor deceleration in property valuation in coming years. The Board has adopted the valuation, noting that it represents the true value as of 30 June 2023. Total Assets have increased over the last 5 years from $127.6M (FY18) to $215.6m (FY23).

For Finance purposes this year we similarly conducted a valuation for Banking. This valuation also provides a comparison between our Market site 'As Is' which is used for the purpose of these financial accounts and as a vacant possession.

This comparison is as follows:

South Australian Produce Market – 'As-Is'	$91,000,000
South Australian Produce Market – Vacant Possession Basis	$55,000,000

Five Year Key Financial Metrics

In FY23 a banking tender was completed in line with our treasury policy to ensure we deliver a flexible borrowing strategy. This year we are welcoming Bank SA as our second financier equally with CBA, where borrowings were allocated on a 50:50 basis, as well as extending our facility until 2025.

FY23 has been a challenging year with ongoing interest rate rises, culminating in total finance costs of $2.1m compared to FY22 of $852k. Weighted average interest rate as at 30 June 2023 was 5.2%, compared to 2.2% at 30 June 2022

This was offset by increased revenue from full years rents on new completed developments adding an additional $1.3m.

Total borrowing facility increased by $8.0m to meet ongoing CAPEX requirements for fire sprinklers project, completion of Mighty Fresh and store one canopy. There remain undrawn facilities at report date of $10.5m for FY24 and FY25 capital investment back into the site.

The Board also continue to review its investment strategy in other wholesale markets and sold a further portion of our stake in Brisbane Market (resulting in a $500k accounting profit).

SAPML's policy continues to find a balance of minimising interest rate cash flow risk exposures on market rate loans. During the year the ACG&F Committee continued to review the opportunity to fix rates however the committee formed a view of leaving rates on a variable basis. The committee will continue to review this in line with the companies' treasuries policy. As at 30 June 2023 the Group has fixed interest rates for the Bank finance leases and variable interest rates on bank bills.

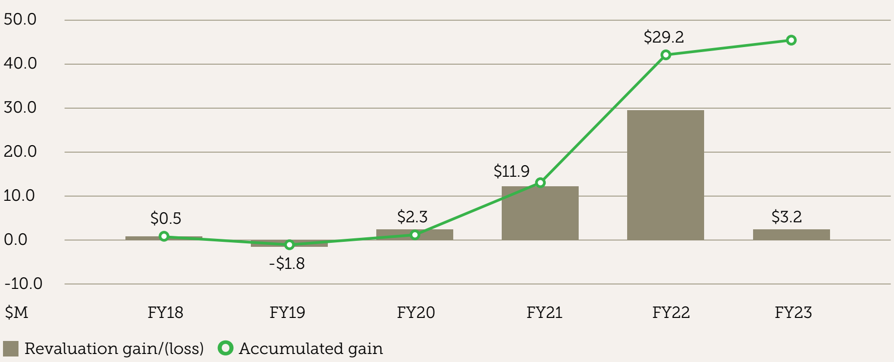
After many years of increased property valuation SAPML experienced a modest increase in FY23 of $3m. Total assets increased by $10.9m because of investments and property valuation, while net assets increased by $5m.

Net Asset Backing per share at FY23 was $20.6, compared to $19.7 in FY22. In a continued show of shareholder confidence, the average traded price of SAPML shares in FY23 was $22.2 with 40,144 shares traded compared to FY22 of 24,800 shares traded at an average selling price of $20.6 per share.

Our new ERP system project planning, which commenced in February 2023, continues at present and has seen the successful implementation of Castaway software as the key financial reporting, forecasting and modelling tool. Ongoing modules of our overall ERP system factor in the following:

- Facilities maintenance job ticketing,
- Employment Hero HR,
- Property,
- General Ledger
- Purchase Ordering

Revaluation gain / (loss) last 6 years



Investments in External Markets

	30 June 2023	30 June 2022
Perth Market Limited (PML) Investment value @	$23.85m	$19.78m
Brisbane Limited (BML) Investment value @	$2.47m	$3.93m

Leasing

As reported in FY22 the foundations have been set in the past few years for good sound long term leasing covenants anchored in FY22 and the benefits of full annual rents have been achieved in FY23.

In FY22 we reported that a nationwide process was run by the Federal Government using consultants Deloitte's which was known as the Fruit Fly Resilience Scoping Study. This study aimed to identify projects like ours around Australia. We are well advanced with our master plan which was completed in FY21 and we are thrilled to have a key component of the SAPML Strategy and Master plan come to fruition with the State and Federal Government awarding SAPML $14M in funding to establish a Biosecurity precinct and treatment facilities located within the Market precinct.

This includes two stages, Stage one involves $2M to go towards building a biosecurity treatment, cold treatment, and inspection facility within the southern side of the underutilised part of the Growers Pavilion. Stage two will include a further $12M in grant funding which will go towards attracting a key tenant for X-ray treatment facility, which is a phytosanitary measure, using new technology for fresh horticultural produce that enables growers to meet local and export market access requirements. It is also a viable alternative to chemical treatment or prolonged cold storage of product. The proposed X-ray treatment facility will be located on the southern side of the Market situated on vacant land behind Warehouse H.

Stage one will include our logistic/unloading business unit working with Trical for the post-harvest treatment facility. This will not only provide much needed post-harvest treatment facilities for local Growers and Wholesalers it will also improve our logistics within the precinct. Stage one will include 3 loading docks, pre- and post-harvest treatment rooms, quarantine inspection areas and cold room storage facilities and will take up approximately 3,000 sqm.

The X-ray treatment facility will be approximately 5,000 sqm and take up 10,000 sqm of land on the southern side of the Market.

SAPML Site Master Plan

Artists impression of X-ray facility on property behind H shed

The total estimated project will cost $50.4M with the following contribution to the investment

SAPML	$ 6,665,577
SAPML Land	$ 4,100,000
Grants	$14,000,000
Private Investment	$25,664,789
Total	$50,430,366

Leasing notification for the relocation of Tenants within the southern side of the of the Growers Pavilion has been completed. An additional 322 sqm of cold rooms will be added to the Pavilion to accommodate displaced tenants.

Leasing

A total of 4 tenants have been moved around within the pavilion to accommodate the existing tenants and make way for the Biosecurity precinct. Stage one of the Biosecurity project will be split into 2 parts including the construction of cold rooms to accommodate displaced tenants. This will be followed by the demolition of existing amenities and tenancies and the construction of the new biosecurity stage one facility.

In FY23 we are pleased to report that we have maintained a stable tenancy within the Market Stores. There have been no tenant movements showing a strong Wholesale market system with the stabilising of the independent sector which commenced during the COVID period with an increase in market share of 1% although this has stabilised in FY23 a strong Wholesaling sector has been maintained. Supply chains faced significant challenges with floods and the Wholesale market played a pivotal role in continuing to source produce for the Retail and HoReCa (Hotel, Retail and Catering) sector.

It was pleasing to have finalised a number of leases including:

New Lease 2/9-15 Burma Road – Wakefield & Stefs Transport
5-year term – 1 x right to additional 5 years

New Lease Store 28 – Zerella
10 years – 1 x right to additional 10years

New Lease WH H3 – Morco
5 years – 1 x right of additional 5 years

New Grower Licences – For all Growers
5 years – right of early termination annually

Vacation of WH K

New Lease Store 10 – Adelaide Hydro Fresh (new wholesaler)
10 years – right of early termination in year 5

New Lease – SAPC Credit Service
10 years – right of early termination in year 5

New Lease WH F14 – Musolino
10 years – moving to assist with the Biosecurity Development

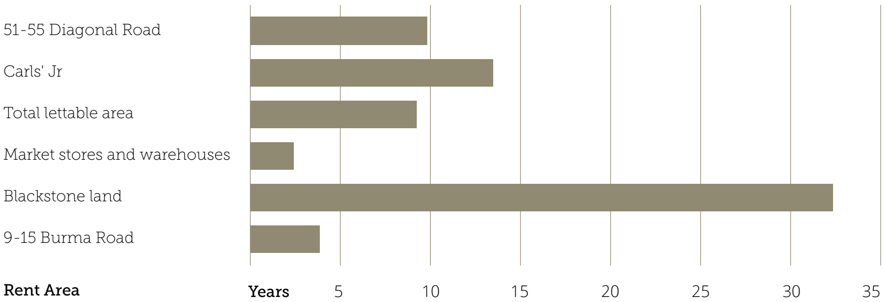
Assignment Store 50 & 51 – Fresh Fruit for You No 2 Pty Ltd
Assignment included introduction of Perfection Fresh as partner in new entity

The redevelopment on Burma Road has now been completed with a new entrance, canopy roadworks and carpark complete for AMJ and Mighty Fresh. Full rent for these premises commenced in the final quarter of FY23, with full realisation in FY24.

The Burma Road precinct had a total rental for FY23 of $369k compared to $350k in FY22 and resulted in an increase in net profit of $17k.

As at FY23, the weighted average lease expiry (WALE) of leases for the whole portfolio of SAPML properties was 9.22 years, which is a great result.

Weighted average lease expiry by income as at 30 June 2023



Leasing


AMJ new facility.


AMJ new facility.

Debt Level/Ratio

SAPML's secured liabilities as at FY23 were $54.4M compared to $51.4M at the end of FY22.

In FY23 we continued to invest in our company's property with improvements in warehousing and infrastructure (fire sprinkler system) which increased borrowing. Despite the increased debt it is pleasing to report that the Group's debt as a proportion of the value of its real estate assets mortgaged to CBA (LVR) (as determined by valuation), is 50.8% compared to 46.2% in FY22. This continues to represent a conservative weighting of debt which in turn, permits the Group to continue to re-invest in capital projects.

In FY23 the Board will balance the Groups mix of fixed and variable borrowings to remain in line with treasury policy. The Audit, Corporate Governance and Finance Committee continued to meet on a regular basis to explore our variable borrowings and having considered several factors, like FY22 we did not provide a financial opportunity to fix rates. With the introduction of a second financier this will provide much needed flexibility to review future opportunities with the ability to obtain competitive pricing from each bank.

Property Valuation

We are pleased to report further uplift in the company's valuation across all property portfolios with the Group recording a gain on its revaluation in 2023 of $3.0M. The strength in the Industrial property sector in SA coupled with the continued investment and improvements in our groups property portfolio has continued to increase property values for the fourth consecutive year with a cumulative uplift of $46.6M in valuation gains over 4 years. Positive Equivalent yields were returned results across all property in comparison to FY22.

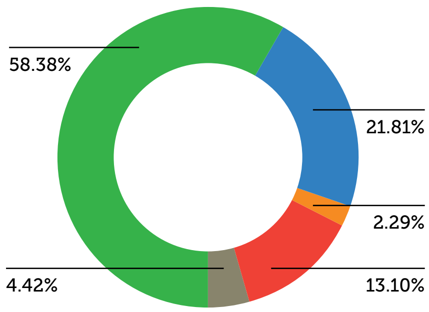
This year's valuation increase was mainly attributed to improved cap rates due to new lease covenants and an uplift in land prices.

Valuation Comparison 30 June 2023 vs 30 June 2022

	30 June 2023		30 June 2022	
Site Location	**$**	**Equiv. Yield**	**$**	**Equiv. Yield**
SA Produce Market	91,000,000	6.62%	91,000,000	6.56%
Carl's Jrn	4,500,000	4.54%	4,530,000	4.25%
51-53 Diagonal Rd	22,500,000	5.19%	21,650,000	5.00%
Gallop Blackstone Land	44,000,000	4.42%	44,850,000	4.24%
9-15 Burma Road	5,800,000	6.80%	4,400,000	6.55%
Surplus land	3,900,000		2,375,000	
Total	**171,700,000**		**168,805,000**	

Contributions to net market rental income as at 30 June 2023

- Market stores and warehouses 58.38%
- Blackstone land 21.81%
- Carls' Jr 2.29%
- 51-55 Diagonal Road 13.10%
- 9-15 Burma Road 4.42%



Capital Works

In FY23 we are pleased to announce the successful completion of several significant projects including:

- The AMJ canopy.
- The Mighty Fresh extension.
- Store one canopy extension.
- The former Chep Yard truck parking for retailers.
- WH I office (formally Chep office) AusVeg located.
- WH I Warehouse (previous Chep warehouse) now relocated to house Alonia Produce.
- The upgrade of underground cabling for hardwired electricity meters at Chep offices & O Shed.
- The commencement of afterhours Back Gate upgrade.

Furthermore, The SA Chamber Market Operational Committee prioritised the construction of an afterhours swing gate system at the Eastern side of the market. The refurbishment of our front gate has been put on hold until FY24-25.

The FM Global Fire Sprinkler project continued with a total expenditure of $3.34M out of the $7.45M projected cost. In addition to the budgeted cost at the time of writing this report SAPML and our Fire Sprinkler contractor are in discussions on a $769k variation in relation to Tenants cold-room FM Global specification.

The commencement of the SA Farmers Market included additional capital in signage and equipment totalling $57k. A additional $28k was spent on new truck parking within the former CHEP yard with a further $10.5K spent on the start of Store one canopy extension. As reported in FY22, a large part of the building refurbishment cost was funded in FY22.

We welcome Nick Sinnott who joined the team in June as Property and Facilities Coordinator reporting to the Property Manager and will play a pivotal role in streamlining our facilities function and transitioning to our new ERP system.

Chep Yard truck parking.


Store one canopy extension.

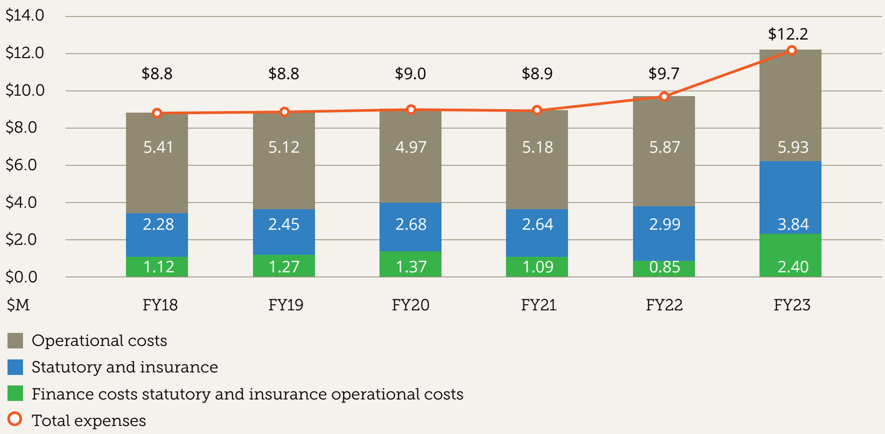

Nick Sinnott


New afterhours swing gate system at the Eastern side of the market

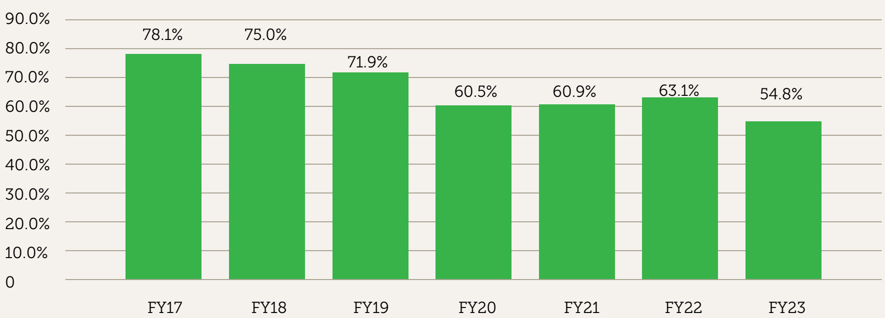
Expenditure

South Australian Produce Market total expenses

Excluding cost of sales - $'M



Operational expenditure as a % of total costs



Statutory Charges

Insurance costs have continued to increase exponentially across businesses in Australia, and FY23 has seen this impact with the insurance renewal process and occupancy costs (rates, taxes), resulting in an increase of $0.85M. Ongoing insurance premium reductions are expected from FY24 onwards as a result of the fire sprinkler project drawing to a close.

Insurance will continue to be a major focus for SAPML Management in the coming 12 months to find ongoing solutions to ease the financial pressure of future premium increases. The Fire Sprinkler capital project should have a positive effect on premiums for FY24 and beyond.

Finance costs were excessive due to interest rate levels, resulting in an increase of $1.3M, whilst operational costs remained consistent with budget and expectations.

Corporate and operational costs continue to be a challenging parcel of expenditure for all businesses, and the organisation has managed costs very well given the fiscal hurdles that were presented in FY22. Whilst many businesses withheld CPI in recent years, in FY23 we began seeing suppliers increasing prices to deal with the harsh economic pressures encountered during FY22 such as interest rate movement, fuel prices, electricity prices (impacted by coal, gas and other factors).

Expenditure

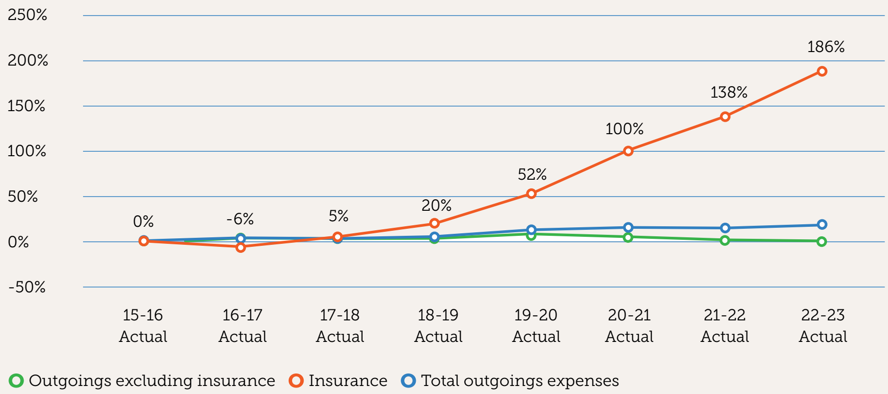
Outgoings Expenditure

Statutory and Insurance costs over the last 5 years have increased by $0.17M or 13.3% and insurance now represents over 23% of the total cost of all outgoings for the site. Meanwhile other total costs excluding insurance have increased 10% in the last 5 years, noting the decrease in operational expenditure.

Safety, Cleaning, Waste, Repair & Maintenance held to FY22 levels, however the business kept pace with keeping the site safe, clean, secure and well presented. Overhead costs maintained the decreased level from FY22 as continuous improvement focus continued.

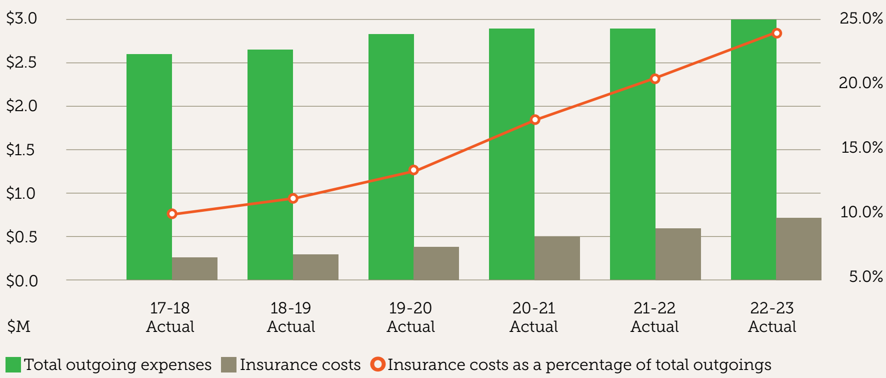
Overall total outgoings expenditure increased by only 2.8% on FY22.

Total increase in outgoings costs on base financial year 2015-16



The graph above shows the total increase in costs compared to the base financial year of 2015-16 and highlights the increase in cost of insurance compared to all other cost items. Total costs are net of any contributions made by SAPML in the financial year such as the contribution to COVID costs in the FY21.

Insurance as a percentage of total outgoings



Operations Department

Jamie Paddick exited the business in January 2023, at which time Tim Mildren joined the team as Operations Manager on a contract basis. Tim led site operations including, but not limited to, the transition and launch of the SA Farmers Market as well as managing the market officials, unloading and pallet management whilst we underwent a recruitment process for a permanent solution.

We are delighted to have recruited Ella Prowse who joined the team as Operations, Facilities and Compliance Manager in May 2023 in a full-time role. Ella is responsible for overseeing the market officials, unloading service and pallet management, facilities management, tenancy inspections, contract management, access control, WHS and compliance.

The Operations Department continues to service the market, improving access, business operation and safety for all market users. Site safety will continue to be a key focus of FY24, with a focus placed on ensuring all business owners operating within the market understand their legislative requirements in relation to work, health and safety, and educate their workers on their duty to operate in a manner that prioritises the safety of themselves and others.

New market regulations were developed by the Management team and have been published on the website, available for all market users to download. The new regulations modernise the market rules and include pandemic rules, obligations of tenants and new payment rules.

We have improved parking to increase safe operations for vehicle and people interactions at the administration building. A greater focus was placed on speed and road use behaviour this year with the overall speed of vehicles within the market slowing down.

Attention on vehicle management and traffic flow has been a focus this year. After conducting a site wide review of heavy vehicle movements, we have minimised their involvement in the market square to improve safety where possible.

Further improvements can be made in this area once the automatic gate installation on Merchant Crescent is complete, which will allow both sides of site to remain available for entry and exit by cardholders 24/7. Once complete, the traffic management plan will be reviewed to determine if a new heavy vehicle route should be implemented to allow an even spread of vehicles to enter and exit the market from both gates, to reduce heavy vehicle congestion in specific areas on site and to reduce heavy vehicle movements through the busy market square.

This endeavour comes as a result of the successful automation of the front gate from 1st August 2022. Automation of the front gate restricted afterhours access (11am until 6pm) to only market users with a valid card. This eliminated the need for 24/7 security monitoring of the site. The front gate improvements that were made increased the safety specification by adding operating lights, induction loops and infra-red beams to ensure vehicle movement through the gates are safe. During closed market times Adelaide Metropolitan Security (AMS) have been engaged to patrol the site.

SAPML have spent the past year developing its first Portal via its website, allowing electronic entry into the market via Bluetooth. This will provide a greater level of flexibility and access for market users to conduct their business, access their business information, request card access, cancel card access, update relevant documentation, and have full control over their contractors and visitors coming to site. This dual access to site is now available with Bluetooth and proximity cards. A new fresh look website has complimented the changes in our move into the new electronic era.

Last year we put in place a safety height bar and increased signage around the Growers Pavilion, we are pleased to announce there has been no incidents with vehicles hitting the Growers Pavilion doors since the signs and physical height barriers were installed.

Market Trading Hours

A market hours survey was conducted by the Operations subcommittee which looked to introduce later trading hours for the Winter period. Based on the survey results the decision was made to not adopt later market hours for the 2023 Winter season, after consideration of the Market Community's preferences, and needs. It is clear that the majority of Market Users, particularly Growers and Providores, favour a 03:30am entry time over the Winter period.

The comments provided in the survey highlight the complex factors at play in such a decision. Concerns about meeting Retailer demand, the potential impact on labour costs, and the need for infrastructure upgrades are valid considerations. On the flip side, the survey also suggests that a transition to later market hours could attract a new generation to the Produce industry and enhance the talent pool of workers.

The willingness of Providores and Retailers to adapt to these changes is indeed crucial, and it's encouraging to see that the Market Operations Committee is inclined to shift with the current industry trends. The commitment to further investigation and consultation demonstrates a proactive approach to finding the most appropriate later trading hours for the market.

The call for businesses to start reviewing their internal requirements in anticipation of this change is a practical step, ensuring that all stakeholders can prepare adequately for the transition to later market hours within the next 1-3 years.

Embracing generational change and working together to find solutions to challenges is essential for any industry's growth and prosperity. As the market evolves, it's important to adapt and innovate to remain competitive and meet the changing needs of both businesses and consumers.

The Market Operations Committee's openness for input from the community is a positive sign, and it encourages collaboration and dialogue as they work towards determining the best path forward for the South Australian Produce Market.

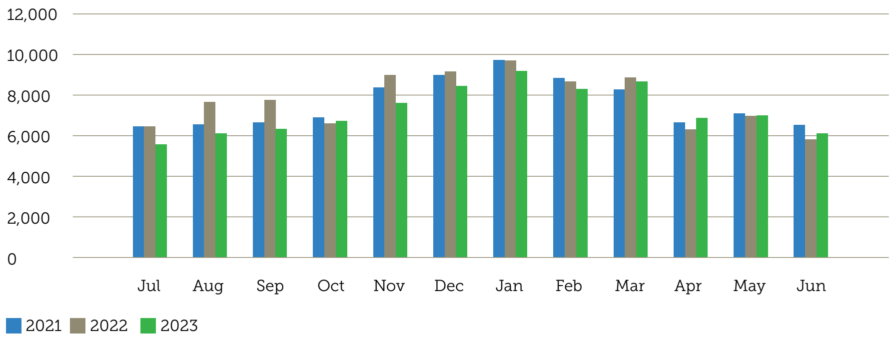
Adelaide Markets – Unloading / Logistics Equipment Management

The Adelaide Market division of our business which includes unloading and pallet management continues to perform well, however revenue reduced by $141.6K due to the closure of the CHEP yard in July 2022. We have been able to reduce the cost of operations from four FTE (Full time Employee) to two FTE in the equipment management side of the business which has countered the loss in revenue. The Adelaide Market division brought in a revenue of $1.1M compared to $1.24M in FY22, and we are pleased to report a $77.7K increase (9.37%) in net profit before tax in FY23 compared to FY22.

This was the result of the fantastic efforts of our unloading service team, particularly through a transitional period in operational leadership with the departure of Jamie Paddick, interim management from Tim Mildren and the recent introduction of Ella Prowse to the team.

The Unloading Service operational hours increased to 8pm–8am from Sunday–Thursday each week in FY23 to support transport movements in the market; the change was well received. A software app called E-Doc was created in FY22 to support the administrative requirements of the unloading service and has been used throughout FY23 with much success. Further improvements to the software will be considered in FY24 to improve capability and increase efficiencies by reducing the need for rework.

Unloading service lifts by month



The Freight Forwarding service was implemented in November 2022 and has continued its success, with a total of 4,016 lifts in FY23. FY24 may be a challenging year in terms of profitability, as rising transport costs continue to impact the industry. SAPML will work to mitigate the impact of cost increases where possible.

FY24 will be busy with planning and transitioning to operating from our new biosecurity facility, which will see the introduction of postharvest treatment. We will also be working closely with Trical in the operational plan for the business. We will seek to grow the logistics services as this new facility becomes available. This will include increases in services like cold treatment and fumigation.

Profit & Loss Year on Year

	Jun 23 YTD	Jun 22 YTD	YTD Variance Amount	YTD Variance %
Revenue - Adelaide Market				
Total Revenue - Adelaide Market	1,099,409	1,241,059	(141,650)	(11%)
Expenditure - Adelaide Market				
Total Expenditure - Adelaide Market	800,150	1,019,535	219,385	22%
Adelaide Market - Net Profit	299,259	221,524	77,735	35%
Adelaide Market - Net Profit %	27.22%	17.85%	9.37%	52.50%

Market Fresh SA Pty Ltd Marketing

Market Fresh SA Pty Ltd is a joint initiative of SAPML and the SA Chamber of Fruit and Vegetable Industries Inc (SA Chamber).

During FY23, 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 with a contribution to the national campaign an amount of $130K.

Callum Hann continued as brand Ambassador for Pick a Local, Pick SA! supporting the brand through radio commercials, social media content, in-store collateral and supporting public relations activities.

Market Fresh SA Pty Ltd delivered two national campaigns under the co-branded banner and continued seasonal activities into the South Australian market.

The National campaign rolled out a spring 2022 branding campaign featuring Masterchef Julie Goodwin with innovative AI technology providing personalised videos and point of sale for some 500 stores nationally with the key message to shop at your local fruit and veg store.

In December the first issue of the A Better Choice magazine, featuring some 72 recipes, was published with 100,000 copies being distributed nationally. South Australia hosted the magazine launch party at Simply Fresh Kensington with Callum Hann in attendance and sponsored by

Market Fresh SA Pty Ltd Marketing

Ashton Valley Juices, Acqua Filette and Big Shed Brewery.

The second national campaign saw the reinvention of the Award-Winning Shop N Win campaign with ten weekly consumer prizes being awarded and each entry a vote for stores to be nominated as National Retailer of the Year.

Adelaide Fresh Morphett Vale was named SA Retailer of the Year for the third year in a row and number two store Nationally. Metrofresh Findon was named second in SA and third nationally. South Australian retailers once again featured heavily in the Top 10 stores from some 400 participating stores nationally.

National Partnerships with Zespri Kiwifruit, Australian Mushrooms Growers Association and Kanzi Apples were activated in South Australia with merchandising and in-store demonstrations completed for the brands. Adelaide Fresh Morphett Vale and MetroFresh Findon awarded two of the three national prizes provided by Zespri for a retailer display competition.

After a two-year break Pick a Local, Pick SA! returned to exhibit at the Royal Adelaide Show in September 2022. With a fresh new stand design the team handed out some 18,000 Costa bananas as a stop on the Yellow Brick Road, activated sampling activities for Ashton Valley Juices, Nutri Kiwi and Rainbow Fresh Salads and hosted five 30-minute segments on the Horticultural Stage including a cooking demo with Callum Hann.

In October an activation was taken at the World Rose Expo to promote in store florists and outdoor activations with the SAFM breakfast crew saw deliveries of in season fruit to local primary schools.

The start of the SA 2022 Cherry Season was marked with an auction at the South Australian Produce Market with a tray of cherries being auctioned for $50,000 with funds donated to the Leukaemia Foundation. Extensive media coverage was achieved including a large photo spread in The Advertiser and coverage on all SA major television news reports.

Throughout December the team once again supported the Santa's Wonderland event with a donation of 15,000 carrots from Nicol carrots providing SA grown carrots for children to feed to Santa's reindeers. The activation was reported as one of the most popular trail stops at the event for the second year running.

In April 2023 the team celebrated April Fools Day with the launch of the Dapple, an apple exclusively

Market Fresh SA Pty Ltd Marketing

for dogs only available on April 1, that achieved national news coverage and kicked off activities to promote SA grown apple season.

The 2023 SA Citrus Season was launched with an event held at the Adelaide Central Markets with Minister Nick Champion officiating. Further activities to promote the season included a retailer display competition with wining stores taken on an overnight tour of Nippy's facilities in the Riverland, fuelled by sponsor Mobil.

The paid retailer participation model continued with some 40 Retailers participating as gold and silver members – an additional 60 stores continue with the free program providing branding in their store to leverage from the category marketing campaigns.

The team continued a regular What's in Season market update segment on Radio Italiana, which airs every second Wednesday and is streamed on Facebook, as well as a monthly update on ABC Radio's Country Hour. A weekly Market Update published to SAPML website, Facebook and LinkedIn on a Monday continued with more than 300 weekly subscribers.

A television commercial was filmed in May 2023 first going to air in June 2023. The commercial highlights the quality, freshness and service provided by shopping at a local fruit and veg store, features brand ambassador Callum Hann and encourages shoppers to look for the red logo in stores.

The team continued to share Grower stories through video and photography content creation featuring in-season producers. The content has contributed to the growth in reach of the social media channels now having a combined fan base of 27k+ reaching a primarily South Australian audience of some 150k+ each month.

In-store demonstrations were activated for brands including Kanzi Apples, Nutri Kiwi, DK Potato Chips and Eastbrook Farms. Winner of the 2021 Nutri Kiwi retailer incentive, Adelaide Fresh Morphett Vale, travelled to New Zealand in April to visit the kiwi fruit orchards and pack houses. Farm visits were conducted with member retailers visiting Adelaide Hydrofresh, Ceravolo Orchards, SA Mushrooms and Rainbow Fresh farms connecting growers to retailers that stock their produce.

A number of community programs continued to be supported by Market Fresh SA Pty Ltd with donations of fruit and activations held with the Adelaide Uni O Week, SA Districts Netball Association, Salisbury Run, Cheese Festival, Mix 102.3 and SAFM outdoor school broadcasts and Walk for a Veteran.

We thank Penny Reidy for her leadership of the campaign as Marketing, Communications and Business Development Manager along with her team Nicolette Colangelo, Michaela Kantarias and Deb Billing.

Milestone Achievements

Congratulations to Frank Cantelmi on his impressive milestone with the South Australian Produce Market at Pooraka! It's truly remarkable to have dedicated employees like Frank who have contributed significantly to the organisation's success over the years. Frank's 35 years of service reflect his commitment and dedication to his role and the market community.

Frank plays a crucial role in fostering a strong organizational culture and continuity. His loyalty and hard work is a testament to the positive environment and opportunities for growth within the company.

On behalf of the Board, management, and staff, we extend our heartfelt congratulations to Frank and express our gratitude for his valuable contributions. Here's to many more years of success and collaboration within the South Australian Produce Market at Pooraka!

Environmental, Social and Governance (ESG)

Developing Net Zero Emissions and Energy Strategies

We have been working with industry sectors and government Departments on transitioning to a low carbon economy, setting our pathway to Net Zero. We have engaged 2XE to update SAPML's ESG targets and we will work with Market Users in understanding each organisation's ESG obligations. SAPML will work with 2XE on Step 1,2 and 3 methodologies Profiling, exploring possibilities and developing our pathway to Net Zero.

The board and management are actively working on establishing a clear path toward achieving net-zero emissions in the medium to long term. This commitment reflects the market's understanding of the importance of sustainability and its role in creating and sustaining long-term value in a rapidly changing world.

The development of a holistic approach to sustainability and the recognition of the associated risks and opportunities are critical steps. It's notable that practical environmental applications have already been initiated, such as the construction of the Microgrid, which has resulted in a significant reduction in CO2 emissions. Continuing to improve and expand on this infrastructure is a positive move, especially considering Australia's pledge to reduce greenhouse gas emissions by 43% below 2005 levels by 2030.

We continue to explore alternative fuel sources and are already transitioning to full electric Forklifts for our logistics / unloading business. Discussions have commenced in providing electric car charging stations for our staff, market patrons and visitors and we will investigate options for commercial vehicles once it becomes clearer where the different type of commercial vehicles will transition to.

It was evident at the recent mission to Europe with the Minister of Primary Industries, Regions and Forestry that Australia and especially South Australia are further advanced than Europe is in sustainability, especially in power generation and packaging.

Social

This past year has been challenging against the backdrop of inflationary pressures that has increased the cost of living for all South Australians. It is heartening for the South Australian Produce Market (SAPML) to rise to meet these challenges and address the impacts on the cost of living in South Australia. The commitment to helping the community, especially through supporting welfare agencies like Foodbank, has been tremendously rewarding.

Net Zero Strategy-building Methodology

Foodbank: A substantial 1.5M kilograms of fresh produce was processed through SAPML marking a significant contribution, ensuring that individuals and families in need have access to nutritious food. This effort aligns closely with the mission of SAPML to make fresh produce available to all South Australians, regardless of their economic circumstances.

Last year, Foodbank sourced the equivalent of 82 million meals for their 2,625 charity partners, providing food relief to more than a million people each month.

Puddle Jumpers: The partnership with Puddle Jumpers is another positive development, emphasizing the company's commitment to social responsibility. By working with our SA Farmers Market and providing produce at no cost to Puddle Jumpers after every Sunday market, SAPML is contributing to the mission of ensuring no child goes hungry. This collaboration also highlights the importance of fostering partnerships within the community, as Puddle Jumpers and Foodbank work together to ensure a consistent supply of fresh produce to those in need.

Overall, SAPML's dedication to addressing food insecurity and supporting the South Australian community during challenging times is a shining example of corporate social responsibility. It demonstrates the positive impact that businesses can have when they prioritise, giving back to society.

Flood Fundraiser: Recognising the profound challenges confronting the regions, the South Australian Produce Market (SAPML) felt compelled to take

Environmental, Social and Governance (ESG)

action. In the wake of devastating floods, escalating living costs and a surge in fruit fly outbreaks in the Riverland, SAPML initiated the SA Flood Recovery Appeal. The decision to organize a fundraiser, the SA Flood Recovery Match, reflects a strong commitment to supporting the primary producers of the Riverland during these trying times.

The initiative to hold the match at Coopers Stadium, featuring a team comprising of State Government Ministers, members of parliament and officials against growers, wholesalers, and retailers from the market community, was both innovative and impactful. It not only raised much-needed funds but also fostered a sense of community and collaboration between different stakeholders.

The generous support from corporate sponsors, including SAPML, Foodland, Bank SA, Ausveg SA, Duxtun Water, CMV Farms, Adelaide United, and Rural Business Support, is a testament to the importance of coming together to support those affected by natural disasters. The impressive fundraising total of $169,000, comprising from contributions from players and the State Government's $100,000 contribution, will undoubtedly make a significant difference in aiding primary producers affected by the Murray River Floods. Rural Business Support (RDS) were the recipient of the funds and have been doing amazing work within the flood affected regional communities.

This event exemplifies the power of collective action and demonstrates how the market community, government, and

Environmental, Social and Governance (ESG)

various stakeholders can join forces to give back to regional communities in their time of need. It's a heartwarming example of solidarity and support during challenging times, and it showcases the South Australian Produce Market's commitment to social responsibility and community well-being.

Cherry Charity Auction: It was a bright start to the 2022 Cherry season with the first box of cherries sold at the Markets at our yearly Charity Auction for an amazing $50,000 with proceeds going to The Leukaemia Foundation. Joe Giangregorio from Rainbow Fresh was the highest bidder on the day with the Minister Clare Scriven in attendance to place the crown on the new Cherry King.

HeartKids Fundraiser: In June 2023 the market community got behind the annual HeartKids SA Be a Hero for HeartKids fundraiser. Working in collaboration with Drakes Supermarkets, the markets hosted a fun filled morning with a BBQ and the appearance of Batman and his Batmobile.

The community got behind the event dressing in their favourite superhero costumes and HeartKids SA walked the market floor collecting donations totalling $3,000.

Governance

The South Australian Produce Market's introduction of good corporate governance initiatives in FY21 is a positive step that reflects the company's commitment to effective management and responsible business practices. These initiatives have played a significant role in enhancing the overall governance framework of the organization.

Governance Policy Update: Updating the Governance policy is a crucial move to align the company's practices with contemporary standards and regulations. It ensures that the board and management are operating within a well-defined governance framework that emphasizes transparency, accountability, and ethical conduct.

Whistleblower Policy: The development of a Whistleblower Policy is an important step in fostering a culture of transparency and accountability. It provides employees and stakeholders with a mechanism to report concerns or unethical behaviour, ensuring that issues are addressed promptly and appropriately.

Share Registrar Transition: The decision to move to Computershare as the company's Share Registrar indicates a commitment to efficient and secure management of shareholder records. This transition streamlines administrative processes and enhances the overall shareholder experience.

Appointment of Sharebroker (Ord Minnett): Appointing Ord Minnett as the sharebroker demonstrates a focus on financial management and investor relations. Experienced sharebrokers can provide valuable insights and support for shareholders and potential investors, helping to maximize shareholder value.

These corporate governance initiatives collectively contribute to effective risk management, regulatory compliance, and responsible stewardship of the company's resources. They also enhance the market's reputation and credibility among investors, partners, and stakeholders.

Overall, the South Australian Produce Market's dedication to sound corporate governance practices is a positive development that reinforces its commitment to responsible and ethical business management. It positions the company for long-term success and sustainability in a competitive market environment. The Corporate Audit Governance and Finance Committee plays an integral role in maintaining good Governance practices. Furthermore, it's noteworthy that Director Andrew Vorrasi has joined this committee in FY23. His inclusion brings additional valuable skills, expertise, and experience to the committee, contributing to its effectiveness in overseeing audit, governance, and financial matters.

The Board has proposed changes to the constitution that will be presented and discussed at the upcoming Annual General Meeting (AGM). Shareholders can find more information about these proposed changes in the explanatory memorandum that has been included in the AGM papers. The explanatory Memorandum provides a detailed explanation of the specific amendments and the reasons behind them, helping shareholders make informed decisions during the AGM.

Modernising governance and ensuring transparency in Director appointments are important steps for the organisation's long-term success and effectiveness. It's common for organisations to periodically review and update their governing documents to align with evolving best practices and legal requirements.

Market and Industry Matters

The visit of the State Treasurer, Hon Stephen Mullighan MP, to our precinct on February 17th, hosted by SAPML CEO, Chair and Vice Chair, underscores the importance of engaging with government officials and sharing insights about the horticultural industry and market operations. Hosting a visit from the State Treasurer demonstrates a commitment to engaging with government officials and providing them with a firsthand understanding of the challenges and opportunities within the industry.

The visit included discussions about the opportunities and challenges facing the horticultural industry. These discussions are essential for policymakers to make informed decisions and support the industry effectively. Sharing an in-depth understanding of the industry and the market's role within it helps government officials appreciate the market's significance in the broader agricultural landscape.

The Treasurer's walk around the market floor, where he met with growers and wholesalers, provides an opportunity for direct engagement with industry stakeholders. It allows for firsthand observations and interactions between industry and government fostering collaboration and mutual understanding.

Providing the Treasurer with insights into the SA Produce Market's future plans, demonstrates a commitment in biosecurity, growth and development. It also highlights the market's role as a key player in the regional economy, and The visit, enables policymakers to make informed decisions that support the growth and sustainability of the horticultural sector especially with regard to our now announced Biosecurity facility.

The Market also hosted the Hon Clare Scriven, Minister for Primary Industries and Regions and shadow Minister on market tours.

Horticulture Coalition of SA

SAPML involvement as a member and Chair of the Horticulture Coalition of South Australia (HCSA) highlights the proactive role we have played in the horticultural industry. Collaborating with the government and industry stakeholders, the HCSA has been instrumental in addressing key objectives and challenges in the sector:

Biosecurity: Dealing with fruit fly outbreaks in the Riverland is a critical concern for the horticultural industry. The HCSA's involvement in prioritizing and securing funding for biosecurity facilities demonstrates a commitment to safeguarding the industry from pests and diseases.

Industry Growth: The development of an industry blueprint in FY22 with the goal of growing horticulture in South Australia to $5 billion by 2030 is a significant and ambitious objective. This growth target not

Market and Industry Matters





only benefits the industry but also contributes to job creation in the region.

Water Policy: Water is a fundamental resource in horticulture, and effective water policy is essential for sustainable production. The HCSA's engagement in water policy discussions helps ensure that industry needs are considered in water management decisions.

Sustainability: The development of industry sustainability targets aligns with global efforts to promote sustainable agriculture. These targets can help horticultural businesses reduce their environmental impact while ensuring long-term viability.

Cost of Production: Addressing the increased cost of production is vital for the industry's competitiveness. Collaborative efforts can help identify strategies to manage costs efficiently.

Flood Recovery: Our engagement in flood recovery efforts underscores the industry's resilience and commitment to supporting affected growers and regions in times of natural disasters.

The HCSA is a member of the Primary Producers SA (PPSA) which provides a platform to influence state agricultural policies across various areas, including infrastructure, education, carbon emissions, and biosecurity. This involvement contributes to shaping a favourable environment for agriculture in South Australia.

Our leadership and involvement in these initiatives are essential for the growth and sustainability of the horticultural industry in South Australia. By addressing key challenges and working collaboratively with government and industry bodies, we are helping to create a brighter and more prosperous future for the sector and the Market.

We were sorry to hear about the loss of Mike Johnstone, President of Olives South Australia, and a valued member of the Horticultural Coalition of SA. He made

Market and Industry Matters

significant contributions to the committee over the years, and his presence will be deeply missed by all who had the privilege of working with him.

Losing a dedicated and committed member like Mike is not just a loss to the organization but also to the broader horticultural community. His passion, expertise, and dedication to the industry have undoubtedly left a lasting impact, and his legacy will continue to influence the work of the coalition.

Industry Partnership Ausveg SA

SAPML continued our partnership with Ausveg SA and held the Hort Expo and end of year Christmas drinks at the SA Produce Markets on Wednesday November 22.

The event attracted some 300 attendees including 160 growers, wholesalers, supply chain partners and research/government officials.

We welcomed our State Government representatives, the Hon Emily Bourke MLC. - Assistant Minister to the Premier, the Hon Nicola Centofanti - Shadow Minster Primary Industries and Regional Development, Frank Pangallo MLC - the Hon Tim Whetstone, Shadow Minister.

Premiers Horticultural Awards

Part of the partnership included sponsoring the annual Ausveg SA Industry Awards night which is now known as the Premier's Horticulture Industry Awards for Excellence. This year it was held at the National Wine Centre on Wednesday, 17 May 2023.

These awards play a crucial role in recognizing and celebrating the achievements of leaders and innovators in the horticultural industry. Congratulations to the deserving winners:

Mark Russo: Winning the Young Grower of the Year award is a well-deserved recognition of Mark's dedication and contributions to the industry. His involvement in his family business, Adelaide Hydro Fresh, and his commitment to marketing, strategic planning, and facility upgrades have not only benefited his business but also had a positive impact on the South Australian Produce Market.

Trevor Ranford: Trevor's recognition with the Biosecurity award is a testament to his outstanding contributions to biosecurity management. His involvement in managing the National chestnut blight emergency response is commendable, and his 45-year career as an advocate for various industries showcases his passion and dedication to the horticultural sector.

These awards highlight the talent, innovation, and dedication within the horticultural industry in South Australia. They also demonstrate the positive impact that individuals like Mark Russo and Trevor Ranford can have on their respective sectors and the broader community. Congratulations to both Mark and Trevor for their well-deserved achievements, and the South Australian Produce Market continue to be proud of our ongoing support of these awards.

Hort Connections Adelaide 2023

We were delighted to host the National awards and 2023 Hort Connections in Adelaide this year. SAPML participated in the national awards and conference through the Central Markets Association of Australia (CMAA) and showcasing the South Australian Produce Market at Hort Connections 2023 Exhibition is a significant endeavour that fosters collaboration and knowledge sharing within the horticultural industry. By joining forces with other Wholesale Markets and Fresh Markets Australia (FMA), the South Australian Produce Market contributes to a unified industry presence on the national stage. This collaboration strengthens the industry's representation and voice across all political spectrums.

Hort Connections is a major horticultural event that brings together professionals and stakeholders from across Australia and New Zealand. With over 3,500 attendees, it serves as a crucial platform for networking, learning, and showcasing industry innovations.

SAPML hosted a market tour for 120 visitors highlighting our market's commitment to openness and accessibility. It provides an opportunity for industry professionals to witness the market's operations firsthand and gain insights into its functioning.

During the market tour, participants had the chance to witness firsthand the inner workings of our operations. This immersive experience

Market and Industry Matters

offers a behind-the-scenes look at our processes, systems, and the dedicated team members who drive our market's success.

By opening our doors to industry professionals and inviting them to explore the core of our operations, we aim to foster a deeper understanding of our values, practices, and the principles that guide us. This tour serves as a testament to our commitment to building trust and collaborative relationships within the industry.

We believe that this market tour not only provided valuable insights but also facilitate not only networking and knowledge exchange among our guests. It was an opportunity to strengthen existing industry partnerships and forge new connections that can contribute to the growth and development of our market.

Exhibiting at the event, held at the Adelaide Convention Centre, allows the South Australian Produce Market to showcase its offerings, share knowledge, and engage with a diverse audience of industry stakeholders, from growers to retailers.

Participating in such national events not only promotes the South Australian Produce Market but also facilitates the exchange of ideas, best practices, and innovations within the broader horticultural community. It reinforces the market's role as a key player in the industry and underscores its commitment to collaboration and growth.

Flashback Channel 7

The Market was delighted to be involved with the airing of a story on Channel 7, featuring a flashback to the old East End Markets, which was a valuable opportunity to celebrate the history and evolution of the South Australian Produce Market. The old fruit and veg markets that operated in the CBD for over 80 years hold immense historical significance. They have played a central role in the region's food distribution for generations.

The story highlighted the transition from the old East End Markets to the current location at Pooraka. This move represented a significant shift in the market's operations and logistics and went back to how the old Market operated.

The inclusion of interviews with long standing SAPML Director Pat Scalzi and employee, Frank Cantelmi adds a personal and human element to the story. They shared their experiences and insights about the market's history and transition.

Stories like these serve as a means of preserving the history and heritage of the South Australian Produce Market. They allow for reflection on how the market has evolved over time. Airing such stories on mainstream media channels like Channel 7 increases public awareness about the market's history, role, and contributions to the community.

Looking Forward

In the upcoming fiscal year, we are poised to further strengthen our organisational foundation and pave the way for a prosperous future. Central to our strategic agenda are two pivotal infrastructure projects: our Biosecurity precinct and the ongoing construction of our Fire Sprinkler project. These initiatives underscore our unwavering commitment to growth and sustainability.

The Biosecurity project represents a cornerstone in our efforts to fortify our position in the market. This ambitious endeavour is not only a testament to our dedication but also an embodiment of our forward-thinking approach. By enhancing our biosecurity measures, we are not only safeguarding our operations but also reinforcing our commitment to environmental stewardship and our Horticulture industry.

The continuation of the Fire Sprinkler project is a testament to our commitment to safety, preparedness and insurance risk. Fire safety is a paramount concern, and our ongoing efforts in this domain are integral to ensuring the well-being of our personnel, infrastructure, and assets. This project exemplifies our proactive stance in addressing critical risk concerns.

Our past progress in these endeavours underscores our consistent pursuit of excellence. As we move into FY24, we are committed to adhering to established timelines and achieving key milestones, ensuring the successful completion of these projects.

Upon completion, these projects will yield significant benefits, not only for our organisation but also for our valued stakeholders and the wider Horticultural community. These endeavours are intricately woven into our long-term vision, reinforcing our commitment to sustainable growth and resilience.

As we embark on this journey in FY24, we are steadfast in our determination to see these infrastructure projects through to their successful completion. They are instrumental in shaping the future trajectory of our organization and our market. We look forward to updating our stakeholders on our progress and achievements in the coming year.

We are dedicated to advancing our sustainability strategy to solidify our position as a pioneer in environmental policies and practices within our market. Our commitment is to first understand our current position and then to continually enhance our sustainable operations and uphold our leadership in this critical area.

In the coming year, we remain dedicated to pushing the boundaries of innovation within our organization. We will challenge our team to adopt a "Think Fresh" mindset, particularly in the further development of our ERP system. We are excited to welcome Ella Prowse as the Operations, Facilities and Compliance Manager and Nick Sinnott as our Facilities Coordinator.

Furthermore, we are enthusiastic about the ongoing collaboration with our Next Generation Committee as we jointly strive to become the next generation of leaders and possible Board members.

The Board and Managers would like to thank Retail Director Jamie Fragnito for his nine years of service to the Market. He has been an instrumental part of the Board during this time, and we wish him well with in his next endeavours.

We extend our heartfelt gratitude to the dedicated SAPML team, our valued tenants, and our loyal market users for their unwavering support throughout FY23. Your commitment has been instrumental in our achievements. We eagerly anticipate the opportunity to continue working closely together in FY24, building on our successes, and pursuing our collective goals. Thank you for being integral to our journey.

Joanna Andrew
Chairman

Angelo Demasi
CEO

Directors' Report

For the year ended 30 June 2023

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'Group') 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 2023.

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 (Chair)

Mr Michael Ruggiero (Deputy Chair)

Mr Mark Brougham

Mr Antonio (Tony) Ceravolo

Mr Daniele (Danny) De Ieso
(resigned 29 November 2022)

Mr Girolamo (Jamie) Fragnito

Mr Derrick Patterson

Ms Christine Scalzi

Mr Pasquale (Pat) Scalzi

Mr Andrew Vorrasi
(appointed 29 November 2022)

Principal Activity

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

Dividends Paid or Recommended

Dividends paid during the financial year were as follows:

	Consolidated	
	2023 $	2022 $
Fully franked interim dividend of 35 cents per share (declared 29 November 2022; 2022: 25 November 2021 at 30 cents per share)	2,021,096	1,732,368
Fully franked final dividend of 30 cents per share (declared 27 April 2023; 2022: 28 April 2022 at 30 cents per share)	1,732,368	1,732,368
	3,753,464	3,464,736

Directors' Report

For the year ended 30 June 2023

Review of Operations

The profit for the consolidated entity after providing for income tax amounted to $6,045,198 (30 June 2022: $24,175,834).

	2023 $	2022 $	Change $	Change %
Consolidated profit before income tax	8,551,159	34,253,116	(25,701,957)	-75%
Revaluation (loss)/gain included in consolidated profit	3,203,127	29,223,428	(26,020,301)	-89%
Consolidated profit before income tax, excluding the revaluation gain/loss & Fair Value Movement	5,348,032	5,029,688	318,344	6%
Current income tax expense	962,672	90,468	872,204	964%
Consolidated profit after current income tax excluding revaluation gain/(loss) & Fair Value Movement	4,385,360	4,939,220	(553,860)	-11%

A review of operations of the consolidated entity and the results of those operations are contained in the accompanying combined Chair and Chief Executive Officer's Report.

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

Significant Changes in State of Affairs

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

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.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2023 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.

Environmental regulation

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

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

Directors' Report

For the year ended 30 June 2023

Information on directors

Ms Joanna Andrew

Appointed 26 May 2020

Independent Director and Chair

Qualifications

Bachelor of Laws (Honours)

Bachelor of Health Sciences

Experience and expertise

Partner
Mellor Olsson Lawyers

Player Payments Integrity Committee, SANFL

Member
National Sports Tribunal

InDaily 40 Under 40 Award Winner in 2018

Mr Michael Ruggiero

Appointed 17 November 2008

Independent Director

Qualifications

Bachelor of Arts (Accounting)

Chartered Accountant

Diploma of Financial Services

Chartered tax advisor

Experience and expertise

35 years' of experience as a Chartered Accountant

Chairman of Partners Bentleys Accountants, Auditors and Advisors

Numerous board roles in the finance, funds management and property industries

Advisor in the area of taxation and business consulting in the property, retail and wholesale sectors and professional service industry

Experience in Capital Gains Tax, international taxation, structuring property and business acquisitions.

Mr Pasquale (Pat) Scalzi OAM

Appointed 28 November 1988

Wholesale Director

Experience and expertise

Managing Director
P.E Scalzi Pty Ltd

Director
P.E Services Pty Ltd

Director
Pooraka Wholesalers Pty Ltd

Over 60 years' wholesale fruit and vegetable industry experience

Wholesaler Board Member since 1987

Life Member
SA Chamber of Fruit and Vegetables

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

Directors' Report

For the year ended 30 June 2023

Ms Christine Scalzi

Appointed 25 November 2014

Wholesale Director

Experience and expertise

Director
Select Naturally Pty Ltd

Importer and Director
Acqua Fillette Australia

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

Mr Mark Brougham

Appointed 29 November 2018

Wholesale Director

Experience and expertise

Chairman
South Australian Chamber of Fruit & Vegetables

Director
M & C Fruit & Vegetable Supplies

Board Member
South Australian Produce Credit

Board Member
Fresh Market Australia

Mr Antonio (Tony) Ceravolo

Appointed 6 December 2007

Grower Director

Experience and expertise

Managing Director
R Ceravolo & Co Pty Ltd

Director
Ashton Valley Fresh Juices

Director
Ceravolo Orchards Pty Ltd

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

40 years of orchard experience

40 years of experience in wholesale of fruit and vegetables

Mr Andrew Vorrasi

Appointed 29 November 2022

Grower Director

Qualifications

Bachelor of Architecture (Honours)

Architect (Retired)

Experience and expertise

Director
Direk Produce Pty Ltd
T/A Vorrasi Farms

Director
Private Property Investment Unit Trusts

Over 25 years' professional architectural experience

Former founding Director
Studio 9 Architects Pty Ltd

Past Director
The Royal Australian Institute of Architects

Third generation grower in Horticultural Fresh Produce Production

Past Board Director
Australian Institute of Architects

Past Manager
SA Archicentre Limited

Directors' Report

For the year ended 30 June 2023

Information on directors

Mr Girolamo (James) Fragnito

Appointed 25 November 2014

Retail Director

Experience and expertise

Over 30 years of experience in fruit and vegetable retailing

2007 Chairman Adelaide Produce Markets Young Leaders Committee

Committee member SA Fruit & Veg Retailer Association

Mr Derrick Patterson

Appointed 25 November 2014

Retail 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

Directors' Report

For the year ended 30 June 2023

Company secretary

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

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Full Board		Audit Corporate Governance and Finance Committee	
	Attended	**Held**	**Attended**	**Held**
Ms Joanna Andrew (Chair)	12	12	5	6
Mr Michael Ruggiero (Deputy Chair)	12	12	6	6
Mr Pasquale (Pat) Scalzi	11	12	5	6
Mr Daniele (Danny) De Ieso	4	6	-	-
Mr Antonio (Tony) Ceravolo	12	12	2	2
Ms Christine Scalzi	10	12	-	-
Mr Girolamo (Jamie) Fragnito	11	12	-	-
Mr Derrick Patterson	12	12	4	6
Mr Mark Brougham	10	12	-	-
Mr Andrew Vorrasi	8	8	3	3

Held: represents the number of meetings held during the time the director held office.

Directors' Report

For the year ended 30 June 2023

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

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

		Consolidated
	2023 $	**2022 $**
Salaries & directors fee	583,876	557,887
Superannuation contributions	52,584	48,342
	636,460	606,229

Other than that disclosed in Note 31, no Director has received or became 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

For the year ended 30 June 2023

Additional disclosures relating to key management personnel

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 Pasquale (Pat) Scalzi	836,399	-	6,044	-	842,443
Mr Antonio (Tony) Ceravolo	131,300	-	-	-	131,300
Ms Christine Scalzi	258,200	-	-	-	258,200
Mr Girolamo (Jamie) Fragnito	37,500	-	-	-	37,500
Mr Derrick Patterson	5,000	-	5,000	(10,000)	-
Mr Mark Brougham (SA Chamber of Fruit and Vegetable Industries Incorporated)	132,400	-	-	-	132,400
Mr Andrew Vorrasi	97,733	-	2,800	-	100,533
Mr Angelo Demasi	1,600	-	-	-	1,600
	1,500,132	-	13,844	(10,000)	1,503,976

Directors' Report

For the year ended 30 June 2023

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
Chair of Directors
26 October 2023

South Australian Produce Market Limited ABN 49 008 129 566

Auditor's Independence Declaration

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Fax: +61 8 7324 6111
www.bdo.com.au

BDO Centre
Level 7, 420 King William Street
Adelaide SA 5000
GPO Box 2018 Adelaide SA 5001
Australia

DECLARATION OF INDEPENDENCE
BY PAUL GOSNOLD
TO THE DIRECTORS OF SOUTH AUSTRALIAN PRODUCE MARKET LIMITED

As lead auditor of South Australian Produce Market Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

i. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

ii. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of South Australian Produce Market Limited and the entities it controlled during the period.

Paul Gosnold
Director

BDO Audit Pty Ltd

Adelaide, 26 October 2023

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

South Australian Produce Market Limited ABN 49 008 129 566

Financial Statements

For the year ended 30 June 2023

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 is:
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. 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 2023

	Note	2023 $	Consolidated 2022 $
Revenue	4	19,005,224	17,658,006
Other income	5	250,000	250,000
Expenses			
Investment property revaluation gain		3,203,127	29,223,428
Fair value movement of interest rate swap		-	-
Employee benefits expense		(2,698,047)	(2,460,427)
Depreciation expense	6	(1,459,352)	(1,603,366)
Finance costs	6	(2,140,233)	(852,456)
Other expenses	6	(7,609,560)	(7,962,069)
Profit before income tax expense		8,551,159	34,253,116
Income tax expense	7	(2,505,961)	(10,077,282)
Profit after income tax expense for the year		6,045,198	24,175,834
Other comprehensive income			
Fair value movement in financial assets (net of tax)		2,267,552	5,672,924
Other comprehensive income for the year, net of tax		2,267,552	5,672,924
Total comprehensive income for the year		8,312,750	29,848,758

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

For the year ended 30 June 2023

	Note	2023 $	Consolidated 2022 $
Assets			
Current assets			
Cash and cash equivalents	8	6,495,253	5,077,105
Trade and other receivables	9	538,709	1,163,068
Other assets	10	1,567,962	1,413,160
Income tax receivable	18	353,036	858,228
Total current assets		8,954,960	8,511,561
Non-current assets			
Other assets	11	1,573,810	608,210
Financial assets at fair value through other comprehensive income	12	26,327,627	23,722,684
Investment properties	13	174,988,331	168,124,882
Plant and equipment	14	3,992,239	3,727,832
Right-of-use assets	15	-	29,423
Total non-current assets		206,882,007	196,213,031
Total assets		215,836,967	204,724,592
Liabilities			
Current liabilities			
Trade and other payables	16	4,386,033	3,918,804
Lease liabilities	17	943,341	939,017
Income tax payable	18	-	-
Provisions	19	620,919	537,017
Total current liabilities		5,950,293	5,394,838
Non-current liabilities			
Borrowings	20	49,500,000	45,562,000
Lease liabilities	21	3,971,165	4,914,506
Deferred tax	22	37,580,356	35,065,261
Provisions	23	25,421	37,541
Total non-current liabilities		91,076,942	85,579,308
Total liabilities		97,027,235	90,974,146
Net assets		118,809,732	113,750,446
Equity			
Issued capital	24	6,167,310	6,167,310
Reserves	25	11,247,653	8,980,101
Retained earnings		101,394,769	98,603,035
Total equity		118,809,732	113,750,446

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 2023

Consolidated	Issued capital $	Fair value OCI reserves $	Retained profits $	Total equity $
Balance as at 1 July 2021	6,167,310	3,307,177	77,891,937	87,366,424
Profit after income tax expense for the year	-	-	24,175,834	24,175,834
Other comprehensive income for the year, net of tax	-	5,672,924	-	5,672,924
Total comprehensive income for the year	-	5,672,924	24,175,834	29,848,758
Transactions with owners in their capacity as owners:				
Dividends paid (note 26)	-	-	(3,464,736)	(3,464,736)
Balance as at 30 June 2022	6,167,310	8,980,101	98,603,035	113,750,446

Consolidated	Issued capital $	Fair value OCI reserves $	Retained profits $	Total equity $
Balance as at 1 July 2022	6,167,310	8,980,101	98,603,035	113,750,446
Profit after income tax expense for the year	-	-	6,045,198	6,045,198
Other comprehensive income for the year, net of tax	-	2,767,552	-	2,767,552
Transfers to retained earnings from sale of financial assets	-	(500,000)	500,000	-
Total comprehensive income for the year	-	2,267,552	6,545,198	8,812,750
Transactions with owners in their capacity as owners:				
Dividends paid (note 26)	-	-	(3,753,464)	(3,753,464)
Balance as at 30 June 2023	6,167,310	11,247,653	101,394,769	118,809,732

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 2023

	Note		Consolidated
		2023 $	2022 $
Cash flows from operating activities			
Receipts from customers		22,423,635	19,120,006
Payments to suppliers and employees		(13,450,840)	(13,115,819)
		8,972,795	6,004,187
Interest received		17,790	39,512
Income taxes paid		(457,481)	(1,106,522)
Interest and other finance costs paid		(2,140,233)	(1,149,660)
Net cash provided by operating activities	37	6,392,871	3,787,517
Cash flows from investing activities			
Payments used for investment properties	13	(4,895,310)	(2,785,169)
Payments used for property, plant and equipment	14	(622,533)	(2,361,627)
Payments used for financial assets		(645,584)	-
Proceeds from disposal of financial assets		1,780,000	-
Proceeds from disposal of investment properties		163,185	50,000
Net cash used in investing activities		(4,220,242)	(5,096,796)
Cash flows from financing activities			
Dividends paid	26	(3,753,464)	(3,464,736)
Proceeds from/(repayment of) borrowings		3,938,000	9,610,308
Repayment of lease liabilities		(939,017)	(1,213,258)
Net cash provided by/(used) in financing activities		(754,481)	4,932,314
Net increase/(decrease) in cash held		1,418,148	3,623,035
Cash and cash equivalents at the beginning of the financial year		5,077,105	1,454,070
Cash and cash equivalents at the end of the financial year	8	6,495,253	5,077,105

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

Notes to the financial statements

For the year ended 30 June 2023

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.

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 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 statement 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 33.

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 2023 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

Notes to the financial statements

For the year ended 30 June 2023

Note 1. Significant accounting policies (cont)

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.

Other revenue

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

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.

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 intent 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 consolidated 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 the 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.

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

Note 1. Significant accounting policies (cont)

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.

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 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 flow 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.

Notes to the financial statements

For the year ended 30 June 2023

Note 1. Significant accounting policies (cont)

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.

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 a 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 this 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 to 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.

Notes to the financial statements

For the year ended 30 June 2023

Note 1. Significant accounting policies (cont)

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 value 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.

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 expense 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 corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Notes to the financial statements

For the year ended 30 June 2023

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.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2023. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

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.

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.

Notes to the financial statements

For the year ended 30 June 2023

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

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 jurisdiction 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.

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.

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.

South Australian Produce Market Limited

Notes to the financial statements

For the year ended 30 June 2023

Note 4: Revenue

	Consolidated	
	2023 $	**2022 $**
Rents and recoveries	18,987,434	17,618,494
Other revenue		
Interest Received	17,790	39,512
Total revenue	19,005,224	17,658,006

Note 5: Other Income

	Consolidated	
	2023 $	**2022 $**
Grant income - solar microgrid	250,000	250,000
Other income	250,000	250,000

South Australian Produce Market Limited

Notes to the financial statements

For the year ended 30 June 2023

Note 6: Expenses

		Consolidated
	2023	**2022**
	$	**$**
Profit before income tax includes the following specific expenses:		
Depreciation		
Depreciation of investment properties	1,071,803	954,353
Depreciation of plant & equipment	358,126	327,653
Depreciation of right of use assets - Warehouse K	29,423	321,360
Total depreciation	1,459,352	1,603,366
Finance costs		
Finance costs and bank charges	2,140,149	845,272
Interest from lease liabilities - Warehouse K	84	7,184
Total finance costs	2,140,233	852,456
Remuneration of auditor		
Audit of group and outgoings	26,000	25,000
Compilation of financial statements	2,000	2,000
	28,000	27,000
Other expenses		
Accounting and legal expenses	160,827	178,051
Bad debts (recovery)	3,505	7,915
Cleaning	328,423	333,332
Director fees	350,506	346,281
Emergency services levy	156,957	148,305
Equipment hire	62,491	62,491
Insurance expense	1,160,038	982,736
Land tax	897,022	856,339
Market Fresh contribution	200,000	150,000
Motor vehicle expenses	51,699	57,083
Other	595,098	714,703
Professional fees	327,357	677,436
Rates and taxes	741,432	696,280
Repairs and maintenance	559,765	704,692
Security	25,812	153,996
Water rates	340,347	303,466
Electricity	1,648,281	1,588,963
	7,609,560	7,962,069

South Australian Produce Market Limited

Notes to the financial statements

For the year ended 30 June 2023

Note 7: Income tax expenses

		Consolidated
	2023	**2022**
	$	**$**
Income tax expense		
Current tax	962,672	90,468
Deferred tax	1,543,289	9,986,814
Aggregate income tax expense	2,505,961	10,077,282
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	8,551,159	34,253,116
Tax at the statutory tax rate of 30%	2,565,348	10,275,935
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Adjustment for non-deductible expenses	125,623	6,223
Impact of franked credits received	(185,010)	(204,876)
Other non-allowable items	-	-
	2,505,961	10,077,282

Note 8: Current assets - cash and cash equivalents

		Consolidated
	2023	**2022**
	$	**$**
Cash on hand	2,500	500
Cash at bank	6,492,753	1,076,605
Term deposit	-	4,000,000
	6,495,253	5,077,105

South Australian Produce Market Limited

Notes to the financial statements

For the year ended 30 June 2023

Note 9: Current assets - trade and other receivables

		Consolidated
	2023 $	**2022 $**
Trade debtors	552,394	1,174,881
Less allowance for expected credit losses	(13,685)	(11,813)
	538,709	1,163,068

The ageing of the trade debtors is as follows:

		Consolidated
	2023 $	**2022 $**
Not overdue	304,570	905,610
0 to 3 months overdue	157,048	147,480
Over 3 months overdue	90,776	121,792
	552,394	1,174,882

Note 10: Current assets - other assets

		Consolidated
	2023 $	**2022 $**
Prepayments	1,516,672	1,374,768
Inventory	16,988	28,117
Other assets	34,302	10,275
	1,567,962	1,413,160

Note 11: Non-current assets - other assets

		Consolidated
	2023 $	**2022 $**
Baida lessor contributions	1,549,056	571,488
Trade receivables	24,754	36,722
	1,573,810	608,210

Notes to the financial statements

For the year ended 30 June 2023

Note 12: Non-current assets - financial assets at fair value through OCI

		Consolidated
	2023	**2022**
	$	**$**
Shares in Perth Markets Ltd & Perth Markets Land Trust (PML)	23,855,127	19,785,184
Shares in Brisbane Markets Ltd	2,472,500	3,937,500
	26,327,627	23,722,684

As at 30 June 2023 investments were reflected at fair value of $26,327,627, with the incremental movement recorded at fair value through other comprehensive income (FVOCI) of $2,267,552 net of tax (2021: $5,672,924).

Note 13: Non-current assets - investment properties

		Consolidated
	2023	**2022**
	$	**$**
Land & Buildings	174,988,331	168,124,882

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	168,124,882	137,140,000
Additions - at cost	4,895,310	2,785,169
Disposals - at cost	(163,185)	(69,362)
Revaluation increment / (decrement)	3,203,127	29,223,428
Depreciation expense	(1,071,803)	(954,353)
Closing fair value	174,988,331	168,124,882

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 as operating leases.

Rental income amounts to $8,488,136 (2022: $7,945,184) included in revenue on a consolidated basis.

South Australian Produce Market Limited

Notes to the financial statements

For the year ended 30 June 2023

Note 14: Non-current assets - plant & equipment

		Consolidated
	2023	**2022**
	$	**$**
Plant, equipment & vehicles - at cost	8,715,745	8,093,211
Less: accumulated depreciation - plant	(4,723,506)	(4,365,379)
	3,992,239	3,727,832

Reconciliations:

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

Balance at 1 July	3,727,832	1,693,858
Additions - at cost	622,533	2,361,627
Depreciation expense	(358,126)	(327,653)
Balance at 30 June	3,992,239	3,727,832

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

		Consolidated
	2023	**2022**
	$	**$**
Land and buildings - Warehouse K	-	29,423

The consolidated entity leased Warehouse K which expired 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.

Reconciliations:

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

Balance as at 1 July	29,423	346,868
Additions	-	-
Adjustments	-	3,915
Depreciation expense	(29,423)	(321,360)
Balance as at 30 June	-	29,423

South Australian Produce Market Limited

Notes to the financial statements

For the year ended 30 June 2023

Note 16: Current liabilities - trade and other payables

	Consolidated	
	2023	**2022**
	$	**$**
Trade payables	271,452	802,374
Income in advance	2,237,642	2,297,768
Sundry payables and accruals	1,876,939	818,662
	4,386,033	3,918,804

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	
	2023	**2022**
	$	**$**
Current lease liability - bank finance leases	943,341	909,468
Current lease liability - Warehouse K	-	29,549
	943,341	939,017
Lease payments		
0-1 years	1,108,334	1,108,334
2-5 years	4,183,315	3,166,761
5+ years	-	2,124,888

Note 18: Current (liabilities)/assets - income tax (payable)/receivable

	Consolidated	
	2023	**2022**
	$	**$**
Income tax payable	-	-
Income tax receivable	353,036	858,228
	353,036	858,228

Notes to the financial statements

For the year ended 30 June 2023

Note 19: Current liabilities - provisions

		Consolidated
	2023	**2022**
	$	**$**
Employee benefits - current	620,919	537,017
	620,919	537,017

Note 20: Non-current liabilities - borrowings

		Consolidated
	2023	**2022**
	$	**$**
Bank bills secured	49,500,000	43,532,000
Business loan	-	2,030,000
	49,500,000	45,562,000

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

		Consolidated
	2023	**2022**
	$	**$**
Bank bills secured	49,500,000	43,532,000
Bank finance leases	4,914,506	5,823,974
	54,414,506	49,355,974

During FY23, the Group signed new facility agreements, dividing the funding allocation equally between Commonwealth Bank and Bank SA. These facilities were in place at 30 June 2023 and expire in June 2025.

The bank bills are secured by (under Pari Passu Deed):

- a mortgage by South Australian Produce Market Limited over the property located at 11-17 Market Lane, Pooraka, South Australia, 5095, being the land and improvements contained in certificate of title volume 6057 folio 36.
- a mortgage by South Australian Produce Market Limited over the property located at 5 Commerce Crescent, Pooraka, South Australia, 5095, being the land and improvements contained in certificate of title volume 6010 folio 371.
- a mortgage by APML No. One Pty Ltd over the property located at 51-55 Diagonal Road, Pooraka, South Australia, 5095, being the land and improvements contained in certificates of title volume 5938 folio 178 and volume 5976 folio 36.

The covenants for the above facilities relate to interest cover and loan to valuation ratios.

Notes to the financial statements

For the year ended 30 June 2023

Note 21: Non-current liabilities - lease liabilities

		Consolidated
	2023 $	2022 $
Lease liability - bank finance leases	3,971,165	4,914,506
	3,971,165	4,914,506

Refer to note 27 for further information on financial instruments.

Note 22: Non-current liabilities - deferred tax

		Consolidated
	2023 $	2022 $
Deferred tax liabilities	37,580,356	35,065,261
	37,580,356	35,065,261

Deferred tax liabilities comprise temporary differences attributable to:

Amounts recognised in profit or loss:		
Revaluation of investment properties through profit or loss	32,844,493	31,685,979
Other	(100,309)	(485,083)
	32,744,184	31,200,896
Amounts recognised in equity:		
Revaluation of financial assets through other comprehensive income	4,836,172	3,864,365
	4,836,172	3,864,365
Deferred tax liabilities	37,580,356	35,065,261
Movements:		
Opening balance	35,065,261	22,647,386
Charged to profit or loss	1,543,288	9,986,814
Charged to equity	971,807	2,431,061
Closing balance	37,580,356	35,065,261

Notes to the financial statements

For the year ended 30 June 2023

Note 23: Non-current liabilities - provision

		Consolidated
	2023	**2022**
	$	**$**
Non-current employee benefits	25,421	37,541
	25,421	37,541

Note 24: Equity - issued capital

		Consolidated		Consolidated
	2023	**2022**	**2023**	**2022**
	Shares	**Shares**	**$**	**$**
Ordinary shares - fully paid	5,774,560	5,774,560	6,167,310	6,167,310

		Consolidated
	2023	**2022**
	$	**$**
Comprising		
Ordinary Grower Shares	1,737,291	1,752,491
Ordinary Wholesaler Shares	2,345,543	2,341,543
Ordinary Retailer Shares	370,490	425,090
Ordinary Unclassified Shares	1,321,236	1,255,436
	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 on 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 the 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.

Note 25: Equity - reserves

Financial assets at fair value through other comprehensive income reserve

The reserve is used to recognise increments and decrements in the fair value of financial assets at fair value through other comprehensive income.

Note 26: Equity - dividends

Dividends

Dividends paid during the financial year were as follows:

		Consolidated
	2023	**2022**
	$	**$**
Fully franked interim dividend of 35 cents per share (declared 29 November 2022; 2022: 25 November 2021 at 30 cents per share)	2,021,096	1,732,368
Fully franked final dividend of 30 cents per share (declared 27 April 2023; 2022: 28 April 2022 at 30 cents per share)	1,732,368	1,732,368
	3,753,464	3,464,736

Franking credits		
Franking credits available for subsequent financial years based on a tax rate of 30%	148,223	1,039,421

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

For the year ended 30 June 2023

Note 27: 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 consolidated entity's policy is to minimise interest rate cash flow risk exposures on market rate loans. The Bank bills interest rates are variable and the consolidated entity has a review process where the ACG&F Committee continually review fixed interest rates in line with the Group's Treasury policy. As at 30 June 2023 the consolidated entity has fixed interest rates for the Bank finance leases and variable interest rates on Bank bills. SAPML had a $10M fixed interest rate hedge that expired in April 2022 and continues to monitor rates with the intention of securing further hedges when favourable.

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, is 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.

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 consolidated entity 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.

Notes to the financial statements

For the year ended 30 June 2023

Note 27: Financial instruments (cont)

Liquidity risk

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

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 - 2023	1 year or less $	Between 1 and 5 years $	Remaining contractual maturities $
Non-derivative			
Non-interest bearing			
Trade and other payables	4,386,033	-	4,386,033
Interest-bearing - variable			
Borrowings - bank loans	-	49,500,000	49,500,000
Bank finance leases	943,341	3,971,165	4,914,506
Total non-derivatives	5,329,374	53,471,165	58,800,539

Consolidated - 2022	1 year or less $	Between 1 and 5 years $	Remaining contractual maturities $
Non-derivative			
Non-interest bearing			
Trade and other payables	3,918,804	-	3,918,804
Interest-bearing - variable			
Borrowings - bank loans	-	45,562,000	45,562,000
Bank finance leases	909,468	4,914,506	5,823,974
Lease liability - Warehouse K	29,549	-	29,549
Total non-derivatives	4,857,821	50,476,506	55,334,327

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 the financial assets and financial liabilities are consistent with fair values.

Fair value of financial instruments

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

Notes to the financial statements

For the year ended 30 June 2023

Note 28: 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	
	2023 $	2022 $
Salaries & directors fee	583,876	557,887
Superannuation contributions	52,584	48,342
	636,460	606,229

Note 29: Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets recorded by the Company as at the date of this report (2022: Nil).

Note 30: Commitments

The Group has entered into a contract in relation to Fire Sprinkler project with Combined Fire which is currently in progress, and will take another 12-15 months for completion. There is $4,679,000 remaining to be spent. There were two commitments at 30 June 2022 for Combined Fire, and Urban Earthworks.

Note 31: Related party transactions

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

Subsidiaries
Interests in subsidiaries are set out in Note 34.

Joint venture:
Interests in joint ventures are set out in Note 35.

Key management personnel
Disclosures relating to key management personnel are set out in Note 28.

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

	Consolidated 2023	Consolidated 2022 No	Parent 2023	Parent 2022 No
South Australian Produce Market Ltd - Ordinary	1,503,976	1,404,799	1,503,976	1,404,799

Transactions with Joint Ventures
During 2023, South Australian Produce Market provided contribution to Market Fresh of $150,000 (2022: $100,000). At reporting date there is $3,960 owed to Market Fresh (2022: Nil) and $230 owed by Market Fresh (2022: Nil).

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

The consolidated entity used the legal and accounting services of director related entities. The amounts billed were based on normal market rates and amounts to:

	Consolidated	
	2023 $	2022 $
Bentleys	-	23,100

Fees paid to Director related 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.

Notes to the financial statements

For the year ended 30 June 2023

Note 31: Related party transactions (cont)

The consolidated entity 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
	2023	**2022**
	$	**$**
Ceravolo Orchards Pty Ltd	84,554	70,205
M & C Brougham Pty Ltd	124,787	124,467
P & E Scalzi Services Pty Ltd	561,576	520,766
Pooraka Fruit & Vegetable Supply	-	17,076
R Ceravolo & Co Pty Ltd	266,470	275,494
Select Naturally Pty Ltd	82,708	85,279
Thorndon Park Produce Co Pty Ltd	-	5,938

Payment for goods and services:

		Consolidated
	2023	**2022**
	$	**$**
Lease payments to Pooraka Fruit & Vegetable Supply	-	390,184
Ceravolo Orchard	687	3,504
Scalzi Produce	1,667	4,389
M & C Fruit & Vegetable Supplies	2,887	1,616

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

		Consolidated
	2023	**2022**
	$	**$**
M & C Brougham Pty Ltd	4,583	4,030
P & S Scalzi Services Pty Ltd	18,089	23,245
Pooraka Fruit & Vegetable Supply	11,339	12,495
Ceravolo Orchards Pty Ltd	7,393	7,759
Thorndon Park Produce Co Pty Ltd	-	(481)

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.

Notes to the financial statements

For the year ended 30 June 2023

Note 32: 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 33: Parent entity information

Statement of profit or loss and other comprehensive income

	Parent 2023 $	Parent 2022 $
Profit after income tax	3,493,503	14,357,599
Fair value movement in financial assets (net of tax)	2,267,552	345,693
Total comprehensive income	5,761,055	14,703,292

Statement of financial position

	Parent 2023 $	Parent 2022 $
Total current assets	7,898,429	6,655,389
Total assets	184,905,033	169,348,974
Total current liabilities	4,968,882	5,019,946
Total liabilities	94,281,492	86,779,104
Equity		
Issued capital	6,167,310	6,167,310
Reserves	11,247,653	-
Retained earnings	83,746,170	85,237,594
Total equity	101,161,133	91,404,904

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 2023 and 30 June 2022.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023.

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.

Notes to the financial statements

For the year ended 30 June 2023

Note 34: Interest 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:

Name	Principal place of business / Country of incorporation	Ownership Interest 2023 %	Ownership Interest 2022 %
5101 Commerce Crescent Pty Ltd	Australia	100%	100%
5102 Commerce Crescent Pty Ltd	Australia	100%	100%
9 Burma Road Pooraka Pty Ltd	Australia	100%	100%
Adelaide Market Pty Ltd	Australia	100%	100%
APML Exports No 2 Pty Ltd	Australia	100%	100%
APML No Two Pty Ltd & Adelaide Produce Market Limited Partnership	Australia	100%	100%
APML No. One Pty Ltd	Australia	100%	100%
APML No. Two Pty Ltd	Australia	100%	100%
Australian Produce Cases & Recycling Pty Ltd	Australia	100%	100%
Australian Produce Market Pty Ltd	Australia	100%	100%
Produce Markets Australia Pty Ltd	Australia	100%	100%

Note 35: Interest in joint ventures

Interest 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 2023 %	Ownership Interest 2022 %
Market Fresh SA Pty Ltd (Market Fresh)	Australia	50%	50%

The consolidated entity 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 2023 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 36: Events after the reporting period

No matter or circumstance has arisen since 30 June 2023 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

For the year ended 30 June 2023

Note 37: Cash flow information

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

	Consolidated	
	2023 **$**	**2022** **$**
Profit after income expense for the year	6,045,198	24,175,834
Adjustments for:		
Depreciation and amortisation	1,429,929	1,282,006
Revaluation gain	(3,203,127)	(29,223,428)
Fair value movement on interest rate swap	-	(254,066)
(Gain)/loss on disposal of plant and equipment	-	19,362
Depreciation - ROU Assets	29,423	321,360
Change in operating assets and liabilities:		
Increase/(decrease) in trade and other receivables	(341,241)	(827,520)
Increase in other assets	(154,802)	(918,043)
Increase/(decrease) in trade and other payables	467,229	161,358
Increase/(decrease) in provision for income tax	2,048,480	8,927,622
Increase in provisions	71,782	123,032
Net cash provided by operating activities	6,392,871	3,787,517

Non-cash investing and financing activities

There were no transactions or events during the year which affected assets and liabilities and did not result in cash flows.

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

	Consolidated	
	2023 **$**	**2022** **$**
Credit facility	60,000,000	52,167,000
Credit facility utilised	(49,500,000)	(43,532,000)
	10,500,000	8,635,000

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 the 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 2023 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
Chair of Directors
26 October 2023

South Australian Produce Market Limited

Independent Auditor's Report

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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 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

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

Other information

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

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

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.

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South Australian Produce Market Limited

Independent Auditor's Report

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.

BDO

BDO Audit Pty Ltd

Paul Gosnold

Paul Gosnold
Director

Adelaide, 26 October 2023

SA Produce Market Limited
Structure

BOARD OF DIRECTORS

ANGELO DEMASI
Chief Executive Officer

PAUL BLANDIS
Commercial Financial Controller

IVAN HOR
Accountant

TERESA WILLIAMS
Accounts Payable
Part Time

ALISON LYNCH
Accounts Receivable
Part Time

NICOLE MONTGOMERY
Accounts Administrator
Part Time

SHARNA CAVANAGH
Property Manager

NICK SINNOT
Property and Facilities Coordinator

FRANK CANTELMI
Maintenance Coordinator

ELLA PROWSE
Operation, Facilities & Compliance Manager

COSIMO FANTO
Team Leader

JOYCE FAGAN
Operations Administration Officer

SARAH CROMPTON
Market Official

BRAD WALKER
Casual Market Official

NIGEL GASKIN
Market Official

JASON BIRCH
Market Official

SALVY TURE
Retail Farmers Market Manager

MARKET OFFICIALS
Retail Farmers Market

PENNY REIDY
Marketing & Communications Manager

JULIE ROSEWARNE
Executive Assistant

WENDY HELPS
Administration
Part Time

Market Fresh SA Pty Ltd
Structure


ANGELO DEMASI
CEO SAPML
Chairman


GEORGE GIAMEOS
Manager SA Chamber
Director


TONY IASIELLO
The Right Mix
Director


PETER KOUKOS
D&G Fresh Fruit
Manager & Director


WENDY HELPS
Price and Produce
Reporter


PENNY REIDY
Marketing
Communications &
Business Development
Manager


MICHAELA KANTARIAS
Marketing Activation
Assistant Maternity
Leave


NICOLETTE COLANGELO
Marketing Activation
Assistant


DEB BILLINGS
Marketing Assistant

Adelaide Markets Pty Ltd
Structure


ANGELO DEMASI
Chief Executive Officer


ELLA PROWSE
Operation, Facilities
& Compliance Manager

UNLOADING


JUSTIN COCKBURN
Unloading Team
Leader


JOHN RUSHWORTH
Unloading
Administrator


RUSSELL MAYLIN
Forklift Driver


WILLIAM VACCARO
Forklift Driver


STEVE CENTOFANTI
Forklift Driver

Directors

Ms Joanna Andrew (Chair)
Mr Michael Ruggiero (Deputy Chair)
Mr Mark Brougham
Mr Antonio (Tony) Ceravolo
Mr Daniele (Danny) De Ieso
(resigned 29 November 2022)
Mr Girolamo (Jamie) Fragnito
Mr Derrick Patterson
Ms Christine Scalzi
Mr Pasquale (Pat) Scalzi
Mr Andrew Vorrasi
(appointed 29 November 2022)

Secretary

Angelo Demasi

Registered office

South Australian Produce Market Limited
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Telephone 08 8349 4493
Email enquiry@saproducemarket.com.au
Internet site www.saproducemarket.com.au

Auditor

BDO
Level 7, 420 King William Street
Adelaide South Australia 5000

Bankers

Commonwealth Bank of Australia
Level 8, 108 Wakefield Street
Adelaide South Australia 5000

Bank SA
Level 5, 97 King William Street
Adelaide South Australia 5000

Share registrar

Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street
Adelaide South Australia 5000

SOUTH AUSTRALIAN PRODUCE MARKET

THINKING *fresh.*