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# Adelaide Produce Markets is South Australia's centre for the distribution and marketing of fresh fruit and vegetables

The Adelaide Produce Markets offer South Australia the best exposure for marketing fresh produce, and provides an efficient marketing facility with access to a large customer base, in the one central location.

The Adelaide Produce Markets provide a leading edge facility for fruit and vegetable wholesalers, retailers, providores, secondary wholesalers, food processors, transporters, exporters and industry organisations to trade in fresh produce. It is highly regarded across Australia for developing business contacts and relationships in all aspects of the fruit and vegetable industry.

The Market complex is situated on 22ha at Pooraka, just 20 minutes north of the Adelaide CBD, and within close proximity to the major transport corridors for the State. Currently, the Market operates with approximately 100 South Australian growers, over 300 buyers, 65 wholesalers and secondary wholesalers and up to 1000 individuals utilising the facility everyday.

*The Company continues to focus on the following six Key Strategic Pillars:*

1. Communication & Partnership
2. Corporate
3. Site Optimisation & Development
4. Innovation in Market Management
5. Operational & Procedural Efficiency
6. Technology Application & Transfer



# Report from Chairman and Chief Executive Officer

We are pleased to report record profits for the 2007 financial year, with total revenue from ordinary activities (not including the revaluation gain on property) increasing by 24%, from \$5.9M to \$7.3M.

Consolidated Group Profit before Income Tax and excluding the revaluation gain has increased 37% from \$1.9M to \$2.6M.

Importantly, Earnings per Share before Income Tax and excluding the revaluation gain increased 40%, from 33 cents last financial year to 45 cents this financial year.

The Company is pleased to announce that dividends to be paid from the 2007 profits will increase from 10 cents per share last year to 19 cents per share, on a fully franked basis.

## FINANCIAL HIGHLIGHTS

	12 months ended 30 June 2007 (excluding the revaluation gain)	12 months ended 30 June 2006 (excluding the revaluation gain)
Revenues from ordinary activities	\$ 7.34 M	\$ 5.86 M
Profit before income tax expense	\$ 2.58 M	\$ 1.90 M
Dividend Distribution Per Share	19 cents	10 cents
Shareholder equity	\$ 46.02M	\$ 42.63M
Earnings per Share before income tax expense	45 cents	33 cents
Gearing Ratio	31 %	32 %
<b>Net Asset backing (excluding deferred tax liability)</b>	<b>\$9.09</b>	<b>\$8.25</b>
<b>Net Asset backing (including deferred tax liability)</b>	<b>\$7.97</b>	<b>\$7.38</b>

For 2007, the Company has adopted the Balance Sheet liability method for determining income tax liability, recognising the material timing differences arising between the tax bases of assets and liabilities and their carrying amounts (the 2006 comparative amounts have also been amended, where applicable). The key timing differences now include accounting for (deferred) tax on revaluation gains.

For the 2007 Annual Report to shareholders, the Chief Executive Officer and Chairman have combined their reports, to detail the delivery of this outstanding outcome.

This financial result reflects the underlying efforts of the Board of Directors and Management of your Company, over the past seven years, to equitably balance the return to shareholders, with industry and tenant requirements.

As reported in the 2006 financial year, the delivery of key major projects has provided a solid foundation for a continued strong financial position for all shareholders.

The landmark lease agreement with the Goodman International Limited Group (formerly The Macquarie Goodman Management Limited), has added a further \$388K in revenue for the 2007 financial year. The development by the Goodman International Group of the leased land has progressed at a rapid rate, with the full take up accruing in November 2008.

In addition, a full year of lease payments from the \$11.8M cold storage facility developed last year, leased to DWN Distributors, was realised in 2007, contributing a further \$813K to revenue.

The purchase of the weekend market business (Pooraka Sunday Market) by the Company in October 2005 has also contributed to increased revenue by \$86K.

An independent expert valuer has valued all of the land and buildings owned by Adelaide Produce Markets Limited and its two wholly owned subsidiaries at \$72.2M as at 30 June 2007, being an increase of 6.7% on the 2006 valuation. As reported in the 2006 Annual Report, the Company has adopted the Australian Accounting Standard AASB140 Investment Property, which provides for the inclusion of this revaluation (be it a gain or loss) in the Income Statement.

At the 2006 AGM, many shareholders expressed their dissatisfaction with the (shareholding) eligibility criteria in the Company's Constitution. As a result, during the 2007 financial year, the Board again reviewed the Constitution, dedicating various meetings to devise ways of improving shareholder value. Industry groups were invited to contribute, however submissions received generally were at odds with shareholder sentiment. All of these issues will be taken into account when proposing any changes to the Constitution, at the 2007 Annual General Meeting of the Company.

The Company recently issued a letter to all shareholders, advising that the 15% shareholding limit and the interpretation of clause 5 of the Company's Constitution are the subject of legal advice. Accordingly, it is not appropriate to make any further comment regarding this issue at this time, other than to advise that at the date of this report, the matter remains unresolved. Shareholders will be advised of any further developments in due course by way of formal correspondence.

In the 2007 financial year, the Company incurred \$1.19M in capital expenditure, with the completion of a \$1.0M building extension located at Building H, and an additional car parking facility to accommodate a further 80 vehicles within the Market complex. Other major items included capital maintenance of Market buildings of \$22K, final payments for DWN contracts of \$28K and the upgrade of the Market's wireless infrastructure at \$35K, to accommodate remote buildings, and improve camera coverage.

The Board is delighted to report that, despite the increased capital expenditure of \$1.19M, the Company's debt only increased by \$811K, with a further \$300K being funded through strong cash flow management. A principle reduction payment of \$90K was made, resulting in the balance of debt amounting to \$20.8M.



On an operational front, it has been an extremely busy year, with a comprehensive review of the Market Rules, Site Access Systems, Site Fees and Categories.

The introduction of 'APML's Operating Articles and Rules' clarifies many previously 'grey' areas regarding how the Rules for the site are to be administered. Several special Board meetings were conducted to establish the new blue print of the Market Operating Guidelines, which will see the Company through the long term, to ensure that site access is managed efficiently and effectively (additional details have been included in the Key highlights Report for 2007).

At an industry level, the Company is delighted to have been granted the sub-licence to use the national Go for 2&5<sup>®</sup> marketing campaign from Horticulture Australia Limited (HAL), to continue to develop the exceptional work done at the retail and school levels over the past few years. The Go for 2&5<sup>®</sup> message will be the Company's consumer brand to be used for promotions in retail shops and schools, and will work closely with State Government to leverage from the State's contribution in promoting the brand. The key objective is to increase fruit and vegetable consumption and to encourage South Australians to eat at least 2 serves of fruit and 5 serves of vegetables per day for good health and well being. Continued funding from the State Government has been achieved in order to employ nutritionist Amie-Jane Palmer as Project Officer.

The Company continues to work hard with State and Federal Governments in key areas relating to the horticulture industry. At a State level, the Industry Development Board for Horticulture and the State's Food Council continues to assist the development of the Horticulture sector in the areas of Bio Security, Employment and Training, Communication and Marketing. Two key milestones achieved this year were the establishment of a traineeship into Independent Retail outlets and positioning the Go for 2&5<sup>®</sup> brand on the State's Government health agenda.

We continue to actively work with Industry organisations like the South Australian Fruit & Vegetable Retailers Association Inc (SAFVRA), SA Chamber of Fruit and Vegetable Industries Inc and the various different State based Grower groups, attending their monthly meetings to address industry and Market related issues.

During the review of the Company's Corporate Plan, it was decided that a new objective - to improve the overall positive business culture within the Market, be included under the strategic pillar 'Communication & Partnership'. The strategy to address this issue was to facilitate a Youth Forum. The Forum was a success and led to the formation of a Future Leaders Committee. The Board is fully committed to supporting this Committee to ensure the continuing development of future leaders of the Company (further details are available in the Key Highlights Report for 2007).

On a national level, the Central Markets Association of Australia (CMAA) continues to play a pivotal role in Federal issues. With the Mandatory Code now in place, CMAA ensured that the Markets were not "ring fenced" to be the only sector where the Code applied. The Board also supported a CMAA initiative in co-funding with all other Markets, a HAL National Strategic Plan. The Plan, known as 'Future Focus', will identify potential drivers of the future of the horticulture industry. Future Focus is the first strategic plan of its kind for horticulture. It will address future challenges and give the entire horticulture industry a strategic path for future growth. Future Focus is being developed collaboratively with all sectors of industry.

The Future Focus Plan will cost approximately \$1.8M, of which the Company has funded \$16K, with the balance to be funded by the Federal Government and integral partners within the supply chain. CMAA appointed the Chief Executive Officer of the Brisbane Markets to represent all Markets on the Steering Committee, to ensure that the Wholesale Markets objectives were met.



More information regarding our Marketing and Communications business can be obtained in the Key Highlights Report for 2007. However, one specific highlight has been the ability to leverage from the Price Reporting service, managed by the Company's Price & Produce Reporter, Wendy Helps. This part of our business, has led to increased levels of media enquires and public relations, and APML as the preferred point of contact for the horticulture industry in SA.

The departure during the year of our former Business and Operations Manager presented the Company with the opportunity to review all key management positions. There has been significant growth in the demand for best practice financial information, statistical reporting and data with each APML entity, requiring its own financial and administrative records, as well as its own compliance and corporate governance. This, together with the on-going requirement to provide Management and the Board with timely and accurate information to ensure informed decision making, has led the Company to appoint Sue Trussell as Property and Communications Manager and Jialing Zuo as Accountant. A Company organisation structure has been included in the Key Highlights Report for 2007.

The introduction of the newly created position of Property and Communications Manager has come about due to the increased work load in the leasing, facility management and communication area of the Market's business. The expiry of 46 key store leases in 2008 will require a major hands on role in negotiating new leases with Market Wholesalers, as the current leases expire.

The Board and Management have delivered on many challenges in the past seven years and each year presents its own unique set of circumstances. For the 2008 financial year, we look forward to meeting the challenge of concluding amicable negotiations for the new Wholesale store leases.

Future challenges for the Board include further balancing the increasing values of our assets against income received and shareholder expectations.

In the 2008 financial year, the Board will endeavour to revise the current 5 year revolving Corporate Plan and focus on developing a long term 10 year Strategic & Financial Plan.

Balancing the desire for 'market' rents with the desire to reduce the cost of doing business in the centralised Market system will present a challenge. We believe the starting point to meet this challenge will be increased industry ownership of the Company. At the time of writing this Report, there are 1.7 M 'unclassified' shares held across shareholders. Changes to be proposed at the 2007 Annual General Meeting (AGM) will review options to resolve this 'unclassified' holding.

The 10 year Strategic & Financial Plan will also focus on further optimising the current site, including sustaining the current operation of a Market long into the future. The Plan will further improve on the Company's Corporate Governance Policy, which will include the review of the current Directors and Employees Code of Conduct. On an operational front, the Plan will address environmental and waste issues the Company will face in the medium to long term future.

We report that the alleged fraudulent activities occurring in the Company in the period 1997 to 1999 have now been set down by the Public Prosecution for a hearing in early October 2007. Subject to there being no further delays in the matter, shareholders will be updated on the outcome at this year's AGM, or by a separate formal communication.

In addition, the financial damages claim by the Company against its previous external auditors is progressing, with expert reports submitted and the case now set for legal argument later this year.

Further litigation disclosures have been made in the Notes to the financial report.

We conclude by acknowledging the dedicated efforts of all of our employees, and Directors, for their contribution and assistance during the 2007 financial year. We look forward to 2008 as being another challenging and rewarding year.



**DESMOND LILLEY**  
Chairman of Directors  
POORAKA, this 25th day of September 2007

**ANGELO DEMASI**  
Chief Executive Officer  
Company Secretary  
POORAKA, this 25th day of September 2007

# 19 Cents Dividend Fully Franked



\$7.3M Revenue

\$2.6M Profit



## 1. COMMUNICATION & PARTNERSHIP

The Company continues to work towards strengthening the communication between its various stakeholders and the horticulture industry at large, and further continues to build partnerships and alliances to support the Company's strategic objectives.

As a result of introducing a new objective under the Communication and Partnership Strategic Pillar - to improve the overall positive business culture within the Market, the Company has actively promoted the formation of the Future Leaders Committee.

In May 2007, a forum was held with 40 young people from the different sectors of the Market Community, to develop the Company's Future Leaders Committee.

The Forum was coordinated by an independent facilitator, which included activities focused around team work and stimulating discussion on the issues confronting young Market Users in 2008 and beyond. The attendees of the Youth Forum elected a Committee to move forward with discussion of a number of "hot topics" including:

- Market Hours
- Life Balance
- Recruitment
- Rules / Regulations /Restrictions
- Cultural Shift
- Retaining & Attracting Retailers
- Supporting Growers



The Future Leaders Committee will act in an advisory role for the 'younger' users of the Market and work together to address issues of common interest and make recommendations to the Company on industry matters.

Consisting of eight members (respectively 2 individuals each from the Wholesale, Grower, Retail and Provider sectors), they will meet monthly and work collectively to create a positive business culture within the Market and will endeavour to address any new strategic objectives.

The Committee is currently finalising its Constitution prior to becoming an Incorporated Association, and the Company is providing a Secretariat to support the Committee.



Burst of Freshness, the Company's magazine, continued to be distributed to over 2000 stakeholders of the Company including Shareholders, Growers, Wholesalers, Buyers, Food Service, and Industry related stakeholders including Training, Export, Industry Groups, R&D, Refrigeration, and Transport related organisations.

Stakeholders were kept informed of articles relating to the Market including Operations, Marketing, Finance, Property, Industry and Administration.

Building media relationships and providing regular communication, once again proved important with key media issues including:

- Country of Origin Labelling Laws
- Mandatory Code of Conduct
- Fruit & Vegetable consumption related to health
- Rising obesity
- South Australian Healthy Eating Guidelines
- Prices of fruits & vegetables
- Water Drought



The facilitation of interviews, forums, workshops, publications, editorial, advertising and conferences, relating to the horticulture industry, strengthened the Company's brand.

# Key Highlight Report for 2007

The Cherry Ball in 2006 was another success, and in its 10th year, the South Australian horticulture industry united once again, auctioning off the season's first box of cherries, whilst raising proceeds for the nominated Charity. APMML donated \$7,500 to Camp Quality SA, as one of the Company's preferred Charities for the 2007 year.



Strengthening the communication with stakeholders, has worked effectively through the Company's website ([www.adelaidemarkets.com.au](http://www.adelaidemarkets.com.au)). Regularly updated and managed in-house, the website continued to play an integral role in providing information on activities including strategic, operational, and marketing as they occurred.

The Price Reporting service continued to provide daily produce price reports, covering over 100 different product lines. The service experienced expansion and growth in the areas of historical data, statistical analysis, interstate clients and new product lines.

The Company continued to be the Secretariat for the South Australian Fruit & Vegetable Coalition (SAFVC) - a group of organisations from horticulture, health, education, environment, government, non-government and community sectors, working collaboratively to promote fruit and vegetable consumption in SA.



The SAFVC continued to implement the national Go for 2&5® marketing campaign as its key message, centered around seasonal activities. APMML supported activities including:

- City to Bay Fun Run
- Variety Bash
- Glenelg Christmas Pageant
- Police Expo
- School Visits
- Mix 102.3 - Back to School Friday visits
- Royal Adelaide Show
- Man Alive
- Living Loud Festival
- Come Out Festival



The Company also sub-licensed into the Go for 2&5® campaign, enabling APMML to co-brand with this campaign, and invest in promotions to encourage fruit & vegetable consumption.

The opportunity to use Go for 2&5® enabled the Company to embark on a partnership with the Port Adelaide Football Club, joining forces to become the 2007/2008 Major Sponsor of the Power's Youth Development Program - Planet Teal, promoting healthy choices to young South Australians.

The partnership will include school visits with the distribution of Go for 2&5® resources, visits by players to the Market, promotions at Power home games, the launch of Fruit & Vegetable Month at AAMI Stadium, Royal Adelaide Show and various media opportunities.



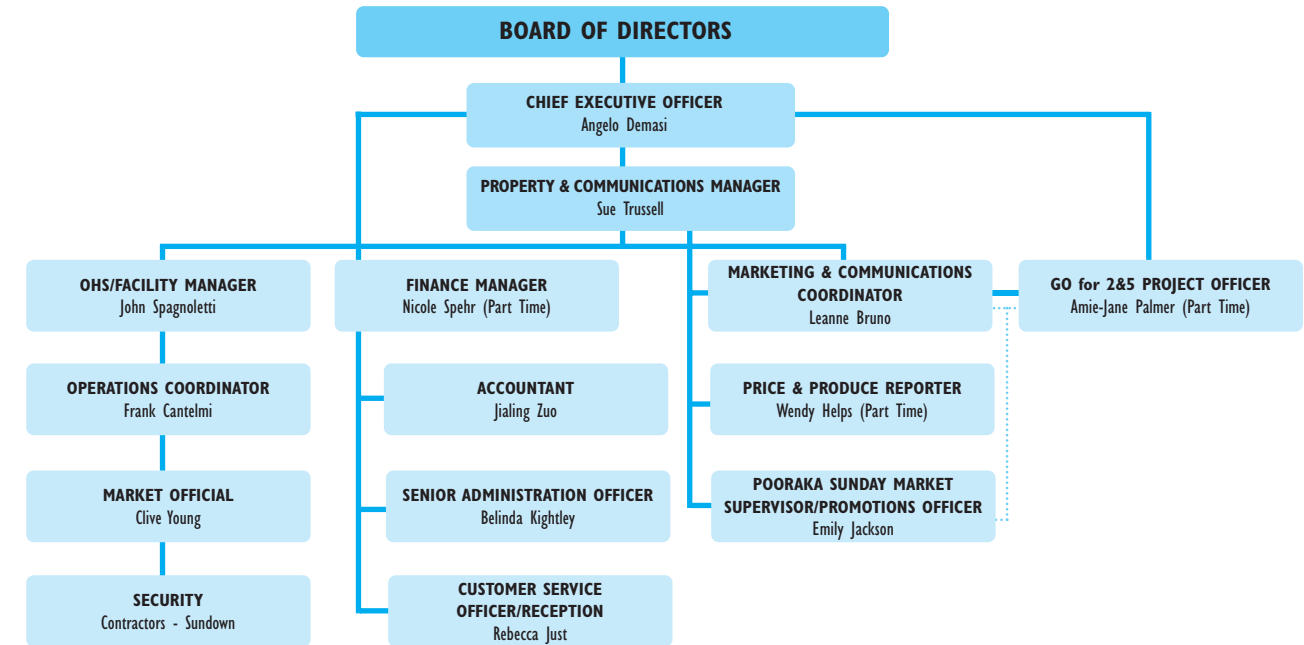
Promotions to increase fruit and vegetable consumption in schools, continued to be an important initiative for the Company. The Kids Eat Fresh in the Canteen programme was distributed into an additional two Council districts, with the programme to date reaching an estimated 100 schools in SA.

## 2. CORPORATE

An up-to-date register of shareholders in the Company has continued to be provided through the share trading platform, known as the Share Transfer Introduction Register (STIR). The facility enhances the buying & selling of the Company's shares, and allows parties to contact each other independently.

The register continues to be well utilised by eligible parties interested in investing in the Company's shares.

With the ever increasing demands on Corporate Governance, Occupational Health, Safety & Welfare liability, and increased work load in the leasing, facility management and the communication areas of the Markets business, the Company reviewed its Organisational Structure, and this is detailed below.



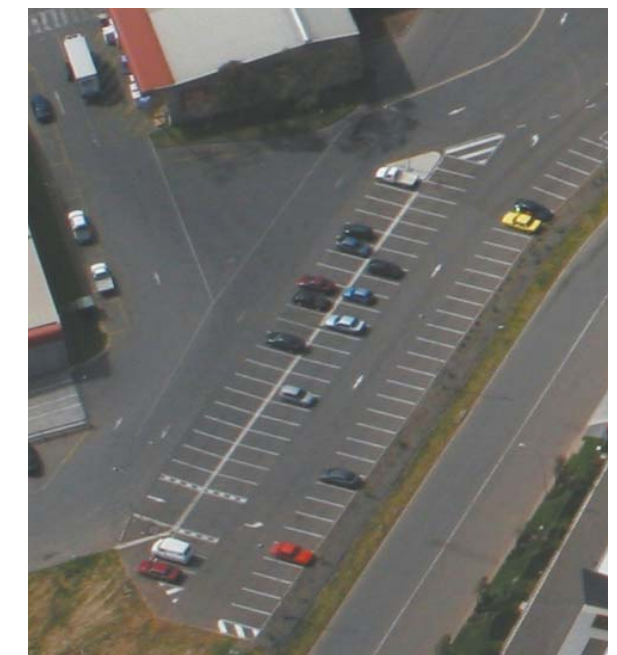
## 3. SITE OPTIMISATION & DEVELOPMENT

As the horticulture industry continues to experience growth, so do the infrastructure and service delivery requirements of the Company's customers. Larger transport vehicles, additional warehousing, cool-chain facilities, loading and unloading facilities, OH & S compliance are all part of this growth.

The expansion of buildings, in particular, Warehouse H was completed, and this will accommodate new warehousing facilities for existing and new tenants.



A new general car park facility accommodating an additional 80 parks was also completed.





The completed cold storage and distribution facility, DWN Distributors continued to provide dry, refrigerated and freezer warehouse facilities to the Company's customers. This facility not only services the additional requirements of the Company's customers, but secures additional rental income through a long-term lease agreement.

International property developers, Macquarie Goodman Management Limited, now the Goodman International Limited Group, commenced construction of the 19ha Goldsborough Industry & Business Park property adjacent to the Market complex, in late 2006.

Now in its second year of ownership, the Company continues to build and strengthen the awareness of its weekend market business- the Pooraka Sunday Market. Concentration on the areas of Marketing, Operations, and Human Resources contributed to the increased public attendance to the business. An increase in the numbers of sellers and an expansion in the range of products and services available have all contributed to the unique experience. This weekend business enables the Company to maximise under utilised space within the Market Complex.



## 4. INNOVATION IN MARKET MANAGEMENT

APML's involvement with State and Commonwealth Government continues to be on issues relevant to the Market Complex and all Central Markets collectively. Particularly, the State's Industry Development Board (IDB) for Horticulture, enables the Company to remain aware of the issues affecting the broader horticulture industry.

During 2007, the Company's CEO held the position of Chair on the State's IDB for Horticulture, and as a result sits on the Premier's Food Council. This enabled the horticulture industry to have a significant representation, which was made evident in December 2006, when an outstanding presentation was made at Parliament House, on the benefits of the Go for 2&5<sup>®</sup> campaign in South Australia, to increase fruit and vegetable consumption. This involvement is essential, as increasing fruit and vegetable consumption is not only a key objective for the Company, but also a common vision for the health, horticulture, education, food marketing and environmental sectors in SA.

APML continued to be an active member of the Central Markets Association of Australia (CMAA) in 2007, with a unified representation made towards several federal related issues, impacting on the wholesale central Markets. With the Federal Government's preference to work with National Groups, CMAA is an invaluable association that is necessary, to ensure that the Central Markets are recognised as an integral part of the supply chain.

CMAA's persistent lobbying with the Mandatory Code of Conduct issue was successful in ensuring that the wholesale Markets weren't the only place where the Code applied. To support the introduction of the Code into the Markets, a special forum was held with the Commissioner from the ACCC, to address Market Patrons concerns with the Code.

## 5. OPERATIONAL & PROCEDURAL EFFICIENCY

The Company's business is predominantly the management of the State's wholesale fruit and vegetable market. As a public company, APML has a responsibility to its customers, employees and shareholders to ensure the Market operates in a safe, friendly and supportive manner and to give every opportunity to the businesses conducted within the Market to flourish.

As the site owner and operator of the Market, the Company has a significant liability risk and therefore, to address this issue in mid 2006, the Company commenced an extensive review of the operations of the Market site, culminating the preparation of an exhaustive Discussion Paper, outlining the Company's proposals to improve operational systems. The Discussion Paper examined improvements in the following areas:

- Market Safety
- Site Access / Control
- Market Rules
- Contractor Management
- Parking
- Vehicle Movement
- Permitted Use of Tenancies

In particular the Company sought to clarify matters in relation to Market Rules -

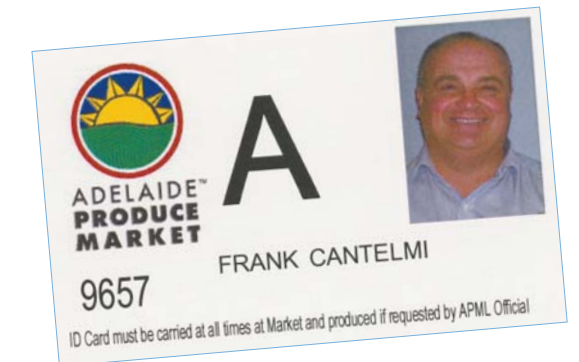
- who should make the rules and why?
- how are those rules to be enforced?
- who would enforce the rules?
- what procedures need to be put in place to ensure that the rules are enforced fairly?
- what limitations need to be put on the powers of those who make the rules?

Independent legal advice was obtained by the Company, on its position in respect to the matters covered by the Review. The recommendations, in particular those relating to the Market Rules, were drafted with expert advice and input from the Company's legal advisors.

The Draft Operational Review document was circulated to individuals, businesses and industry body representatives for comment on the proposed changes.

APML Management met with various interested parties to encourage and facilitate comment. The document was then amended in the light of comments received from that Consultation process.

The resulting 'Adelaide Produce Markets Operating Articles and Rules' incorporating provision for a new Photo ID system will be implemented in October 2007.



## 6. TECHNOLOGY & APPLICATION TRANSFER

The final stage of implementing a Wireless System that extends over the entire 22 hectares the Market is situated on was completed in mid 2007.

Such an infrastructure was required to address services including access into the Complex, facilitating the provision of security & video access, phone extensions, data management and cost-effective upgrades.

This solution has addressed the immediate needs of Market Users, and has also enabled the Company to consider its long - term requirements and future growth.

The Adelaide Produce Markets, was the first of its kind to implement this innovative technology in Australia, and will explore integration to develop a communication platform within the Market.

Your Directors present their Report on the Parent Company (Adelaide Produce Markets Limited) and its two controlled entities, APLM No. One Pty Ltd and APLM No. Two Pty Ltd ("the Consolidated Group"), for the financial year ended 30 June 2007.

## Directors

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

- Mr Desmond Lilley (Chairman)
- Mr David Schirripa (Deputy Chairman)
- Mr Frank Merenda
- Mr Pasquale Scalzi
- Mr Daniele De Ieso
- Mr Savas Christodoulou
- Mr David Trosti
- Mr Antonio Capobianco
- Mr Allen Baulderstone
- Mr Nicola Minicozzi

## Principal Activities

The principal activities of the Consolidated Group during the financial year were the management of the wholesale market and property investment. No significant change in the nature of these activities occurred during the year.

## Operating Result: Summary

	Consolidated Group	
	2007	2006
	\$	\$
Consolidated Profit before income tax	6,290,103	18,639,223
Revaluation Gain included in Consolidated Net Profit	3,705,231	16,735,445
Consolidated Profit before income tax, excluding the revaluation gain	2,584,872	1,903,778
Income tax payable : Current year only	343,489	455,741
Consolidated profit after income tax payable (current year) excluding the revaluation gain and deferred income tax	2,241,383	1,448,037

## Dividends Paid or Recommended

The dividends paid and proposed to be paid since the beginning of the 2007 financial year are as follows:

- Fully franked final dividend of 5 cents per share (for the year ended 30 June 2006) paid in December 2006, as recommended by the Directors in September 2006 (making the total fully franked dividend for the year ended 30 June 2006, 10 cents per share: \$577,456).
- Fully franked interim dividend of 7 cents per share (for the year ended 30 June 2007) paid in March 2007, as recommended by the Directors in February 2007: \$404,219.
- Fully franked final dividend of 12 cents per share (for the year ended 30 June 2007), as recommended by the Directors in August 2007: \$692,947 (making the total fully franked dividend for the year ended 30 June 2006, 19 cents per share: \$1,097,166).

## Review of Operations

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

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

## Significant Changes in State of Affairs

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

## After Balance Date Events

With reference to the following matter which was also disclosed in the 2006 Annual Report, no other matters or circumstances have arisen since the end of the 2007 financial year which significantly affected or may significantly affect the operations of the Consolidated Group, the results of those operations, or the state of affairs of the Consolidated Group in subsequent financial years.

The Directors, acting on formal legal advice from independent lawyers, continue to pursue the Supreme Court action against the Company's previous external auditors.

## Future Developments, Prospects and Business Strategies

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

## Share Options

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

## Environmental Issues

The Consolidated Group has fully complied with all environmental regulations.

## Information on Directors

**Mr Desmond Lilley** - Director and Chairman (*Non Executive*)

**Qualifications**

- Accredited
- Quality Assurance, Australian Meat Industry
- Total Quality Management
- Quality and Food Safety

**Experience**

- Past Chairman of the Australian Meat and Livestock Council (SA) Division
- Past Chairman / Director Live Scales Pty Ltd
- Past Chairman Australian Meat Council (AMC) SA section
- Past Director Council of Australia Public Abattoir (life member)
- Past Board Member Meat and Hygiene Authority SA
- Past Works Manager Charles David Pty Ltd
- Past General Manager Operations Australian Meat Holdings
- Past CEO South Australian Meat Corporation
- Past Regional Director Australia IPSC
- Justice of the Peace
- Past Director Limestone Coast Lamb Co
- Past Director/ Chairman Dalriada Meat Pty Ltd

**Registered interest in shares and options** - Nil

**Attendance :** **Meetings of Directors 1 July 2006 to 30 June 2007 (for the consolidated group)**

- Number eligible to attend 14
- Number attended 12

**Mr David Schirripa** - Director and Deputy Chairman

**Qualifications**

- Bachelor of Economics (Accounting)
- Bachelor of Laws (Hons)

**Experience**

- Grower Board Member
- Director of numerous companies

**Registered interest in shares and options** - 323,900

**Attendance :** **Meetings of Directors 1 July 2006 to 30 June 2007 (for the consolidated group)**

- Number eligible to attend 14
- Number attended 14

**Mr Pasquale Scalzi** - Director

**Experience**

- 43 years wholesale fruit and vegetable industry
- Wholesaler Board Member since 1987

**Registered interest in shares and options** - 823,199

**Attendance :** **Meetings of Directors 1 July 2006 to 30 June 2007 (for the consolidated group)**

- Number eligible to attend 14
- Number attended 14

**Mr Frank Merenda** - Director

**Qualifications**

- Diploma in Horticulture
- Certificate in Project Management
- Certificate in Total Quality Management

**Experience**

- Directorships in horticultural and project management entities
- 31 years fruit and vegetable industry
- Grower Board Member since 1999

**Registered interest in shares and options** - Nil

**Attendance :** **Meetings of Directors 1 July 2006 to 30 June 2007 ( for the consolidated group)**

- Number eligible to attend 14
- Number attended 12

**Mr Daniele De Ieso** - Director  
**Qualifications** - Diploma in Horticulture Production  
**Experience** - 29 years fruit and vegetable industry  
 - Grower Board Member since 2002  
 - Chairman of Bunchline Growers Commodity Group  
 - Product Group Member for Horticultural Association Limited

Registered interest in shares and options - 2,400

**Attendance :** Meetings of Directors 1 July 2006 to 30 June 2007 (for the consolidated group)  
 - Number eligible to attend 14  
 - Number attended 13

**Mr Nicola Minicozzi** - Director (Appointed 27 November 2006)

**Qualifications** - Bachelor of Laws (LLB)  
 - Notary Public

**Experience** -

Registered interest in shares and options - Nil

**Attendance :** Meetings of Directors 1 July 2006 to 30 June 2007 (for the consolidated group)  
 - Number eligible to attend 9  
 - Number attended 8

**Mr David Trosti** - Director

**Experience** - 12 years experience in fruit and vegetable industry

Registered interest in shares and options - 40,000

**Attendance :** Meetings of Directors 1 July 2005 to 30 June 2006 (for the consolidated group)  
 - Number eligible to attend 14  
 - Number attended 13

**Mr Antonio Capobianco** - Director

**Experience** - 34 years experience in retail fruit and vegetable industry

Registered interest in shares and options - 238,100

**Attendance :** Meetings of Directors 1 July 2006 to 30 June 2007 (for the consolidated group)  
 - Number eligible to attend 14  
 - Number attended 12

**Mr Allen Baulderstone** - Director

**Experience** - 52 years experience in retail fruit and vegetable industry

Registered interest in shares and options - 36,800

**Attendance :** Meetings of Directors 1 July 2006 to 30 June 2007 (for the consolidated group)  
 - Number eligible to attend 14  
 - Number attended 14

**Mr Savas Christodoulou** - Director

**Qualifications** - Fellow of Australian Property Institute  
 - Diploma in Town Planning  
 - Practising Valuer

**Experience** - 27 years sole practice as a property valuer and consultant  
 - 4 years, Valuer, State Government  
 - 4 years, Valuation Manager, Bullok & Wilkinson Pty Ltd (now Knight Frank)  
 - Councillor and Alderman, City of Adelaide  
 (9 years service on general Council, Social, Infrastructure and Planning Committees)

Registered interest in shares and options - Nil

**Attendance :** Meetings of Directors 1 July 2006 to 30 June 2007 (for the consolidated group)  
 - Number eligible to attend 14  
 - Number attended 14

## Remuneration Report

The Consolidated Group's policy for determining the nature and amount of emoluments of Directors and Senior Executives is as follows:

### Directors' Emoluments

Directors' emoluments were determined at the 2006 Annual General Meeting of the Parent Entity Company and are in accordance with the Constitution.

### Senior Executives

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 industry comparisons and overall performance.

The emoluments of each Director together with the Chief Executive Officer of the Company paid for the financial year ended 30 June 2007 are as follows:

Name	Title	Directors' Fees \$	Committee Fees \$	Salary \$	Retirement & Superannuation Contributions \$	Incentives \$	Non Cash Benefits \$	Total Emoluments \$
Mr D Lilley	Chairman of Directors	36,750	-	-	3,308	-	-	40,058
Mr D Schrippa	Director, Deputy Chairman	27,917	-	-	2,513	-	-	30,430
Mr P Scalzi	Director	20,250	-	-	1,823	-	-	22,073
Mr F Merenda	Director	20,250	-	-	1,823	-	-	22,073
Mr D De Ieso	Director	20,250	-	-	1,823	-	-	22,073
Mr S Christodoulou	Director	20,250	-	-	1,823	-	-	22,073
Mr A Baulderstone	Director	20,250	-	-	1,823	-	-	22,073
Mr A Capobianco	Director	20,250	-	-	1,823	-	-	22,073
Mr D Trosti	Director	20,250	-	-	1,823	-	-	22,073
Mr N Minicozzi	Director	14,000	-	-	1,260	-	-	15,260
TOTALS - DIRECTORS		220,417	-	-	19,842	-	-	240,259
Mr A Demasi	Chief Executive Officer (non Director) and Company Secretary	-	-	115,846	10,426	-	16,359	142,631
TOTALS - OVERALL		220,417	-	115,846	30,268	-	16,359	382,890

There are no post employment remuneration or retirement benefits paid by the Consolidated Group to its Directors, Senior Executives or other employees.

There were no emoluments paid by APML No. One Pty Ltd and APML No. Two Pty Ltd.

### Indemnifying Officers or Auditor

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

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer or auditor, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer or auditor for the costs or expenses to defend legal proceedings, **with exception of the following:**

The Company paid insurance premiums totalling \$28,485 to insure all Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

### Directors' Benefits - Other Than Benefits Separately Disclosed In Note 19: Related Party Disclosures (Notes To The Financial Report For The Year Ended 30 June 2007)

Other than that disclosed in Note 19, no Director has received or become entitled to receive during or since the financial year, a benefit because of a contract made by the Company or a related body corporate with a Director, a firm of which the Director is a member or an entity in which the Director has a substantial financial interest.

### Share Options

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

### Proceedings on Behalf of the Company

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

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

### Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307 C of the Corporations Act 2001 is set out on page 16.

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



**DESMOND LILLEY**  
Chairman of Directors

POORAKA, this 25th day of September 2007

### Auditor's Independence Declaration Under Section 307 C of the Corporations Act 2001 to the Directors of Adelaide Produce Markets Limited

We declare that to the best of our knowledge and belief, during the year ended 30 June 2007 there have been:

- (i) no contraventions of the auditor independence requirements as set out in 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.



**DONALD VENN**  
Partner  
DEAN NEWBERY & PARTNERS

CHARTERED ACCOUNTANTS  
214 MELBOURNE STREET  
NORTH ADELAIDE SA 5006  
NORTH ADELAIDE, this 25th day of September 2007



TO THE MEMBERS OF ADELAIDE PRODUCE MARKETS LIMITED AND CONTROLLED ENTITIES

### Report on the Financial Report

We have audited the accompanying financial report of Adelaide Produce Markets Limited and Controlled Entities (the Consolidated Entity), which comprises the Balance Sheet as at 30 June 2007, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year ended on that date, a summary of Significant Accounting Policies and other explanatory notes and the Directors' Declaration of the Consolidated Entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

### Directors' Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the Directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

### Audit Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

### Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the Directors of Adelaide Produce Markets Limited on 25th September 2007, would be in the same terms if provided to the directors as at the date of this Auditor's Report.

### Auditor's Opinion

In our opinion, the Financial Report of Adelaide Produce Markets Limited and Controlled Entities is in accordance with the Corporations Act 2001, including:

- i. giving a true and fair view of the Company's and the Consolidated Entity's financial position as at 30 June 2007 and of their performance for year ended on that date; and
- ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- iii. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.



**DONALD VENN**  
Partner  
DEAN NEWBERY & PARTNERS

CHARTERED ACCOUNTANTS  
214 MELBOURNE STREET  
NORTH ADELAIDE SA 5006  
NORTH ADELAIDE, this 5th day of October 2007

The Directors declare that:

1. the financial statements and notes, as set out on pages 20 to 35, are in accordance with the Corporations Act 2001, and:
  - a. comply with Accounting Standards and the Corporations Regulations 2001; *and*
  - b. give a true and fair view of the financial position as at 30 June 2007 and of the performance for the year ended on that date of the Company and Consolidated Group;
2. the Chief Executive Officer and Finance Manager have each declared that:
  - a. the financial records of the company for the financial year have been properly maintained in accordance with Section 286 of the Corporations Act 2001; *and*
  - b. the financial statements and notes for the financial year comply with the Accounting Standards; *and*
  - c. the financial statements and notes for the financial year give a true and fair view;
3. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



**DESMOND LILLEY**  
Chairman of Directors

POORAKA, this 25th day of September 2007



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	Note	Consolidated Group		Parent Entity	
		2007	2006	2007	2006
		\$	\$	\$	\$
<b>Revenues from ordinary activities</b>	2	7,342,231	5,861,217	6,219,213	5,857,030
• Other Income	2	3,705,231	16,735,445	3,433,173	15,581,381
		<u>11,047,462</u>	<u>22,596,662</u>	<u>9,652,386</u>	<u>21,438,411</u>
<b>Classification of expenses by nature</b>					
• Employee Benefits		730,876	653,454	730,876	653,454
• Depreciation	1(c)	168,086	53,947	29,306	53,947
• Finance Costs		1,323,349	719,365	627,703	719,365
• Impairment	1(k)	0	0	0	0
• Other expenses from ordinary activities		2,535,048	2,530,673	2,186,754	2,326,129
		<u>4,757,359</u>	<u>3,957,439</u>	<u>3,574,639</u>	<u>3,752,895</u>
<b>Profit before income tax</b>	3	6,290,103	18,639,223	6,077,747	17,685,516
<b>Income tax expense</b>	4	1,800,847	5,476,375	1,710,939	5,127,629
<b>Profit after income tax expense</b>	1(j)	<u>4,489,256</u>	<u>13,162,848</u>	<u>4,366,808</u>	<u>12,557,887</u>
<b>PROFIT FOR THE YEAR</b>		4,489,256	13,162,848	4,366,808	12,557,887
<b>Profit attributable to minority equity interest</b>		0	0	0	0
<b>Profit attributable to members of the Parent Entity</b>		<u>4,489,256</u>	<u>13,162,848</u>	<u>4,366,808</u>	<u>12,557,887</u>

The accompanying notes form part of this Financial Report



	Note	Consolidated Group		Parent Entity	
		2007	2006	2007	2006
		\$	\$	\$	\$
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash & cash equivalents	5	2,010,284	778,013	1,650,230	519,629
Trade and other receivables	6	299,198	295,377	284,553	289,777
Other current assets	7	879,120	886,077	744,561	630,841
<b>TOTAL CURRENT ASSETS</b>		<u>3,188,602</u>	<u>1,959,467</u>	<u>2,679,344</u>	<u>1,440,247</u>
<b>NON-CURRENT ASSETS</b>					
Trade & other receivables	6	59,942	59,942	12,716,165	12,685,532
Investment property, plant and equipment	8	72,636,859	67,966,154	59,227,139	54,747,707
Financial assets	26	0	0	2	2
Intangible assets	28	120,000	120,000	120,000	120,000
<b>TOTAL NON-CURRENT ASSETS</b>		<u>72,816,801</u>	<u>68,146,096</u>	<u>72,063,306</u>	<u>67,553,241</u>
<b>TOTAL ASSETS</b>		<u>76,005,403</u>	<u>70,105,563</u>	<u>74,742,650</u>	<u>68,993,488</u>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Trade and other payables	9	1,074,885	1,125,036	975,669	966,668
Interest bearing liabilities	11	4,400,560	0	4,400,560	0
Current tax liabilities	10	343,489	455,741	335,198	453,215
Short term provisions	10	752,947	318,728	752,947	318,728
<b>TOTAL CURRENT LIABILITIES</b>		<u>6,571,881</u>	<u>1,899,505</u>	<u>6,464,374</u>	<u>1,738,611</u>
<b>NON-CURRENT LIABILITIES</b>					
Interest bearing liabilities	11	16,379,761	20,059,761	16,379,761	20,059,761
Other long term provisions	10	557,002	494,543	557,002	494,543
Deferred tax liabilities	27	6,477,992	5,020,634	6,050,155	4,674,414
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>23,414,755</u>	<u>25,574,938</u>	<u>22,986,918</u>	<u>25,228,718</u>
<b>TOTAL LIABILITIES</b>		<u>29,986,636</u>	<u>27,474,443</u>	<u>29,451,292</u>	<u>26,967,329</u>
<b>NET ASSETS</b>		<u>46,018,767</u>	<u>42,631,120</u>	<u>45,291,358</u>	<u>42,026,159</u>
<b>EQUITY</b>					
Issued capital	12	5,774,560	5,774,560	5,774,560	5,774,560
Reserves		392,750	392,750	392,750	392,750
Retained earnings	23	39,851,457	36,463,810	39,124,048	35,858,849
<b>TOTAL EQUITY</b>		<u>46,018,767</u>	<u>42,631,120</u>	<u>45,291,358</u>	<u>42,026,159</u>
<b>PARENT ENTITY INTEREST</b>		<u>46,018,767</u>	<u>42,631,120</u>	<u>45,291,358</u>	<u>42,026,159</u>

The accompanying notes form part of this Financial Report

# Statement Of Changes In Equity

FOR THE YEAR ENDED 30 JUNE 2007

Note	Consolidated Group		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
Retained profits at the beginning of the year	36,463,810	23,878,418	35,858,849	23,878,418
Net Profit after income tax	4,489,256	13,162,848	4,366,808	12,557,887
Interim dividend paid for 2006/07	(404,219)	(288,728)	(404,219)	(288,728)
Dividends : prior years	(4,443)	0	(4,443)	0
Final dividend provided for 2006/07	(692,947)	(288,728)	(692,947)	(288,728)
<b>Retained profits at the end of the financial year</b>	<b>39,851,457</b>	<b>36,463,810</b>	<b>39,124,048</b>	<b>35,858,849</b>

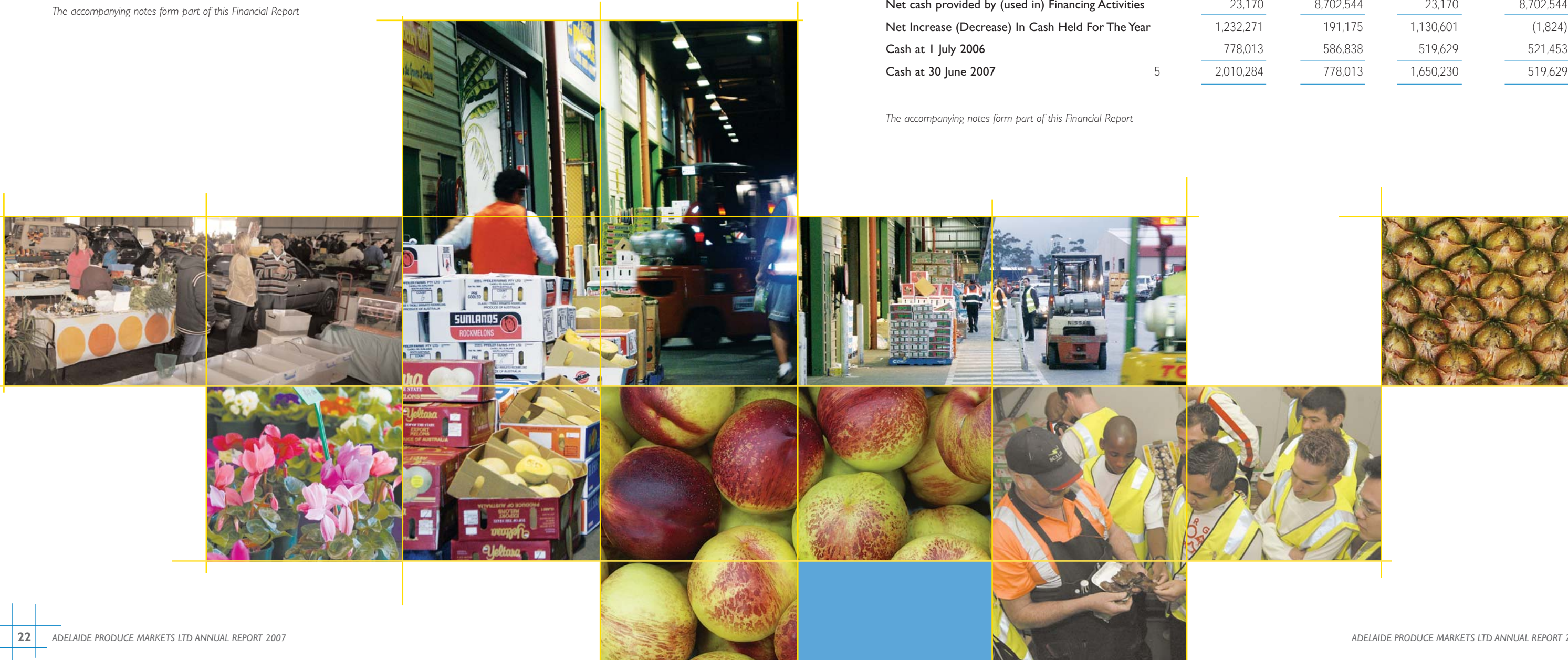
Note	Consolidated Group		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
Share Premium Reserve	392,750	392,750	392,750	392,750
Movement during the year	0	0	0	0
<b>Total Reserves</b>	<b>392,750</b>	<b>392,750</b>	<b>392,750</b>	<b>392,750</b>
<b>Net Increase in Total Reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The accompanying notes form part of this Financial Report

# Statement Of Cash Flows

Note	Consolidated Group		Parent Entity	
	2007	2006	2007	2006
	Inflows \$ (Outflows)	Inflows \$ (Outflows)	Inflows \$ (Outflows)	Inflows \$ (Outflows)
<b>Cash Flows From Operating Activities</b>				
• Receipts from customers net of payments to suppliers and employees	4,582,046	3,033,696	3,552,825	3,012,140
• Interest received	47,158	28,697	124,270	196,799
• Borrowing costs	(1,300,595)	(1,050,313)	(588,910)	(719,365)
• Income tax paid	(570,366)	(418,582)	(568,341)	(418,582)
• Net GST	(412,777)	(455,815)	(334,043)	(401,324)
<b>Net cash provided by (used in) Operating Activities</b>	<b>2,345,466</b>	<b>1,137,683</b>	<b>2,185,801</b>	<b>1,669,668</b>
<b>Cash Flows From Investing Activities</b>				
• Business Acquired Activities	0	(120,000)	0	(120,000)
• Purchase of property, plant and equipment	(1,136,365)	(9,529,052)	(1,078,370)	(1,170,927)
• Loan to subsidiary	0	0	0	(10,083,108)
• Payment for Subsidiary	0	0	0	(1)
<b>Net cash provided by (used in) Investing Activities</b>	<b>(1,136,365)</b>	<b>(9,649,052)</b>	<b>(1,078,370)</b>	<b>(10,374,036)</b>
<b>Cash Flows From Financing Activities</b>				
Bank loan repayment	720,560	9,280,000	720,560	9,280,000
Dividends paid by the Parent Entity	(697,390)	(577,456)	(697,390)	(577,456)
<b>Net cash provided by (used in) Financing Activities</b>	<b>23,170</b>	<b>8,702,544</b>	<b>23,170</b>	<b>8,702,544</b>
<b>Net Increase (Decrease) In Cash Held For The Year</b>	<b>1,232,271</b>	<b>191,175</b>	<b>1,130,601</b>	<b>(1,824)</b>
<b>Cash at 1 July 2006</b>	<b>778,013</b>	<b>586,838</b>	<b>519,629</b>	<b>521,453</b>
<b>Cash at 30 June 2007</b>	<b>2,010,284</b>	<b>778,013</b>	<b>1,650,230</b>	<b>519,629</b>

The accompanying notes form part of this Financial Report



## NOTE 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Report is a General Purpose Financial Report that has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), other authoritative pronouncements of the Australian Accounting Standards Board, and the Corporations Act 2001.

The Financial Report covers the Consolidated Group of Adelaide Produce Markets Limited and controlled entities.

The following is a summary of the material accounting policies adopted by the Consolidated Group of Adelaide Produce Markets Limited and controlled entities in the preparation of the Financial Report.

### Basis of Preparation

The Financial Report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The accounting policies set out below have been consistently applied to all years presented.

#### (a) Principles of Consolidation

A Controlled Entity is any entity controlled by Adelaide Produce Markets Limited (**the Parent Entity**). Control exists where the Parent Entity has the capacity to dominate the decision making in relation to the financial and operating policies of another entity so that the other entity operates to achieve the objectives of the Parent Entity. All inter-company balances and transactions between entities in the **Consolidated Group**, including any unrealised profits or losses, have been eliminated on consolidation. Where Controlled Entities have entered or left the Consolidated Group during the year, their operating results have been included from the date control was obtained or until the date control ceased. Any outside interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report (as applicable). Controlled Entities are disclosed in Note 27 to the financial statements. All entities within the Controlled Group have a June financial year end.

#### (b) Income Tax

The charge for current income tax expense is based on the consolidated accounting profit for the year, adjusted for any non-assessable or disallowed items, calculated at the applicable prescribed rate.

Deferred tax is now accounted for using the Balance Sheet liability method in respect of material temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The change in accounting policy has been made as a result of the introduction of AASB 140 Investment Property. Deferred tax is calculated at the tax rates that are expected to apply when the asset is realised or the liability is settled. This assumes that no adverse changes will occur in income tax legislation, and the Consolidated Group will derive sufficient assessable income to enable any deferred tax asset (if any) to enable the benefit to be realised and comply with the conditions of deductibility as imposed by legislation.

The calculation of deferred tax has assumed that in the event that land and buildings were sold at some future time, all integral plant and equipment would be disposed at written down value for income tax purposes. For buildings acquired after 13 May 1997, taxation deductions for construction expenditure on capital works reduce the cost base when calculating any capital gain or loss on disposal. This has been taken into account in the determination of the calculation of deferred tax liability.

#### (c) Investment Property, Plant & Equipment

##### Property, Plant and Equipment

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

##### Investment Property

Investment property, comprising all land and buildings owned by the Consolidated Group, is held to generate long term rental yields. All tenant leases are on an arm's length basis. In accordance with AASB 140 Investment Property, investment property is carried at fair value, determined annually by independent valuers. Changes to fair value are annually recorded in the Income Statement as other income.

##### Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

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

#### (d) Depreciation

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

With reference to Note 1(b) above, the independent expert valuation of buildings as at 30 June 2007 included all plant and equipment that was considered to be an integral component of the relevant asset. For this reason, depreciation for accounting purposes has not

been calculated on all such installed integral plant and equipment for the year ended 30 June 2007 (2006 : Nil). Consistent with all previous financial years, buildings have not been depreciated for accounting purposes as they are held for investment purposes.

The ranges of depreciation rates used for each class of depreciable asset for the years ended 30 June 2007 are:

	Depreciation Rate
Plant and equipment	7.5 - 40%
Motor vehicles	18.5%
Furniture and fittings	9 - 40%
Office equipment	9 - 40%

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

#### (e) Rents and Fees in Advance

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

#### (f) Land and Development Expenditure

As at 30 June 2007 any construction in progress and land re-development costs are separately disclosed (as applicable).

#### (g) Revenue

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

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

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

#### (h) Employee Entitlements

Provisions are made in the Financial Statements for all employee benefits. On-costs have been recognised in calculating employee provisions. Liabilities for wages, salaries and annual leave are recognised in the provision for employee benefits in respect of employees services up to the date reporting date and are measured at amounts which are expected to be paid as the liability is settled in the ensuing 12 months.

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

#### (i) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition.

Cash and cash equivalents are brought to account at the face value or the gross value of the outstanding balance where appropriate.

#### (j) Financial Instruments

##### Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

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

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

##### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

##### Held-to-maturity investments

These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

**Available-for-sale financial assets**

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

**(k) Impairment of Assets**

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

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

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

**(l) Cash**

For the purpose of the Statement Of Cash Flows included in the Financial Report, cash includes cash on hand and held in bank accounts.

**(m) Comparative Figures**

Where required by Australian Accounting Standards and as such where material, comparative figures for 2006 have been adjusted to conform with changes in presentation for the current financial year.

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

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

**(o) Change in Accounting Policy**

The Consolidated Group has changed its accounting policy to now recognise deferred tax liability in accordance with Australian Accounting Standard AASB 108 Income Tax, due to the adoption in 2006 of AASB 140 Investment Property. The change has been applied retrospectively for 2006 comparative purposes. The consolidated tax expense is the aggregate amount included in the determination of profit (or loss) for the period in respect of both current tax and deferred tax, being income taxes payable in future periods, in respect of significant temporary timing differences.

**(p) Impact of Judgment and estimates on the Financial Report**

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

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

**NOTE 2 : REVENUE**

	Consolidated Group		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>(a) Operating Activities</b>				
Revaluation gain	3,705,231	16,735,445	3,433,173	15,581,381
Rents and recoveries	7,297,878	5,832,520	6,174,860	5,660,231
Interest	47,158	28,697	47,158	196,799
Net Profit / (Loss) on Sale of Property, Plant and Equipment	(2,805)	0	(2,805)	0
<b>Total Revenue : Operating Activities</b>	<b>11,047,462</b>	<b>22,596,662</b>	<b>9,652,386</b>	<b>21,438,411</b>
<b>(b) Non-Operating Activities</b>				
Disposal of non-current assets : carrying value	0	0	0	0
<b>Total Revenue : Non-Operating Activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**NOTE 3 : PROFIT FROM ORDINARY ACTIVITIES**

	Economic Entity		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>Profit from ordinary activities before income tax expense has been determined after:</b>				
<b>Expenses</b>				
• Borrowing Costs	1,323,349	719,365	627,703	719,365
• Depreciation of Non-Current Assets	168,086	53,947	29,306	53,947
• Debts Written-off	2,750	0	2,750	0

**NOTE 4 : INCOME TAX**

	Economic Entity		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>The components of Tax Expense comprise:</b>				
• Current tax	343,489	455,741	335,198	453,215
• Deferred tax	1,457,358	5,020,634	1,375,741	4,674,414
	<b>1,800,847</b>	<b>5,476,375</b>	<b>1,710,939</b>	<b>5,127,629</b>

**NOTE 5 : CASH & CASH EQUIVALENTS**

	Economic Entity		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
• Cash on hand	1,000	1,000	1,001	1,000
• Cash at bank	2,009,284	777,013	1,649,229	518,629
	<b>2,010,284</b>	<b>778,013</b>	<b>1,650,230</b>	<b>519,629</b>

**Reconciliation of cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the Balance Sheet as follows:**

• Cash on hand	1,000	1,000	1,001	1,000
• Cash at bank	2,009,284	777,013	1,649,229	518,629
	<b>2,010,284</b>	<b>778,013</b>	<b>1,650,230</b>	<b>519,629</b>

**NOTE 6 : TRADE & OTHER RECEIVABLES**

	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>Current</b>				
Trade debtors - rental tenancies	252,414	301,358	237,769	295,758
Provision for impairment	(5,981)	(5,981)	(5,981)	(5,981)
Other debtors	52,765	0	52,765	0
	<b>299,198</b>	<b>295,377</b>	<b>284,553</b>	<b>289,777</b>
<b>Non-Current</b>				
Trade debtors - 1989 indemnity undertaking to reimburse tenancy fit-out costs	59,942	59,942	59,942	59,942
Loans - Subsidiaries	0	0	12,656,223	12,625,590
	<b>59,942</b>	<b>59,942</b>	<b>12,716,165</b>	<b>12,685,532</b>

**NOTE 7 : OTHER ASSETS**

	Consolidated Group		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>Current</b>				
Prepaid commercial bill interest	224,342	337,117	107,133	109,230
Prepayments	654,778	548,960	637,428	521,611
	<b>879,120</b>	<b>886,077</b>	<b>744,561</b>	<b>630,841</b>
<b>Non-Current</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

NOTE 8 : PROPERTY, PLANT AND EQUIPMENT

Note	Consolidated Group		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>Land and Buildings</b>				
Land at independent 2007 valuation (2006 : 2006 valuation)	38,225,000	36,450,000	34,651,500	33,131,553
Buildings at independent 2007 valuation (2006 : 2006 valuation)	33,975,000	30,900,000	24,000,000	21,000,000
<b>Total Land and Buildings</b>	<u>72,200,000</u>	<u>67,350,000</u>	<u>58,651,500</u>	<u>54,131,553</u>
<b>Construction in Progress and Land Re-development in Progress</b>				
Construction in Progress and Land Re-development in Progress - at cost	32,845	58,311	32,845	58,311
<b>Total Construction in Progress and Land Re-development</b>	<u>32,845</u>	<u>58,311</u>	<u>32,845</u>	<u>58,311</u>
<b>Plant and Equipment</b>				
Plant and equipment - at cost	972,580	958,323	972,580	958,323
Accumulated depreciation	(568,566)	(400,480)	(429,786)	(400,480)
<b>Total Plant and Equipment</b>	<u>404,014</u>	<u>557,843</u>	<u>542,794</u>	<u>557,843</u>
<b>Total Property, Plant and Equipment</b>	<u>72,636,859</u>	<u>67,966,154</u>	<u>59,227,139</u>	<u>54,747,707</u>

Movements in Carrying Amounts

Movements in the carrying amounts for each class of property, plant and equipment (refer note 1(b)) for the financial year ended 30 June 2007 are as follows:

	Construction in Progress & Land Re-development in progress	Land and Buildings	Plant and Equipment	Total
	\$	\$	\$	\$
<b>Consolidated Group</b>				
<b>Balances at 1 July 2006</b>	58,311	67,350,000	557,843	67,966,154
Additions : Cost	7,948	1,144,769	69,424	1,222,141
Disposals : Carrying value	0	0	(55,167)	(55,167)
Reclassification	(33,414)	0	0	(33,414)
Revaluation	0	3,705,231	0	3,705,231
Depreciation expense	0	0	(168,086)	(168,086)
<b>Carrying amounts at 30 June 2007</b>	<u>32,845</u>	<u>72,200,000</u>	<u>404,014</u>	<u>72,636,859</u>
<b>Parent Entity</b>				
<b>Balances at 1 July 2006</b>	58,311	54,131,553	557,843	54,747,707
Additions : Cost	7,948	1,086,774	69,424	1,164,146
Disposals : Carrying value	0	0	(55,167)	(55,167)
Reclassification	(33,414)	0	0	(33,414)
Revaluation	0	3,433,173	0	3,433,173
Depreciation expense	0	0	(29,306)	(29,306)
<b>Carrying amounts at 30 June 2007</b>	<u>32,845</u>	<u>58,651,500</u>	<u>542,794</u>	<u>59,227,139</u>

NOTE 9 : TRADE AND OTHER PAYABLES

	Consolidated Group		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>Current</b>				
Trade creditors	104,603	304,231	33,568	158,397
Sundry creditors and accrued expenses	970,282	820,805	942,101	808,271
	<u>1,074,885</u>	<u>1,125,036</u>	<u>975,669</u>	<u>966,668</u>
<b>Non-Current</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

NOTE 10 : PROVISIONS

Note	Consolidated Group		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>Current</b>				
• Final dividend for 2007	692,947	288,728	692,947	288,728
• Electrical upgrade	60,000	30,000	60,000	30,000
	<u>752,947</u>	<u>318,728</u>	<u>752,947</u>	<u>318,728</u>
• Current tax liability	343,489	455,741	335,198	453,218
	<u>343,489</u>	<u>455,741</u>	<u>335,198</u>	<u>453,218</u>
<b>Non-Current</b>				
• Bitumen pavement replacement	480,000	440,453	480,000	440,453
• Employee entitlements (relative to 18 employees at 30 June 2007)	77,002	54,090	77,002	54,090
	<u>557,002</u>	<u>494,543</u>	<u>557,002</u>	<u>494,543</u>

NOTE 11 : INTEREST BEARING LIABILITIES

Note	Consolidated Group		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>Current</b>				
Bank loan (bank bills) secured	4,400,560	0	4,400,560	0
<b>Non-Current</b>				
Bank loan (bank bills) secured	16,379,761	20,059,761	16,379,761	20,059,761

The bank loan (bank bills) are secured by a first mortgage over freehold land and buildings and a fixed and floating charge over all the Consolidated Group's assets as disclosed in the Statement of Financial Position and throughout the Financial Report.

Note	Consolidated Group		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>The bank loans (bank bills) are expected to be fully settled:</b>				
• within 12 months	4,400,560	0	4,400,560	0
• 12 months or more	16,379,761	20,059,761	16,379,761	20,059,761
	<u>20,780,321</u>	<u>20,059,761</u>	<u>20,780,321</u>	<u>20,059,761</u>
<b>Total current and non-current secured liabilities</b>				
Bank loan (bank bills) - secured	20,780,321	20,059,761	20,780,321	20,059,761
<b>The carrying amounts of non-current assets pledged as security are:</b>				
First mortgage over market land and buildings	72,200,000	67,350,000	58,651,500	54,131,553
Floating charge over all other assets of the Company	3,805,403	2,755,563	16,091,150	14,861,935
<b>Total Assets Pledged As Security</b>	<u>76,005,403</u>	<u>70,105,563</u>	<u>74,742,650</u>	<u>68,993,488</u>

Covenants

The covenants for the above bank loans relate to interest cover, capital adequacy, dividend policy and reporting and administrative requirements. All required covenants have been met by the Company.

The bank bills (and their current range of all inclusive interest rates) totalling \$20,780,321 are due to expire:

Bill	Due Date	Interest Rate applicable
\$1,200,560	July 2007	(6.78%)
\$3,200,000	September 2007	(6.63%)
\$1,820,000	June 2009	(6.04%)
\$4,190,000	November 2010	(6.00%)
\$2,180,000	November 2011	(6.38%)
\$2,200,000	November 2012	(6.05%)
\$2,989,761	December 2012	(6.05%)
\$3,000,000	March 2013	(6.05%)
<u>\$20,780,321</u>		

NOTE 12 : ISSUED CAPITAL

	Consolidated Group		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>Issued and fully paid Ordinary shares</b>	<u>5,774,560</u>	<u>5,774,560</u>	<u>5,774,560</u>	<u>5,774,560</u>
Comprising:				
935,862		ordinary grower shares		
2,614,669		ordinary wholesaler shares		
547,966		ordinary retailer shares		
1,676,063		ordinary unclassified shares		
	<u>5,774,560</u>			

NOTE 13 : DIVIDENDS

	Consolidated Group		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>Interim</b>				
Interim fully franked dividend for the year ended 30 June 2007 of 7 cents per share (2006 : 5 cents), franked at the tax rate of 30%	<u>404,219</u>	<u>288,728</u>	<u>404,219</u>	<u>288,728</u>
<b>Final</b>				
Proposed final fully franked dividend for the year ended 30 June 2007 of 12 cents per share (2006 : 7) cents per share, franked at the tax rate of 30% (2006 : 30%)	<u>692,947</u>	<u>288,728</u>	<u>692,947</u>	<u>288,728</u>
<b>Franking Account</b>				
Balance of franking account at year end	<u>2,809,724</u>	<u>2,887,264</u>	<u>2,809,724</u>	<u>2,887,264</u>

NOTE 14 : CASH FLOW INFORMATION

	Consolidated Group		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>(a) Profit from Ordinary Activities after income tax</b>	4,489,256	13,162,848	4,366,808	12,557,887
<b>Non Cash Flows in Profit from Ordinary Activities:</b>				
• Revaluation Gain	(3,705,231)	(16,762,445)	(3,433,173)	(15,581,381)
• Depreciation	168,086	53,947	29,306	53,947
• Other provisions	72,352	(25,477)	75,102	(46,448)
• Assets Written Off	0	25,000	0	25,000
<b>Changes in assets and liabilities:</b>				
• (Increase) / Decrease in trade receivables	(3,821)	4,509	(28,161)	10,109
• (Increase) / Decrease in prepaid expenses	6,957	(154,713)	(113,718)	(19,979)
• Increase / (Decrease) in payables	(50,151)	(162,464)	9,001	28,801
• Increase / (Decrease) in tax liability	1,345,106	5,057,794	1,257,724	4,709,048
• Increase / (Decrease) in provision for employee entitlements	22,912	(61,316)	22,912	(67,316)
<b>Cash Flows From Operating Activities</b>	<u>2,345,466</u>	<u>1,137,683</u>	<u>2,185,801</u>	<u>1,669,668</u>

(b) Non-Cash Financing and Investing Activities

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

(c) Credit Standby Arrangements with Banks to Provide Funds and Support Facilities

	Consolidated Group		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>Credit facility</b>	20,780,321	20,059,761	20,780,321	20,059,761
<b>Credit facility utilised</b>	<u>20,780,321</u>	<u>20,059,761</u>	<u>20,780,321</u>	<u>20,059,761</u>
<b>Unused Credit Facility</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

NOTE 15 : FINANCIAL INSTRUMENTS

(a) Net Fair Values

The net fair value of Commercial Bills that are traded on organised financial markets is based on the quoted market offer price at balance date adjusted for transaction costs expected to be incurred.

The net fair values of other financial assets and financial liabilities approximate their carrying value. No financial assets and liabilities are readily traded on organised markets in standardised form other than Commercial Bills. Where the carrying amount of financial assets exceeds net fair values, they have not been written down as the Company intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the notes to and forming part of the Financial Report.

(b) Credit Risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount, net of any provision for doubtful debts, as disclosed in the Statement of Financial Position and notes to the Financial Report. The Company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Company.

(c) Interest Rate Risk

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

Consolidated Group 2007 Financial Assets	Floating Interest \$	Interest Rate Within \$	Fixed Maturing 1-7 Years \$	Non Interest Bearing \$	Total \$
Cash	2,009,284	0	0	1,000	2,010,284
Receivables	0	0	0	359,140	359,140
Other	0	0	0	879,120	879,120
	<u>2,009,284</u>	<u>0</u>	<u>0</u>	<u>1,239,260</u>	<u>3,248,544</u>
	6.0%				

2007 Financial Liabilities	Floating Interest \$	Interest Rate Within \$	Fixed Maturing 1-7 Years \$	Non Interest Bearing \$	Total \$
Accounts Payable	0	0	0	1,074,885	1,074,885
Borrowings - Bank Bills	0	4,400,560	16,379,761	0	20,780,321
	<u>0</u>	<u>4,400,560</u>	<u>16,379,761</u>	<u>1,074,865</u>	<u>21,855,206</u>
Interest Rate (all inclusive)		6.78%	6.05%		

Consolidated Group Comparative 2006 Financial Assets	Floating Interest \$	Interest Rate Within \$	Fixed Maturing 1-7 Years \$	Non Interest Bearing \$	Total \$
Cash	777,013	0	0	1,000	778,013
Receivables	0	0	0	383,289	383,289
Other	0	0	0	886,077	886,077
	<u>777,013</u>	<u>0</u>	<u>0</u>	<u>1,270,366</u>	<u>2,047,379</u>
	5.3%				

Comparative 2006 Financial Liabilities	Floating Interest \$	Interest Rate Within \$	Fixed Maturing 1-7 Years \$	Non Interest Bearing \$	Total \$
Accounts Payable	0	0	0	1,125,036	1,125,036
Borrowings - Bank Bills	0	7,680,000	12,379,761	0	20,059,761
	<u>0</u>	<u>7,680,000</u>	<u>12,379,761</u>	<u>1,125,036</u>	<u>21,184,797</u>
Interest Rate (all inclusive)		6.3%	6.05%		

Parent Entity 2007 Financial Assets	Floating Interest \$	Fixed Interest Rate Within \$	Maturing 1-7 Years \$	Non Interest Bearing \$	Total \$
Cash	1,649,230	0	0	1,000	1,650,230
Receivables	0	0	0	13,000,718	13,000,718
Other	0	0	0	744,561	744,561
	<u>1,649,230</u>	<u>0</u>	<u>0</u>	<u>13,746,279</u>	<u>15,395,509</u>
	6.0%				

NOTE 15 : FINANCIAL INSTRUMENTS *continued*

(c) Interest Rate Risk *continued*

	Floating Interest \$	Fixed Interest Rate Within \$	Maturing 1-7 Years \$	Non Interest Bearing \$	Total \$
<b>2007</b>					
<b>Financial Liabilities</b>					
Accounts Payable	0	0	0	975,669	975,669
Borrowings - Bank Bills	0	4,400,560	16,379,761	0	20,780,321
	0	4,400,560	16,379,761	976,669	21,755,990
Interest Rate (all inclusive)		6.78%	6.05%		

	Floating Interest 2007 \$	Interest Rate Within \$	Fixed Maturing 1-7 Years \$	Non Interest Bearing \$	Total \$
<b>Comparative 2006</b>					
<b>Financial Assets</b>					
Cash	518,629	0	0	1,000	519,629
Receivables	0	0	0	13,003,279	13,003,279
Other	0	0	0	630,841	630,841
	518,629	0	0	13,635,120	14,153,749
	5.3%			6.05%	

	Floating Interest \$	Interest Rate Within \$	Fixed Maturing 1-7 Years \$	Non Interest Bearing \$	Total \$
<b>Comparative 2006</b>					
<b>Financial Liabilities</b>					
Accounts Payable	0	0	0	966,668	966,668
Borrowings - Bank Bills	0	7,680,000	12,379,761	0	20,059,761
	0	7,680,000	12,379,761	966,668	21,026,429
Interest Rate (all inclusive)		6.3%	6.05%		

(d) Net Fair Values

For all assets and liabilities disclosed in the Financial Report, the net fair value approximates their carrying value.

NOTE 16 : REMUNERATION AND RETIREMENT BENEFITS

	Consolidated Group		Parent Entity	
	2007 \$	2006 \$	2007 \$	2006 \$
<b>(a) Directors Remuneration</b>				
Income (excluding retirement and superannuation payments) paid or payable to all Directors of the Company	220,417	166,250	220,417	166,250
<b>(b) Directors Retirement and Superannuation Payments</b>				
Amounts of a prescribed benefit given during year to a Director or prescribed superannuation fund in connection with the retirement from a prescribed office with the Company	19,838	14,965	19,838	14,965
<b>(c) Executive Remuneration</b>				
• Remuneration received or due and receivable by executive officers of the Company whose remuneration is \$100,000 or more	142,631	128,888	142,631	128,888
• The number of executives whose income was within the following bands: In excess of \$100,000	1	1	1	1

NOTE 17 : AUDITOR'S REMUNERATION

	Consolidated Group		Parent Entity	
	2007 \$	2006 \$	2007 \$	2006 \$
Remuneration paid or payable to the auditor of the Company for:				
a) Auditing or reviewing the Financial Report	21,000	19,000	21,000	19,000
b) Taxation Services	2,000	2,000	2,000	2,000
c) Other Services	0	17,050	0	17,050

NOTE 18 : FINANCIAL REPORTING BY SEGMENTS

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

NOTE 19 : RELATED PARTY DISCLOSURES

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties.

Transactions with Related Parties

(i) Directors of the Company and Director-Related Entities

Some Directors have direct or indirect commercial interests in businesses (including as a supplier of produce) which have agreements under leases, licenses and/or other fee arrangements with the Company, the conditions of which are all entirely consistent with those applying to all other trading parties. In addition, the Company paid fees and disbursements to Mr D Schirripa for professional legal services, on terms and conditions no different to that of any other legal service provider.

(ii) Share Transactions of Directors

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

	Consolidated Group		Parent Entity	
	2007 No.	2006 No.	2007 No.	2006 No.
Adelaide Produce Markets Limited				
- Ordinary Shares	1,519,999	1,518,999	1,519,999	1,518,999

Information relating to Directors' remuneration is set out in Note 16 and in the Director's Report.

NOTE 20 : CAPITAL COMMITMENTS

There were no material capital expenditure commitments by the consolidated group as at 30 June 2007 (2006 \$Nil).

NOTE 21 : CONTINGENT LIABILITIES AND CONTINGENT ASSETS

	Consolidated Group		Parent Entity	
	2007 No.	2006 No.	2007 No.	2006 No.
<b>CONTINGENT LIABILITIES</b>				
Estimates of the potential financial effect of contingent liabilities that may become payable:-				
The Company is confident that it will have no liability on Mr Woods	0	21,103	0	21,103
A claim against the Company by Australian Farmers Fuel Pty Ltd asserting a breach of contract and claiming an unspecified sum in damages. The claim is denied and the disclosed amount is for defence costs and associated matters.	50,000	0	50,000	0

CONTINGENT ASSETS

In 2005 the Company instigated legal action against its former auditors. The information required by Accounting Standard AASB137 has been considered and is not disclosed on the grounds that the economic benefits from the legal action cannot be said to be probable, and therefore it is not a contingent asset and further disclosure in any event may seriously prejudice the outcome of the litigation. In those circumstances, further disclosure is not required under AASB137.

NOTE 22 : 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 relevant Superannuation Guarantee legislation.

NOTE 23 : EVENTS AFTER THE BALANCE SHEET DATE

Other than that disclosed in the Director's Report, there are no events subsequent to 30 June 2007 that would have a material effect on the 2007 Financial Report (2006: Nil).

## NOTE 24 : ECONOMIC DEPENDENCY

The future revenue of the economic entity is dependent on the commercial continuation of the principal activities disclosed in the Directors' Report.

## NOTE 25 : CONTROLLED ENTITIES

### (a) Controlled Entities Parent Entity

Subsidiary	Country of Incorporation	Percentage Owned	
		2007	2006
APML No. One Pty Ltd	Australia	100%	100%
APML No. Two Pty Ltd	Australia	100%	100%

### (b) Controlled Entities Acquired

No controlled entities were acquired during the year.

### (c) Controlled Entity Disposed

No controlled entities were disposed during the year.

### (d) Controlled Entities With Ownership Interest of 50% or Less

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

## NOTE 26 : OTHER FINANCIAL ASSETS

	Consolidated Group		Parent Entity	
	2007	2006	2007	2006
Current	\$ 0	\$ 0	\$ 0	\$ 0
Non-Current				
Unlisted Investments at cost:				
- Shares in Controlled Entity	0	0	2	2

## NOTE 27 : CHANGES IN ACCOUNTING POLICY

The Consolidated Group changed its Accounting Policy for the financial year ending 30 June 2007 (including for the 2006 comparative) to recognise the deferred tax liability as a result of significant timing differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

	Previously Stated 2007	Adjustment 2007	Restated 2007	Previously Stated 2006	Adjustment 2006	Restated 2006
<b>Income Statement</b>						
Income tax expense	334,725	1,463,358	1,798,083	455,741	5,020,634	5,476,375
Profit after income tax expense	2,241,383	2,247,873	4,489,256	1,448,037	11,714,811	13,162,848
<b>Balance Sheet</b>						
Deferred tax liability	5,020,634	1,457,358	6,477,992	0	5,020,634	5,020,634
Total liabilities	28,529,278	1,457,358	29,986,636	22,453,809	5,020,634	27,474,443
Net Assets	44,561,409	1,457,358	46,018,767	37,610,486	5,020,634	42,631,120
Total Equity	44,561,409	1,457,358	46,018,767	37,610,486	5,020,634	42,631,120

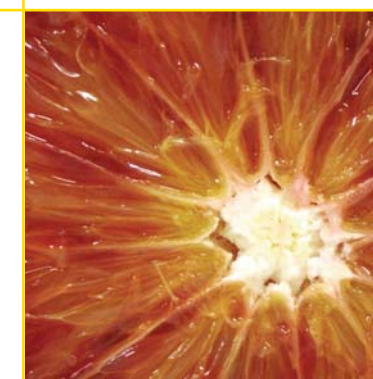
## NOTE 28 : INTANGIBLE ASSETS

	Consolidated Group		Parent Entity	
	2007	2006	2007	2006
Goodwill : Sunday Markets	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000
Reconciliation of Goodwill:				
Balance at 1 July 2006	120,000	120,000	120,000	120,000
Additions	0	0	0	0
Disposals	0	0	0	0
Amortisation charge	0	0	0	0
Impairment losses	0	0	0	0
Carrying Value 30 June 2007	120,000	120,000	120,000	120,000

## NOTE 29 : COMPANY DETAILS

The registered office of the consolidated group is:-  
Diagonal Road  
Pooraka SA 5095

The principal place of business of consolidated group is:-  
Diagonal Road  
Pooraka SA 5095



## DIRECTORS

Mr Des Lilley (Chairman)  
Mr David Schirripa (Deputy Chairman)  
Mr Pat Scalzi  
Mr Frank Merenda  
Mr Nicola Minicozzi  
Mr Danny De Ieso  
Mr Sam Christodoulou  
Mr Tony Capobianco  
Mr Allen Baulderstone  
Mr David Trosti

## SECRETARY

Mr Angelo Demasi

## REGISTERED OFFICE

Diagonal Road  
Pooraka South Australia 5095  
Telephone : 08 8349 4493  
Facsimile : 08 8349 6574  
Internet site : [www.adelaidemarkets.com.au](http://www.adelaidemarkets.com.au)

## AUDITOR

Dean Newbery & Partners  
Chartered Accountants  
214 Melbourne Street  
North Adelaide South Australia 5006

## BANKER

Commonwealth Bank of Australia  
213 Glynburn Road  
Firle South Australia 5070

## SOLICITORS

Thomson Playford  
100 Pirie Street  
Adelaide South Australia 5000

Cowell Clarke  
Level 5, 63 Pirie Street  
Adelaide South Australia 5000

## SHARE REGISTRAR

David Garry & Associates  
Medindie House  
1 Northcote Terrace  
Medindie South Australia 5081

