



annual report to industry 2008 - 2009



Australian Pome Fruit
Improvement Program Ltd



Apple & Pear Australia Ltd.

The apple and pear industry is the third largest horticultural industry in Australia after grapes and citrus.

Apples and pears are grown in all six Australian states. The major apple and pear producing areas are Stanthorpe in Southern Queensland, Orange and Batlow in New South Wales, the Goulburn Valley and Southern Victoria, Huon Valley in Tasmania, Adelaide Hills in South Australia and Donnybrook and Manjimup regions in Western Australia. In addition, there are many small pockets of apple and pear production in each state.

Victoria is Australia's largest producer of apples and pears, generally producing more than 30 per cent of the nation's apples and close to 90 per cent of the nation's pears – mostly from the Goulburn Valley area around Shepparton. In 2008, New South Wales and Queensland were the next largest apple producing states.

Traditionally, the main apple varieties have been Red Delicious and Granny Smith (55 per cent of production in 1998/99). But newer varieties such as Gala, Fuji, Cripps Pink (sold using the trademark brand Pink Lady™) and Cripps Red (sold using the trademark brand Sundowner™) now account for more than 50 per cent of production.

In 2008, Pink Lady™ took over from Granny Smith as the most produced apple with 23 per cent of the total crop and 22 per cent respectively.

In relation to other apple and pear producing countries, Australia represents around 0.8 per cent of world production of apples and 1.4 per cent of world pear production.

Since 2002, there has been a 29 per cent reduction in the area planted to apples and a 19 per cent reduction in the area planted to pears.

(Source for figures: ABS survey, 2008)

State	Apples Total production	Apples Total area	Pears Total production	Pears Total area
	tonnes	hectares	tonnes	hectares
Victoria	104,002	4,279	113,308	3,642
New South Wales	44,912	2,455	560	80
Western Australia	31,527	1,423	7,146	347
Queensland	35,486	1,571	649	48
Tasmania	30,222	1,224	959	52
South Australia	19,256	1,306	4,935	223
Australia	265,480	12,264	127,561	4,394

Variety	Production tonnes
Pink Lady™	60,487
Granny Smith	58,566
Gala	39,478
Red Delicious	38,333
Fuji	19,908
Sundowner™	19,897
Golden Delicious	12,341
Jonathan	3,371
Jonagold	3,336
Braeburn	2,591
All other varieties	7,168
Total – all varieties	265,480

Year	Apple production	Apple area	Pear production	Pear area
2001/02	320,526	17,328	144,885	5,403
2002/03	326,072	15,650	135,919	5,146
2003/04	254,925	15,624	138,548	5,473
2004/05	326,584	14,594	147,688	5,601
2005/06	276,427	13,640	139,036	4,913
2006/07	270,476	12,973	134,765	4,521
2007/08	265,480	12,264	127,561	4,394

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Australian Pome Fruit Improvement Program

The Australian Pome Fruit Improvement Program Ltd (APFIP® Ltd) was established in February 1997 by the Australian Apple and Pear Growers Association Inc (AAPGA) for the benefit of the Australian pome fruit (apple and pear) industry. In late 2002 AAPGA became Apple & Pear Australia Limited (APAL).

APFIP Ltd is a not-for-profit company whose activities are funded by a levy on apples and pears produced. The levy is administered by Horticulture Australia Ltd which matches the grower levy contribution to support the ongoing APFIP Ltd operations.

Over the past 10 or more years, APAL has developed considerable expertise and knowledge in the area of product management specifically through its global Pink Lady® business. Also during this time, APFIP has developed complementary skills in variety evaluation, certification, quarantine and intellectual property protection through plant breeder's rights and plant patents.

In 2007, the Boards of APFIP and APAL commenced discussions on how to best integrate APFIP Ltd operations into the industry to get the best value from its resources and knowledge.

This resulted in an agency agreement between APFIP Ltd and APAL which was implemented on 31 July, 2008. This agreement details the management of APFIP in the period up to the end of the current APFIP R&D project with HAL that will end in May 2010. All of APFIP's operations and services are being delivered as per usual.

The most significant change during this process was that Garry Langford moved from General Manger of APFIP to Manager of Major Projects with APAL's new IP division Coregeo Australia whilst retaining responsibility for the overall management of APFIP.

This process resulted in changes to the members and numbers on the APFIP Board along with the creation of a Technical Advisory Committee. There are now three directors on the APFIP Board: Phil Turnbull (Chair), Darral Ashton and Jos Driessen. The Technical Committee is made up of Michael Stafford (Chair), Ian Bolitho, Andrew Hall, Robert Green and Kym Green. The Board is responsible for the governance of APFIP including finance, policy and regulatory reporting. The Technical Committee is responsible for providing recommendations to the Board regarding operational issues.

APFIP Board



Darral Ashton



Phil Turnbull
Chairman



Jos Driessen

APFIP Staff



Garry Langford
General Manager



Greg Cramond
Evaluation Coordinator

APFIP Technical Committee



Rob Green



Andrew Hall



Michael Stafford
Chair



Kym Green



Ian Bolitho



It gives me great pleasure to report on my first year as Chairman of APFIP Ltd, which operated under new management arrangements. The governance changes proposed last year were implemented and APFIP operated successfully during the past year under an agency agreement with Apple and Pear Australia Ltd.

The current agency agreement will end in May 2010 after which a new agreement will be implemented in line with the APFIP project proposal to HAL for the period 2010 to 2014.

During this period, APFIP will be proposing a further reduction in the levy as income from the use of its certification trademark increases.

The Company has met all its HAL reporting requirements during the year and the financial result is in line with expectations.

The APFIP business plan was reviewed in 2008 and will again be updated in 2010.

The APFIP Technical Committee, which is made up of five industry members, met on three occasions during the year. The technical committee provides input and recommendations to the Board on technical issues related to company operations.

Greg Cramond resigned in January 2009 after seven years very valuable service to the company. We wish him well in his future endeavours. The Evaluation Coordinator position was advertised nationally during April with interviews conducted in May. Mark Hankin was appointed and will start duties on 20 July. I wish Mark all the best and look forward to seeing him make a significant contribution to APFIP achieving its objectives.

This past year saw the largest planting of new apple and pear varieties into evaluation sites since APFIP began.

APFIP has also continued to build on its international contacts and is acting as the agent for the importation of new apple and pear varieties into Australia.

Negotiations have been completed with the Ministry and Agriculture and Fisheries in Japan for APFIP to be the exclusive licensee in Australia for two new wooly apple aphid resistant dwarfing rootstocks for apples. Once they have been tested they will be offered to our certification licensees for commercial production.

Production of APFIP certified M26 and M9 rootstocks continued to expand.

The pear rootstock trial in the Goulburn Valley has become a focus point for the pear industry. While it should be remembered that rootstock trials take at least 10 years to produce reliable results, there are indications that after five years, rootstocks other than D6 that are adaptable to our conditions.

Growers are more and more realising the value of planting high quality nursery trees. The Future Orchards 2012 project has played an important part in this process and we look forward to demand for certified nursery trees increasing.

Certification of nursery trees is in the first instance a technical issue but once available, it becomes a commercial issue subject to supply and demand pressures.

Growers need to build relationships with their nursery tree suppliers to ensure that they get the best outcome possible.

Finally, I want to thank Greg and Garry for the great work they have done during the year. I also wish to thank my fellow directors Darral Ashton and Jos Driessen for their support and friendly advice throughout the year. As well I want to thank the Technical Committee members for their commitment to APFIP.

Phil Turnbull
Chairman





I am pleased to report that APFIP Ltd had a very successful year of change and development and the company is well placed for a strong and healthy future.

The new management arrangements for APFIP Ltd worked well during the year. The transition of staff to APAL was seamless with virtually no impact on company operations.

The APFIP Board consisting of Phil Turnbull (chairman) Darral Ashton and Jos Driessen provided overall guidance and governance support to APFIP.

The technical committee consisting of Michael Stafford, Ian Bolitho, Robert Green, Andrew Hall and Kym Green was appointed and it operated as planned.

Greg Cramond resigned from the evaluation coordinator role at the end of January 2009. I would like to thank Greg for his very valuable input and commitment over his seven years with the company. The evaluation coordinator position was advertised in April and following interviews in May, Mark Hankin was appointed to the position and he will start on 20 July 2009.

Certification

Customer demand is now the most important component of the APFIP certification system. Production of certified rootstocks is continuing to increase and will increase exponentially over the next couple of years. Ensuring that the varieties to be put on the rootstocks are also certified is essential to the success of certification. Previously, APFIP had to rely on the owners/managers of varieties to take this step. While APFIP is able to provide advice and support with regard to this, it is a commercial decision on behalf of the variety owner/manager.

This is where growers have a key role to play. Anecdotal feedback from the nurseries that are licensed to use the APFIP certification trademark indicates that up to 40 per cent of nursery tree enquires from growers are for certified trees. This is very encouraging and I am sure will go a long way to convincing the nurseries that there is value in developing certified nursery trees.

APFIP is entering varieties for heat treatment on an annual basis. All those that are being heat treated currently are on behalf of variety owners/managers. A number of nursery businesses are managing this directly with Crop Health Services at Knoxfield in Victoria.

A certification database is ready to roll out and will be tested with two of the APFIP licensees in the later part of 2009 so it can be operational before the next tree lifting season in 2010. It is envisaged that the database will be used by the licensees as a stock control system and assist their businesses and not just be an extra layer of administration.

Evaluation

Since the inception of APFIP, 2008-09 was the biggest year yet in terms of the numbers of trees planted into sites for evaluation.

There has been a significant shift in the understanding of rootstocks since APFIP began. MM106 rootstock was then considered the standard and we also tried to have varieties on two other rootstocks at the evaluation sites. This certainly complicated the data collection process.

Following a review of all the evaluation procedures in early 2008 it was decided that we would accept varieties for evaluation on the most dwarfing rootstock possible. M26 rootstock has become the new standard and is what is mostly used, but we expect that the use of M9 will increase steadily. Varieties that are being tested on more than one rootstock had the trees on the least dwarfing trees removed in July/August 2008.

Evaluation Site Statistics

- eight active sites (represented in all major growing regions).
- 63 people in regional evaluation groups.
- 86 varieties under test (57 apples and 29 pears).
- 1,250 trees in total on 10 different rootstocks (6 x apple and 4 x pear) 425 new trees planted in 2008 and 300 removed.
- 20 active suppliers of varieties.
- eight regional weather stations (reports include autumn/winter chilling hour's summary)

Communication Statistics

- Three variety displays were conducted (WA, NSW and QLD)
- Annual evaluation report in October issue of Australian Fruitgrower magazine
- Variety reports featured in eight evaluation newsletters (distributed to all those involved in APFIP evaluation, total of 104 people)
- Website averages 80 visits per month, downloadable files were requested 325 times.
- Supplier logins (variety owners) average eight per month
- Weather data from each site is published in each of issue of Australian Fruitgrower magazine along with directions to the website to view variety reports.

The pear rootstock trial in the Goulburn Valley (HAL project AP04001) is beginning to show results which have been published annually. The winter pear school in June 2009 was a very good forum specifically for pear growers and we would like to see this conducted at least every second year.

Quarantine

The Beale review of biosecurity was completed during the year. In my role as joint chair of the Post Entry Plant Industries Consultative Committee (PEPICC) I was invited to meet with Mr. Beale and his panel to discuss issues facing plant quarantine. The issues raised are reflected in the recommendations from the report related to plant quarantine detailed below. The challenge now is to have them acted upon. The Commonwealth has yet to announce its intentions with regard to the future of the Eastern Creek and Knoxfield quarantine stations. This is a significant issue that PEPICC is pursuing.

Recommendations (One Biosecurity, A Working Partnership. [Beale, Fairbrother, Inglis & Trebeck 30 September 2008] page 171)

61 The Commonwealth should own and operate specialised quarantine facilities where monopoly rents might be charged if such facilities were operated privately.

62 The Commonwealth should immediately clarify its intentions with respect to the future ownership, management and operation of the quarantine facilities currently located at Eastern Creek and Knoxfield.

63 All quarantine stations that manage equivalent risks should have their performance accredited and audited to equivalent standards, irrespective of whether the quarantine station is privately or publicly owned and operated.

64 The effectiveness of the anti-smuggling subsidy for plant material should be reviewed, with other avenues explored for improving compliance with biosecurity requirements, including a review of smuggling penalties.

APFIP has continued to act as an importing agent for overseas variety owners and currently has a number of varieties passing through the quarantine system. The quarantine testing protocol is consistently meeting the 15 to 18 month time frame for material to be released.

Financial

All milestones for the three HAL projects that APFIP operates (AP04001, AP05017 and AP08002) have been completed and all the relevant milestone payments have been paid. A new HAL project (AP08002) designed specifically to provide APFIP services to pears began in September 2008. The pear rootstock trial project (AP04001) will end in September 2009 and it is proposed that a new proposal will be put forward for a further five years.

It takes at least 10 years before reliable results are generated from a rootstock trial.

The current APFIP project AP05017 will end in May 2010. The APFIP business plan was updated in 2008 and will again be reviewed in 2010 for the period 2010 to 2012.

A further reduction in the APFIP levy from 1 January 2011 is anticipated. Projections are that this reduction will be up to 50 per cent of the current levy, 0.055cents per kilogram of fruit.

It has taken quite some time but income from use of the certification trademark will begin from 2010 onwards and this will be used to offset levy income support.

The new APFIP project proposal to HAL in 2010 will reflect the projections from the business plan.

Summary

When APFIP began, it was a one person company and as the operation grew, the evaluation coordinator position was filled in 2002. A significant amount of development and implementation work has now been completed. The rollout of the certification database is the last key implementation activity.

The company will move into a maintenance and ongoing improvement mode over the next couple of years. This will result in a reduction in resources required and I expect that by the end of the next HAL project, proposed to run from 2010 to 2014, that my management involvement will have been reduced to zero.

The evaluation coordinator position will evolve into an overall management position and progressively take over operational management of the company.

One of the key objectives of APFIP from inception has been not to duplicate industry services where they already exist. The services that APFIP has developed are focused on providing commercial outcomes for the industry. This is where the benefits that APFIP is striving to deliver will be measured and valued

Thanks

Thanks to Michael Stafford, Ian Bolitho, Robert Green, Andrew Hall and Kym Green for their input and guidance as directors firstly and then as members of the technical committee before, during and after the signing of the agency agreement.

Thanks to Phil Turnbull as the Chair of APFIP and his fellow directors, Darral Ashton and Jos Driessen for their support during the year.

As always a special thanks to my wife Meredith and son Rohan for their continued support.

Garry Langford
General Manager



DIRECTORS REPORT

The Directors of the Australian Pome Fruit Improvement Program Ltd, a company limited by guarantee and not having a share capital, submits the following report on the accounts for the company for the year ended on 30 June 2008

1. DIRECTORS

The names of the Directors in office at the date of this report are:

Michael Stafford (resigned 31 July 2008)	Philip Turnbull (appointed 31 July 2008)
Ian Bolitho (resigned 31 July 2008)	Jos Driessen (appointed 31 July 2008)
Robert Glen Green (resigned 31 July 2008)	Darral Ashton (appointed 31 July 2008)
Andrew Alexander Hall (resigned 31 July 2008)	
Kym Andrew Green (resigned 31 July 2008)	

2. INFORMATION ON DIRECTORS

Philip Turnbull (Chair)

Mr. Turnbull has had many years experience in corporate marketing, having worked as a brand and marketing manager for seven years for Pacific Dunlop Food Group Ltd and Nestle Dairy Products managing a number of Australian brands. His family background is in horticulture and he manages Turnbull Orchards Fresh Fruit Exports.

Joseph Driessen

Mr. Driessen is from Tasmania and has worked in the apple industry for 40 years.

Darral Ashton

Mr. Ashton is an apple grower from Batlow in NSW and has worked within the apple industry for 36 years. Mr. Ashton is Chairman of the Batlow Co-operative, Deputy Chairman of Horticulture Australia Committee and a Director of Plant Health Australia.

Michael Stafford

Michael is a third generation orchardist and has over twenty years experience as a managing partner in a family owned apple, pear and cherry orchard at Lenswood South Australia. He has been secretary of the South Australian Pome Fruit Improvement Committee for 6 years.

Ian Bolitho

Ian is a third generation fruit grower from Goulburn Valley Victoria. His industry involvement is extensive and he is currently Chairman of the Northern Victorian Fruit Growers Council, a past member of the APAL R&D committee, and a member of the National Pear Breeding Steering Committee.

Robert Green

Robert is a fourth generation grower in the Adelaide Hills where he grows apples in partnership with his father. In 1995 he became an Executive Member of the Apple & Pear Growers Association of SA and was the representative to the national R&D committee just prior to its restructure in 2003. From 1997 until 2000 he represented horticulture on the Central Hills Soil Conservation Board.

Andrew Hall

Andrew Hall completed an honours degree in Agricultural Science in 1990, specializing in cereal management. Andrew then worked in areas as diverse as seed production and electronic livestock identification before settling into horticulture with as an Agronomist with Roberts Ltd.

Kym Andrew Green

Kym is a fifth generation apple and cherry grower and packer from Lenswood in South Australia. He has served on the South Australian Pome Fruit Improvement Committee for 26 years as well as other industry committees. Cherry production and industry improvement are also favorite passions with Kym holding the office of State Chairman of Cherry Growers SA for 3 years as well as the National Chairman for 2 years.

3. PRINCIPAL ACTIVITIES

The Australian Pome Fruit Improvement Program was established in September 1996 by the Australian Apple and Pear Growers Association Inc. (became Apple & Pear Australia Limited in August 2002) to work co-operatively with all sectors associated with the pome fruit industry to maximise the commercial potential and international competitiveness of the Australian pome fruit industry. The program is funded by an industry levy that is administered and matched by Horticulture Australia Limited (HAL). The operations of the program were transferred into a company that was incorporated on 7th February 1997.

4. TRADING RESULT

The company's operating deficit for the year to 30 June 2009 was \$7,271 (2008 deficit of \$18,773).

5. DIVIDENDS PAID OR RECOMMENDED

As the company is limited by guarantee and has no issued capital, no dividends were paid or recommended to be paid during the year.

6. REVIEW OF OPERATIONS

The company is a not for profit entity. It has received part of its funding entitlements for the year and further grants to which they are entitled are being held on their behalf by Horticulture Australia Limited (HAL) pending the achievement of agreed milestones and funding required. (Refer Note 1(e) for further explanation).

7. STATE OF AFFAIRS

The company is operating within its program guidelines and is currently in a sound financial position.

8. EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances have arisen since the end of the financial year, which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

9. LIKELY DEVELOPMENTS

In the opinion of the Directors, it would prejudice the interests of the company to provide additional information relating to likely developments in the operations of the company and expected results of those operations in subsequent financial years.

10. ENVIRONMENTAL REGULATION

The directors do not believe that the operations of the company are subject to any particular and significant environmental regulation.

11. DIRECTORS BENEFITS

Since the end of the previous financial year, no Director of the company has received or become entitled to receive any benefit, (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the Company accounts), by reason of a contract made by the company with the Director or with a firm of which a Director is a member, or with a company in which the Director has a substantial financial interest.

12. DIRECTORS' MEETINGS

The number of directors' meetings held during the financial year, and the number of meetings attended by each director, are:

Director	Number eligible to attend	Number attended
Michael Stafford	0	0
Ian Bolitho	0	0
Robert Green	0	0
Andrew Hall	0	0
Kym Green	0	0
Phil Turnbull	2	2
Jos Driessen	2	2
Darral Ashton	2	2



13. INSURANCE OF OFFICERS

During the financial year, Australian Pome Fruit Improvement Program Limited paid a premium to insure the directors and officers of the company. The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the company.

14. AUDITOR'S INDEPENDENCE DECLARATION

As required under section 307C of the Corporations Act 2001 to the Directors of Australian Pome Fruit Improvement Program Ltd:

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2009 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.

Signed at Melbourne this 3rd day of September 2009

Margaret D Crossley
Principal

Dated this 28th day of August 2009.

Signed in accordance with the resolutions of the Directors:

Director: Philip Turnbull

Director: Jos Driessen

AUDITORS' REPORT TO THE MEMBERS OF AUSTRALIAN POME FRUIT IMPROVEMENT PROGRAM LIMITED

We have audited the accompanying financial report, being a special purpose financial report, of the Australian Pome Fruit Improvement Program Ltd, which comprises the balance sheet as at 30 June 2009, the income statement and cash flow statement for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the requirements of the Corporations Act 2001 and are appropriate to meet the needs of the members. The directors' responsibility also 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. 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 judgement, 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.

The financial report has been prepared for distribution to members for the purpose of fulfilling the directors' financial reporting under the Corporations Act 2001. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

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 Australian Pome Fruit Improvement Program Ltd on page 7, would be in the same terms if provided to the directors as at the date of this auditor's report.

Audit Opinion

In our opinion, the financial report of Australian Pome Fruit Improvement Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2009 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
 - (ii) complying with Accounting Standards in Australia to the extent described in Note 1 and the Corporations Regulations 2001; and

Signed at Melbourne this 3rd day of September 2009

Margaret D Crossley
Principal



INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009 \$	2008 \$
INCOME			
Continuing operations			
Interest received		4,369	7,980
HAL grants – operating, salaries and travel		292,100	303,500
Consulting		30,751	17,551
Subscriptions		-	7
Cripps Pink Japan – Royalties		2,457	1,464
Post Entry Quarantine (PEQ)		6,542	-
Nursery tree royalties		5,388	11,354
Other		8,083	6,767
TOTAL INCOME		349,690	348,623
EXPENDITURE			
Continuing operations			
Salaries		43,138	127,016
Superannuation and WorkCover		5,437	16,882
Annual leave/long service leave entitlement		-	4,812
Travel – Board		3,279	12,887
Travel – staff general		41,035	49,058
Sitting fees and allowances		4,771	9,008
Administration expenses		25,268	23,169
Accounting and auditing	8	3,032	2,636
Communication and promotion		495	2,444
Depreciation		4,470	4,608
Project operations – evaluation		65,581	45,023
Project operations – certification		26,793	20,857
Project operations – other		19,031	20,395
Post Entry Quarantine (PEQ)		11,839	263
Consulting		12,987	8,956
Pear rootstock trial		14,927	12,055
Cripps Pink Japan – CP Development		2,030	5,875
NAKB Japan - trademarks		1,500	1,452
APAL Agency Agreement		71,348	-
TOTAL EXPENDITURE		356,961	367,396
(Loss)/Surplus for the year		(7,271)	(18,773)

The accompanying notes form part of these accounts.

BALANCE SHEET AT 30 JUNE 2009

	Notes	2009 \$	2008 \$
CURRENT ASSETS			
Cash and cash equivalent assets	2	75,149	97,324
Trade and other receivables	3	35,598	8,759
TOTAL CURRENT ASSETS		110,747	106,083
NON CURRENT ASSETS			
Property, plant and equipment	4	10,786	15,256
TOTAL NON CURRENT ASSETS		10,786	15,256
TOTAL ASSETS		121,533	121,339
CURRENT LIABILITIES			
Payables	5	25,596	-
Interest bearing liabilities	6	14,574	-
Provision for annual leave		-	13,135
TOTAL CURRENT LIABILITIES		40,170	13,135
NON-CURRENT LIABILITIES			
Provision for long service leave		-	19,570
TOTAL NON CURRENT LIABILITIES		-	19,570
TOTAL LIABILITIES		40,170	32,705
NET ASSETS		81,363	88,634
EQUITY			
Accumulated surplus		81,363	88,634
TOTAL EQUITY		81,363	88,634

The accompanying notes form part of these accounts.



STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE 2009

	Accumulated surplus \$	Total \$
Balance at 1 July 2008	88,634	88,634
Net surplus/(deficit) for the year	(7,271)	(7,271)
Balance at 30 June 2009	<u>81,363</u>	<u>81,363</u>
Balance at 1 July 2007	107,407	107,407
Net surplus/(deficit) for the year	(18,773)	(18,773)
Balance at 30 June 2008	<u>88,634</u>	<u>88,634</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009 \$	2008 \$
Receipts from customers		318,482	337,467
Payments to suppliers and employees		(359,600)	(357,976)
Interest received		4,369	7,980
NET CASH INFLOW FROM OPERATING ACTIVITIES	7	<u>(36,749)</u>	<u>(12,529)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		-	-
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		<u>-</u>	<u>-</u>
Net increase/(decrease) in cash held		(36,749)	(12,529)
Cash at the beginning of the financial year		97,324	109,853
CASH AT THE END OF THE PERIOD		<u>60,575</u>	<u>97,324</u>

The accompanying notes form part of these accounts.

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users who are dependent on its general purpose financial reports. This financial report is therefore a special purpose financial report that has been prepared in order to meet the requirements of the Corporations Act 2001.

The financial report has been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the Corporations Act 2001 and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies that have been adopted in the preparation of this report are as follows:

Accounting Policies

a) Revenue

Grant revenue is recognised in the income statement when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

Interest are recognised as revenue when received.

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

b) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term high liquid investments. Bank overdrafts are shown within short-term borrowings in the current liabilities on the balance sheet.

For the purpose of the statement of cash flows, cash includes cash on hand and deposits held at call with banks, net of any bank overdraft.

c) 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 the 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. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation of plant and equipment

The depreciable amount of all plant and equipment is depreciated on the straight-line and diminishing value methods over the asset's useful life to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are: 10% - 25%

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

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



NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

d) Impairment of assets

At each reporting date, the company reviews the carrying values of its tangible and intangible 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.

Where the future economic benefits of the asset are not primarily dependent upon on the assets ability to generate net cash inflows and when the company would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

e) Unpaid grant monies

As at 30 June 2009 there is still an amount of \$136,259 (2008 \$94,924) due to the company from Horticulture Australia Ltd (HAL). The company has agreed with HAL that these amounts will be retained by HAL until the company meets the agreed milestones and needs these funds. This amount has not been recognised in the accounts at 30 June 2009.

f) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance sheet date. Employee benefits expected to be settled within one year together with benefits arising from wages, salaries and annual leave which may be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on costs. Other employee benefits payable later than one year have been measured at the net present value.

Contributions are made by the company to an employee superannuation fund and are charged as expenses when incurred.

g) 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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

h) Income tax

No provision for income tax has been raised, as the company is exempt from income tax under Div 50 of the Income Tax Assessment Act 1997.

i) Critical accounting estimates and judgement

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

(a) Impairment

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may be indicative of impairment triggers.

No impairment has been recognised in respect of assets.

(b) Judgements –Doubtful debts provision

Included in accounts receivable at 30 June 2009 are amounts receivable from trade debtors. The directors believe that all the full amount of the trade debtors will be recoverable and a doubtful debt provision has not been made at 30 June 2009.

j) Comparative figures

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

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
NOTE 2: CASH AND CASH EQUIVALENT ASSETS	\$	\$
NAB Cheque Account	-	11,439
Investment	75,149	85,885
	<u>75,149</u>	<u>97,324</u>
NOTE 3: TRADE & OTHER RECEIVABLES		
Trade receivables	31,285	8,759
Net GST	4,313	-
	<u>35,598</u>	<u>8,759</u>
NOTE 4: PROPERTY, PLANT AND EQUIPMENT		
Office Equipment at cost	41,885	41,885
Less accumulated depreciation	(32,261)	(29,680)
	<u>9,624</u>	<u>12,205</u>
Plant and Equipment (Rootstock Development Project)	39,994	39,994
Less accumulated depreciation	(38,832)	(36,943)
	<u>1,162</u>	<u>3,051</u>
Total fixed assets	<u>10,786</u>	<u>15,256</u>
NOTE 5: PAYABLES		
Trade Payables	25,596	-
	<u>25,596</u>	<u>-</u>
NOTE 6: INTEREST BEARING LIABILITIES		
Bank overdraft	14,574	-
	<u>14,574</u>	<u>-</u>
NOTE 7: CASH FLOW INFORMATION		
RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO OPERATING PROFIT		
Operating surplus/(loss)	(7,271)	(18,773)
Depreciation	4,470	4,608
Changes in assets and liabilities:		
(Increase)/decrease in receivables	(26,839)	(3,176)
(Decrease)/increase in payables	25,596	-
(Decrease)/increase in provisions	(32,705)	4,812
NET CASH INFLOWS (OUTFLOWS) FROM OPERATING ACTIVITIES	<u>(36,749)</u>	<u>(12,529)</u>
NOTE 8: AUDITORS REMUNERATION		
Auditing of the accounts	2,530	2,200
Other services	502	436
	<u>3,032</u>	<u>2,636</u>



NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 9: MEMBERS' GUARANTEE

The company is limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the company.

NOTE 10: ECONOMIC DEPENDENCY

The continuing research activities of the company are dependent on the supply of grants from HAL Ltd.

NOTE 11: COMPANY DETAILS

Australian Pome Fruit Improvement Program Ltd is a company limited by guarantee, incorporated in Australia with its principal place of business and registered office at 35 Turn Creek, Grove Tasmania.

The principal activities of Australian Pome Fruit Improvement Program Ltd are described in the Director's Report.

At balance date the Company had 1 full-time employee.

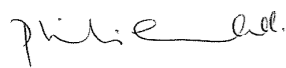
DIRECTORS' DECLARATION FOR THE YEAR ENDED 30 JUNE 2009

The Directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out are in accordance with the Corporations Act 2001 and:
 - a) comply with Accounting Standards as described in Note 1 to the financial statements and the Corporations Regulations 2001; and
 - b) give a true and fair view of the company's financial position as at 30 June 2009 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 of the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Director: Philip Turnbull



Director: Jos Driessen





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