ASX CODE

AXI

ISSUED CAPITAL

Ordinary Shares
433.8 M

CONTACT

South Australia

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22 August 2018

ASX ANNOUNCEMENT

AXIOM ANNOUNCES RECORD PROFIT

APPENDIX 4E AND ANNUAL REPORT – 30 JUNE 2018

Adelaide, Australia, Wednesday 22 August 2018: Axiom Properties Limited (ASX:AXI) lodges the attached Appendix 4E Preliminary Final Report along with Audited Annual Report for the financial year ended 30 June 2018.

Highlights for the full year include:

- Record profit of $8.455 million;
- Settlement of sale of Churchill Centre South;
- Announcement of sale and subsequent settlement of Churchill Centre North;
- Entered into conditional agreement to purchase land in Richmond, NSW for hotel accommodation development;
- Commencement of sale of allotments and construction of first stage of Glenlea Estate, Mt Barker, SA; and
- 2.0 cent per share Return of Capital to Shareholders.

About Axiom Properties Ltd

Axiom Properties Ltd is a property development and investment business focused on developing and delivering quality property solutions. Axiom's principal objective is to create long term value for shareholders through creating a well-respected property development and investment company that consistently delivers above industry returns on capital. Axiom's current portfolio of development opportunities include a major mixed-use residential, retail and carparking complex in Sydney's Double Bay, a mixed-use hotel and office development in Adelaide's CBD and a 600-lot residential subdivision in Mt Barker in the Adelaide Hills. The end value of the current pipeline exceeds $800m.

For more information, please contact:
Paul Santinon
Company Secretary
+61 8 8120 2400

Appendix 4E
PRELIMINARY FINAL REPORT

Name of entity:

AXIOM PROPERTIES LIMITED

ABN or equivalent company reference:	Reporting period:	Previous corresponding period:
40 0090 63834	Year ended 30 June 2018	Year ended 30 June 2017

Results for announcement to the market

				$A'000
Revenues from ordinary activities	~~up~~/down	26%	to	3,823
Profit from ordinary activities after tax attributable to members	up/~~down~~	56%	to	8,455
Net Profit for the period attributable to members	up/~~down~~	56%	to	8,455

Dividends
It is not proposed to pay dividends.

This report includes and is to be read in conjunction with the Annual Report and any public announcements made by the Company during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

AXIOM PROPERTIES LIMITED

ABN 40 009 063 834

ANNUAL REPORT

30 JUNE 2018

Contents

CHAIRMAN'S STATEMENT

Dear Shareholder

This year's profit of $8.455 million is the largest profit in the Company's history and is the sixth consecutive year that your company has recorded a profit.

With net proceeds of $22.256 million from the sale of the Churchill South Large Format Centre and net proceeds of $10.365 million from the sell down of our interest in the Churchill North Shopping Centre the Board agreed to reward shareholders with a Return of Capital equalling 2 cents per share. This pay-out to shareholders cost the company $8.5 million.

With cash holdings and term deposits of $12 million at 30 June 2018 and retaining a $7 million investment in the investment trust that now owns 50% of the Churchill North Centre, the company is in a very strong position.

Once again, this year the Board pays tribute to our team of Managing Director, Ben Laurance, General Manager, Paul Rouvray, Chief Financial Officer, Paul Santinon and Development and Investment Manager, Anthony Lombardo. I also wish to thank our many consultants and contractors without whose help these marvellous results would not have been possible.

Finally, I thank my fellow Board Members, John Howe, Liu Jing Chun and Alternate Director, Ms. Doris Chung Gim Lian.

Ian Laurance

Ian Laurance AM
CHAIRMAN

MANAGING DIRECTOR'S REVIEW

Dear Shareholder,

The financial year just completed has delivered the Company a reported net profit of $8.455 million. This result was the largest profit in the Group's history and is testament to the hard work of the management team and the Board in executing the various initiatives put in place over recent years and a resolute commitment to the strategy of delivering quality property solutions. Additionally, this significant result demonstrates the Group's ability to leverage its expertise and effectively manage its risk profile associated with its development activities. The continued out-performance of the Company's investment retail centres, Churchill Centre South and Churchill Centre North, attributed substantially to this year's result.

CHURCHILL SOUTH, SA

During the financial year, in September 2017, the successful settlement of the Churchill Centre South retail project for $22.35 million delivered a net $10.7 million of cash back to the Company after transaction costs and senior debt. This significantly bolstered the Group's balance sheet, and demonstrated its ability to generate superior returns from its development portfolio. The sale marked the end of the Company's association with the Churchill South leasehold land and the entire integrated development proved to be an incredibly successful project for the Group.

CHURCHILL NORTH, SA

The Company also announced during the year the sale of its flagship retail asset, the Churchill Centre North shopping centre. Given the more passive nature of the asset in its cycle, the Board formed the view that the majority of the development upside had been captured and it was a prudent time to divest and recycle some of the equity into the Group's other projects as well as investigate other opportunities. The subsequent sale of the Company's 50% interest for $42.5 million delivered a substantial return on its investment and returned approximately $10 million of net equity back to the balance sheet. As part of the transaction, and as outlined in the announcements to the market in April 2018, the Company used part of the sale proceeds to subscribe for $7m units in the purchasing Trust and remain as a cornerstone investor in the asset. Additionally, Axiom entered into a Development Management Agreement which retains the development rights to the last stage of the Centre's development for a period of 5 years, giving Axiom the potential to earn additional management and performance fees from the development of the final stage of the Centre. Another positive of this asset sale is it has had the added effect of cleaning up the Group's balance sheet by removing some long-term lease liabilities associated with the leasehold nature of the underlying land, providing more transparency for investors in understanding the Company's accounts and portfolio of projects.

DOUBLE BAY, NSW

The Company's other development projects are progressing well. In Sydney's Double Bay, the Company and its partner, national construction and development group Built., are advancing their commercial and planning discussions with Woollahra Council under the Private Public Partnership. The mixed-use residential, retail, cinema and carparking development is an exciting project for the Company and provides the Group with exposure to the buoyant Sydney eastern suburbs residential market.

MT BARKER, SA

During the year, the Company completed the establishment of the display suite for its "Glenlea Estate" residential subdivision in Mt Barker, South Australia and commenced an early sales program of land lots following a strong advertising and marketing program.

MANAGING DIRECTOR’S REVIEW (continued)

The Company and its JV partner subsequently commenced construction of the first stage incorporating 38 lots in December 2017 with completion expected in August 2018.The Group remains confident of the demand for its lots in this subdivision.

CURRIE ST, ADELAIDE CBD

The Company, in conjunction with its Joint Venture partner, has been developing an exciting scheme for it’s development site in the heart of the Adelaide CBD at 62 Currie Street. Following an extensive design competition the Group elected to work with national architecture firm Hames Sharley on the mixed-use project, which is likely to incorporate commercial office, retail and hotel uses. Given the strong interest received from both national and international hotel operators for a new “lifestyle/millennial” hotel for Adelaide, the Group conducted an international operator search for qualified and appropriate hotel operators to anchor this component of the development and will formally engage the selected operator subsequent to year end.

NEW PROJECTS

RICHMOND, NSW

During the year, the Company announced it had entered into a conditional agreement to purchase a 2,200 sq.m site adjoining the Richmond Club in Western Sydney for a hotel accommodation development. The Company subsequently announced it had secured a hotel operator for this new project and is continuing to work with the Richmond Club and the hotel operator to deliver on this opportunity. A Development Application for the hotel is expected to be lodged subsequent to year end. This project gives the Group exposure to the fast-growing Western Sydney corridor which is benefiting from a multi-billion-dollar government capital expenditure program on infrastructure.

OUTLOOK

The Group remains confident and comfortable with its strategy of continuing to deliver on its existing portfolio of property projects, as well as source and evaluate new opportunities, and is confident in its ability to effectively manage the risks associated with its development activities. The divestment of both its Churchill South and North retail assets during the year has released substantial cash back to the Company which is expected to be recycled into new projects to deliver superior returns than otherwise might be gained from more passive investments.

These sales also allowed the Company to reward its shareholders with a 2.0 cents per share capital return during the year, which is consistent with the Board’s strategy of sharing the successes of the Group’s development projects with its shareholders as and when circumstances allow.

The Group’s strategy to grow the NTA of the business, and strengthen the balance sheet through strategic developments and divestments is expected to continue to drive strong underlying results.

Lastly, may I add my ongoing thanks and appreciation to our shareholders for their continued support, as well as adding my sincere thanks to the Axiom team, my fellow Directors, and our network of consultants and advisors for their assistance and dedication throughout the year.

Ben Laurance
MANAGING DIRECTOR

CORPORATE INFORMATION

ABN 40 009 063 834

Directors

Ian James Laurance AM	Non-Executive Chairman
Ben Peter Laurance	Managing Director
John Sylvester Howe	Non-Executive Director
Liu Ying Chun	Non-executive Director
Doris Chung Gim Lian	Non-executive Director (alternate director)

Company Secretary and Chief Financial Officer
Paul Santinon

Registered Office
Level 1, Leigh Chambers
20 Leigh Street
ADELAIDE SA 5000
(08) 8120 2400

Principal Place of Business

Level 1, Leigh Chambers	Suite 2001, Level 20, Australia Square
20 Leigh Street	264 – 278 George Street
ADELAIDE SA 5000	SYDNEY NSW 2000

Share Registry
Computershare Investor Services Pty Limited
Level 5
115 Grenfell Street
ADELAIDE SA 5000
Phone: 1300 55 70 10
www.computershare.com.au

Solicitors
Cowell Clarke
Level 5
63 Pirie Street
ADELAIDE SA 5000

Auditors
BDO Audit (SA) Pty Ltd
Level 7, 420 King William Street
ADELAIDE SA 5000

Securities Exchange Listing
Axiom Properties Limited's shares are listed on the Australian Securities Exchange (ASX: AXI).

Website
www.axiompl.com.au

DIRECTORS' REPORT

Your directors submit the annual financial report of the Consolidated Entity (or Group) consisting of Axiom Properties Limited and the entities it controlled during the financial year ended 30 June 2018. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names of directors who held office during or since the end of the year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Name	Particulars
 Ian James Laurance AM (Non-Executive Chairman)	Mr Laurance is an economics graduate from the University of Western Australia. He spent 14 years as a Member of the Western Australian Parliament and is a former State Minister for Housing, Tourism, Lands and Regional Development. He was appointed by the Western Australian Government as the inaugural Chairman of the Midland Redevelopment Authority and was previously Chairman of the Western Australian Sports Centre Trust for ten years. He also chaired the publicly listed mining company Arafura Resources for several years. Mr Laurance also spent seven years as Chairman of the Perth Convention Bureau. The Bureau is charged with the responsibility of attracting Business Events to Perth and Western Australia. In a voluntary capacity, Mr Laurance has served as Chairman and Director of a number of not-for-profit and charitable bodies. In 2006 Mr Laurance was made a Member of the Order of Australia (AM). Mr Laurance is a member of the Group's Audit Committee, Remuneration Committee and Nomination Committee. *Other Public Company Directorships* None *Former Public Company Directorships in last three years* None
 Ben Peter Laurance (Managing Director)	Mr Laurance is the Managing Director of Axiom Properties Ltd, and an Executive Director of Axiom's major shareholder, Pivot Group Pty Ltd. Mr Laurance's role as Managing Director of Axiom is to source, manage and deliver investment grade development projects across various asset classes around Australia. He is also responsible for the day to day management and operation of the Company. With his expertise in the corporate and financial markets, Mr Laurance has been instrumental in the guidance and management of Axiom's business strategy. Mr Laurance has a Bachelor of Economics from the University of Western Australia, and he is also a member of the Group's Audit Committee, Remuneration Committee and Nomination Committee. *Other Public Company Directorships* None *Former Public Company Directorships in last three years* None

DIRECTORS' REPORT (continued)

John Sylvester Howe
(Non-Executive Director)

Mr Howe has over 30 years of business experience in the development and construction industry. He established a national and international reputation across a range of sectors including property, integrated tourism resorts, theme parks, special events and tall buildings.

As the former Executive Chairman of Weathered Howe Pty Ltd, Mr Howe is a recognised industry leader with memberships in many Queensland associations and industry-based councils. Currently Mr Howe is the Chairman of iEDM, one of Australia's leaders in the delivery of Tourism, Leisure and Events Projects. Mr Howe holds the Degree of Bachelor of Engineering (Civil), is a member of the Institution of Engineers Australia and is currently the honorary Professor of Integrated Engineering at Griffith University and previously an Adjunct Professor at the Mirvac School of Sustainable Development at Bond University.

Mr Howe is a member of the Group's Audit Committee, Remuneration Committee and Nomination Committee.

Other Public Company Directorships
None

Former Public Company Directorships in last three years
None

Liu Ying Chun
(Non-executive Director)

Mr. Liu Ying Chun is the Chief Executive Officer and an Executive Director of Oriental University City Holdings (H.K.) Limited ("OUCHK"), a company listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited. He is primarily responsible for managing the overall operations of OUCHK. Mr. Liu is currently also a director of Langfang Education Consultancy.

Mr. Liu's previous appointments include Chairman of Langfang Huaxi Construction Consultancy Company Limited, Vice-Head in the Langfang Audit Office and Head of Construction Center Department.

Mr. Liu possesses a Diploma in Business Economics awarded by the Renmin University of China. Mr. Liu is also registered as an engineer in the People's Republic of China ("PRC"), a valuer with the China Appraisal Society and a qualified auditor accredited by the National Audit Office in the PRC.

DIRECTORS' REPORT (continued)

Doris Chung Gim Lian
(Non-executive Director)
(Alternate Director)

Ms Doris Chung Gim Lian is currently the Director of Operations and Human Resource for Raffles Education Corporation Limited ("REC", and together with its subsidiaries, "REC Group"), having been appointed since February 2000 to oversee the operational efficiency and human resource needs of the REC Group.

Ms Doris Chung is concurrently a Director for several of REC's subsidiaries including Raffles K12 Sdn. Bhd. that operates the Raffles American School in Educity, a fully integrated education hub at Iskandar, Malaysia. She is directly responsible for the management of the Raffles American School.

Over the past 17 years, Doris has directed all aspects of college operations. She has researched and developed new operational functions and procedures for the colleges to increase efficiency. Further, she has collaborated with financial teams to study operational expenses, revenues and cash flows. As HR Director, she has developed plans for managing / retaining talent inside the organization and for improving leadership strength.

Additionally, she has also integrated functional strategies, utilizing business expertise to reach financial and operational objectives. In her roles, she has to meet with board members to conduct presentations on strategies and enhancement projects.

On account of her vast experience in the operations of REC colleges since its inception in 1990, Doris has been actively involved in and is spearheading the Group's recent strategic expansion into Europe.

She is also the Executive Director of Chew Hua Seng Foundation which was incorporated in 2007 by her spouse, Mr. Chew Hua Seng, the founder of REC to help disadvantaged youth by granting them the resources they need to develop their talents and unlock their potential in life. The Foundation believes education is the cornerstone to building bright futures and stronger communities.

Company Secretary

Paul Santinon
Chief Financial Officer

Mr Paul Santinon is Company Secretary and Chief Financial Officer of Axiom Properties Ltd. Mr Santinon is responsible for the overall finance function, including taxation, treasury, management accounting, corporate accounting and planning and analysis for reporting to Board members and senior executives. He is also responsible for company secretarial services and compliance, risk and governance systems and practices across the Group.

Mr Santinon has more than 15 years' experience in finance management in Australia and overseas. Prior to joining the Group he worked for French multinational company Capgemini and lead diverse finance teams in Australia and China. Mr Santinon started his career working in insolvency, advisory and audit disciplines within a large chartered accounting firm.

In a volunteer capacity, Mr Santinon currently serves as Treasurer and Board Member for a not-for-profit childcare centre.

Mr Santinon is a Certified Practicing Accountant and a fellow member of CPA Australia (FCPA), a member of the Australian Institute of Company Directors, holds a Masters of Business Administration from the University of South Australia and a Bachelor of Commerce from the University of Adelaide.

DIRECTORS' REPORT (continued)

Interests in the shares and rights of the Company and related bodies corporate
The following relevant interest in shares and performance rights of the Company were held by the Directors as at the date of this report.

Directors	Fully Paid Ordinary Shares (at the date of this report)		Performance Rights (at the date of this report)	
	Directly	Indirectly	Directly	Indirectly
I J Laurance AM	-	5,250,000	-	-
B P Laurance	-	66,607,524	-	-
J S Howe	-	9,290,450	-	-
Y C Liu	-	-	-	-
D G L Chung	-	82,250,000	-	-

Details of ordinary shares issued by the Company during or since the end of the financial year as a result of the exercise of a performance right are:

Number of shares	*Amount paid per share*
13,350,000	Nil

In accordance with the Group's Performance Rights Plan, once issued, these performance rights are restricted from trade on the ASX for a period of 2 years from issue date.

At the date of this report, unissued shares of the Company subject to performance rights are:

Measurement Date	*Exercise Price*	*Number of Shares*	*Expiry Date*
Nil	Nil	Nil	Nil

DIVIDENDS
No dividends have been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

PRINCIPAL ACTIVITIES
The principal activities during the year of the Consolidated Entity consisted of property investment and development. No significant change in the nature of the Group's property investment, development and funds management activities took place during the year beyond the sale of the group's property interest in the Churchill Centre.

DIRECTORS' REPORT (continued)

OPERATING AND FINANCIAL REVIEW

Financial Results

The Group recorded profit after tax of $8.455 million for the year ended 30 June 2018, up 55% on the previous year (30 June 2017: $5.432 million after tax).

As with the prior financial year, the Company has again benefited this financial year from further compression of capitalisation rates across Australian commercial property markets and embedded rental increases across the Company's tenancy portfolio. The Company took advantage of the improvements in the commercial markets for retail assets and agreed to the sale of its 50% ownership of Churchill Centre North for $42.5 million, being the 31 December 2017 market valuation recorded book value. The sale settled in April 2018 and contributed $11.5 million profit in the period.

Additionally, during the year, the settlement of the sale of Churchill Centre South occurred in September 2017 and contributed a $10.7 million increase to cash reserves in the period. The profit associated with the sale was reported as part of the prior financial year result.

Following the successful settlements of Churchill Centre North and South, the Company rewarded its shareholders with a return of capital of 2 cents per share paid in June 2018. The Company remains in a strong financial position with sufficient capital to develop existing projects as well as pursue new opportunities.

Business Overview

Churchill Centre North

Churchill Centre North (35% Interest in Churchill North Centre Investment Trust 1):

Churchill Centre North was developed by Axiom, and sits on 18 hectares of land and comprises South Australia's first and currently only Costco store as well as a major sub-regional shopping centre, consisting of a 5,500 sq.m. Coles supermarket, a 5,400 sq.m. Kmart Discount Department Store, a 1,600 sq.m Aldi supermarket, several other mini-major retailers and approximately 55 specialty shops. The Centre also incorporates a Coles service station alongside several other pad sites of fast food outlets incorporating McDonalds and KFC restaurants, and other strategic retailing uses, including Repco and a Kmart Tyre and Auto centre. In total, this northern stage is designed to incorporate more than 40,000 sqm of quality destination retail.

Importantly, during the year, the Company announced the sale and subsequent settlement of the property to Adelaide based Inheritance Capital Asset Management for $42.5 million. Axiom continues to hold 35% of units in the purchasing Trust as well as retaining performance upside from the additional stages of development earmarked for the balance of the surplus land.

Two development applications have been lodged with Council, to construct an additional 5,700 sq.m of retail floor space as well as 1,000 sq.m of large format retail showroom. Approvals for this final stage are expected subsequent to year end.

DIRECTORS' REPORT (continued)

OPERATING AND FINANCIAL REVIEW (continued)

World Park 01 atrium

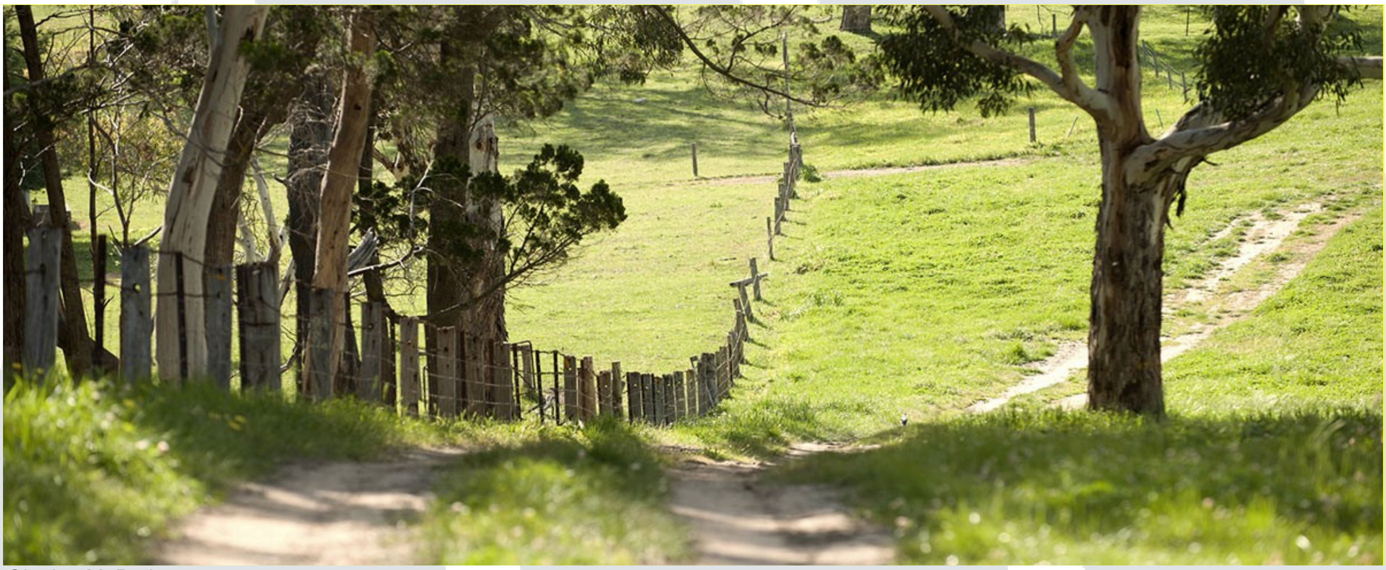
World Park 01, Keswick SA (100% Interest)

Worldpark:01 is a campus-style, green office park on the fringe of the Adelaide CBD with a master plan approval to construct 3 boutique office buildings. The first of these buildings, the Stage One "Coffey" Building was successfully pre-committed, developed and delivered in October 2010 to a 5-star green Star rating, and subsequently sold for $46m in December 2010.

Axiom retains ownership of the balance of the land of approximately 2 hectares and is actively marketing and promoting it to secure a pre-commitment sufficient to commence construction of the next stage of the project. The development provides a unique boutique office solution with abundant car-parking in Adelaide's fringe CBD market.

The Company continues to generate income from the site through temporary car-parking revenue, sufficient to minimise holding costs on the site.

The Company is continually reviewing its options for this site and exploring new opportunities for its development.



Glenlea Mt Barker

Mt Barker (50% Interest)

In May 2015, the Company announced it had entered into a 50/50 Joint Venture Agreement with the landowners of a 50-hectare parcel of land in Mount Barker, South Australia to develop a major residential sub-division. Mt Barker is one of SA's fastest growing regions as well as being one of the nation's fastest growing inland towns. The Company has been working with the land owners to develop a circa 600 allotment scheme that is in keeping with the natural and majestic environment of the area.

DIRECTORS' REPORT (continued)

OPERATING AND FINANCIAL REVIEW (continued)

This broad acre subdivision opportunity gives the Company a low risk exposure to the residential sector, and is expected to start contributing to earnings in FY 19. Under the terms of the Joint Venture Agreement, Axiom is responsible for the delivery and management of the entire project, and will be entitled to share in the net proceeds of the residential sales. In July 2016, the Company announced that it had received Development Approval to construct a total of 600 lots..

During the year, the Company and its partner accepted a financing proposal from BankSA and commenced works for Stage One of the project. Stage One comprises the construction of the first 38 released allotments and is due for practical completion in August 2018, allowing for issue of titles and settlement of sales to the existing 16 purchasers in September 2018.

The Company and its partner are also in discussions with a national builder to release town house style torrens title allotments in Stage One as house and land packages to meet market demand and complement the existing larger allotments already released.

Interest in the project is expected to increase on the back of completion of Stage One works and as the partners work with its agents and consultants to commence construction and release of Stage Two.

Double Bay

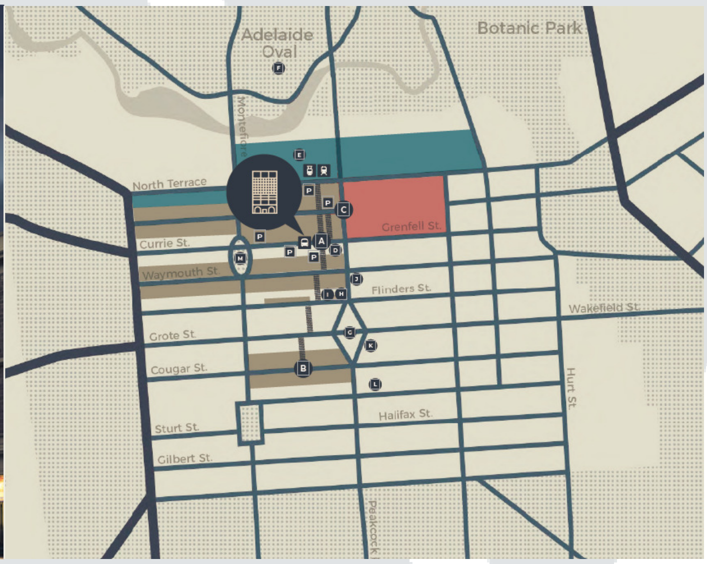
Double Bay, Sydney NSW

In July 2016, the Company announced that it had been selected as the Preferred Proponent to develop a major mixed-use project on the Council-owned Cross St carpark in Sydney's Double Bay as part of a joint venture with major national and development company Built. The development provides Axiom with significant exposure into the strong Sydney residential market and an opportunity to transform a high profile strategic site into a spectacular and unique complex, incorporating a new Council carpark, a multi-screen Palace cinema complex, general retail, food precinct and residential apartments.

Axiom and Built, together with Council have agreed the broad commercial and planning terms associated with the re-development of this 4,000 sq.m site, and are currently working collaboratively on the project to deliver an exceptional outcome for Council, the development partners and the broader community.

DIRECTORS' REPORT (continued)

OPERATING AND FINANCIAL REVIEW (continued)

Currie St, Adelaide

Currie St, Adelaide SA (50% Interest)
In June 2017, the Company announced that it had executed a Joint Venture Agreement with the owners of a strategic site in the heart of Adelaide's CBD. The 1,238 sq.m site at 62 Currie St is located adjacent to the Government's vibrant city key laneway and street transformation projects, offering thriving food and wine precincts in the middle of the main working hub in Adelaide as well as being in close proximity to the redeveloped Adelaide Oval, new Royal Adelaide Hospital and Adelaide and University of South Australia new medical precincts.

Under the terms of the Joint Venture Agreement, Axiom has the right to contribute equity of up to $6.0m over the course of the next 2 years to earn a 50% interest in the project, and will be responsible for delivering the development. Axiom also has the right to earn a development management fee during the project's life-cycle.

The mixed-use development is expected to include a hotel offering, as well as retail and commercial uses, offering ease of access to Adelaide airport along the city's major transit corridor. In this regard, the Company and its partner have held discussions with both international and local hotel operators and is confident of securing a suitable operator in the near future. Whilst informal discussions with prospective commercial users have commenced, a formal information memorandum and commercial leasing campaign is expected to commence in September 2018.

Artist impression of hotel accommodation

Francis Street, Richmond NSW (100% Interest)
In July 2017, the Company announced that it had entered into an agreement to purchase a freehold site on the corner of Francis and East Market Streets in Richmond, Western Sydney.

DIRECTORS' REPORT (continued)

OPERATING AND FINANCIAL REVIEW (continued)

Axiom has agreed to purchase the approx. 2,212 sq.m site from the Richmond Club, one of New South Wales' longest standing ex-servicemen's clubs, and develop it into high-quality hotel accommodation. During the year, Axiom reached agreement with the hotel development group to deliver on that outcome, and the planning approval process has now commenced. An approval is expected subsequent to year end.

This opportunity gives Axiom an exposure to the fast-growing Western Sydney corridor, which is benefitting from a multi-billion-dollar government capital expenditure program on infrastructure. Settlement of the land purchase is subject to all development approvals being secured and financial close for the hotel operator being achieved.

Outlook

The Company's executives continue to work on, and evaluate, projects where they can substantially mitigate the risks associated in property development, and to pursue opportunities where they believe they can utilise their experience in de-risking developments and leveraging their expertise; the Company is constantly evaluating selective, capital-protected opportunities where they expect to generate superior risk adjusted returns for shareholders.

The Company's investment in Churchill Centre North Investment Trust 1 provides the Company with exposure to rental yield growth and annual revenue from a strong retail asset. It also provides the Company with future Development Management and Performance fees when construction of the final stage of the development commences. The Company believes that whilst this asset continues to provide an above average growth profile along with a development upside, it will maintain ownership in the investment trust, but the Company constantly evaluates alternative uses of its capital in the current market environment.

Mount Barker continues to be one of the fastest growing inland towns in Australia, with population growth and demand continuing to remain balanced. The 16 pre-sales at listing price at financial year-end have added support to Directors and Management expectations of strong demand for allotments at Glenlea Estate. Profit and net cash flow return to the Group from the sale of allotments is not expected until subsequent stages of the development, being due to cost requirements of stage One for site infrastructure and amenity.

With regards to the Company's Double Bay development, key economic drivers in Sydney, particularly in the Eastern Suburbs, are positive, with strong consumer confidence to transact in residential apartments bolstered by low interest rates and inflation, positive population growth and continued shortages. Double Bay is a desirable and aspirational location for investment and living and this growth trend is expected to continue.

The Directors continue to have a positive outlook regarding the Group's pipeline of projects. The Company is now in a much stronger financial position and has sufficient cash reserves to fund its project pipeline given the settlement of sales of Churchill Centre North and South.

END OF REVIEW OF OPERATIONS

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the financial year there was no significant change in the state of affairs of the Group other than that referred to in the financial statements or notes thereto.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The prospects and business strategies of the Group are discussed on pages 11 – 15 of this Report.

ENVIRONMENTAL LEGISLATION

The Group's operations are subject to various environmental regulations under both Commonwealth and State legislation, particularly in relation to its property development activities. The Group's practice is to ensure that where operations are subject to environmental regulations, those obligations are identified and appropriately addressed. This includes the obtaining of approvals, consents and requisite licences from the relevant authorities and complying with their conditions. There have been no significant known breaches of environmental regulations to which the Group is subject.

DIRECTORS' REPORT (continued)

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has agreed to indemnify all of the Directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as Directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. In accordance with common practice, the insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium.

REMUNERATION REPORT (AUDITED)

This report, which forms part of the directors' report, outlines the remuneration arrangements in place for the key management personnel ("KMP") of Axiom Properties Limited (the "Company") for the financial year ended 30 June 2018. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the parent company, and includes the top executives of the Parent and the Group receiving the highest remuneration.

Key Management Personnel

(i) Directors

Ian Laurance (Non-Executive Chairman)
Ben Laurance (Managing Director)
John Howe (Non-Executive Director)
Liu Ying Chun (Non-executive Director)
Doris Chung Gim Lian (Non-executive Director - alternate director)

(ii) Other key management personnel

Paul Rouvray (General Manager)

Remuneration Philosophy

The performance of the Company depends upon the quality of the Directors and other key management personnel. The philosophy of the Company in determining remuneration levels is to:

- Set competitive remuneration packages to attract and retain high calibre employees; and
- Link executive rewards to shareholder value creation.

Remuneration Committee

The Remuneration Committee of the Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the Directors, the Managing Director and the company secretary. The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of Directors and other key management personnel on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum shareholder benefit from the retention of a high-quality Board.

Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive director and other key management personnel remuneration is separate and distinct.

Company's Remuneration Policies

The Board, subject to the approval of shareholders in the Annual General Meeting, sets the remuneration level of the non-executive members of the Board. Remuneration is set according to the skills, experience and length of service of each Director. Remuneration of the Non-Executive Chairman is determined by the Board of Directors and is also determined by the skills, experience and length of service of the Non-Executive Chairman. Non-Executive Directors receive a fixed fee and statutory superannuation for services as Directors.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

The Company's Constitution provides that Directors may collectively be paid a fixed sum, not exceeding the aggregate maximum per annum from time to time, as determined by the Company and approved by shareholders. A Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. There is no direct link between remuneration paid to Non-Executive Directors and corporate performance such as bonus payments for achievement of certain key performance indicators.

Remuneration for Executive Directors and Senior Managers is based upon a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Company.

The contracts for service between Executive Directors and the Company are on a continuing basis the terms of which are not expected to change, other than for remuneration packages, which are reviewed annually by the Board in its capacity as Remuneration Committee. Remuneration packages may include base salary, superannuation, fringe benefits, bonuses and performance rights.

Service Agreements
The following Directors are engaged by the Company through Service Agreements:

I J Laurance AM – Non-Executive Chairman
The terms and conditions of the service agreement dated 7 July 2006 (amended 1 January 2013) are:

- Mr Laurance is to provide executive chair services for 20 hours per week as required for Axiom Properties Limited;
- In exchange for Mr Laurance's services, an annual remuneration package of $80,000 plus benefits is payable;
- The Company may terminate this contract at any time with one month's notice if Mr Laurance defaults in the performance and observance of his obligations under the agreement or is declared bankrupt.

B P Laurance – Managing Director
The terms and conditions of the service agreement dated 24 November 2006 (amended effective 1 January 2008) are:

- Mr Laurance is to provide managing directorial services as required for Axiom Properties Limited;
- In exchange for Mr Laurance's services, an annual remuneration package of $508,000 plus benefits is payable;
- The Company may terminate this contract at any time with one month's notice if Mr Laurance defaults in the performance and observance of his obligations under the agreement or is declared bankrupt.

J S Howe – Non-Executive Director
The terms and conditions of the letter of appointment dated 22 April 2008 are:
- Mr Howe is to provide non-executive director services as required for Axiom Properties Limited;
- In exchange for Mr Howe's services, an annual director fee of $58,500 plus benefits is payable;
- The Company may terminate this contract at any time with one month's notice if Mr Howe defaults in the performance and observance of his obligations under the agreement or is declared bankrupt.

Y C Liu – Non-Executive Director
The terms and conditions of the letter of appointment dated 25 November 2015 are:
- Mr Liu is to provide non-executive director services as required for Axiom Properties Limited;
- In exchange for Mr Liu's services, Oriental University City Holdings (H.K.) Limited will receive an annual fee of $55,000;
- The Company may terminate this contract at any time with one month's notice if Mr Liu defaults in the performance and observance of his obligations under the agreement or is declared bankrupt.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

D G L Chung – Non-Executive Director (alternate)

The terms and conditions of the letter of appointment dated 25 November 2015 are:

- Ms Chung is to provide non-executive director services as Mr Liu's alternate as required for Axiom Properties Limited;
- The Company may terminate this contract at any time with one month's notice if Ms Chung defaults in the performance and observance of her obligations under the agreement or is declared bankrupt.

P J Rouvray – General Manager

The terms and conditions of the service agreement dated 4 January 2007 are:

- Mr Rouvray is to provide general manager services as required for Axiom Properties Limited;
- In exchange for Mr Rouvray's services, an annual remuneration package of $360,000 plus benefits is payable;
- The Company may terminate this contract at any time with one months' notice if Mr Rouvray defaults in the performance and observance of his obligations under the agreement.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

Remuneration of Directors and other KMP

Table 1: Directors' and other KMP's remuneration for the years ended 30 June 2018

	Short-term employee benefits			Post-employment benefits	Long-term benefits	Share-based payments		Proportion of remuneration that is performance based
2018	**Cash salary and fees**	**Cash bonus**	**Non-monetary benefits**	**Superannuation**	**Long service leave**	**Performance Rights**	**Total**	
Name	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**%**
Directors								
I J Laurance AM	78,886	25,000	9,307	7,494	-	21,498	142,185	33%
J S Howe	57,659	15,000	-	5,478	-	15,049	93,186	32%
Y C Liu	55,000	-	-	-	-	-	55,000	-
D G L Chung	-	-	-	-	-	-	-	-
B P Laurance	501,616	200,000	5,439	47,643	(16,445)	42,997	781,250	31%
Other KMP								
P J Rouvray	355,140	250,000	26,538	33,725	(23,495)	42,997	684,905	43%
Total KMP compensation	**1,048,301**	**490,000**	**41,284**	**94,340**	**(39,940)**	**122,541**	**1,756,526**	

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

Table 2: Directors' and other KMP's remuneration for the years ended 30 June 2017

	Short-term employee benefits			Post-employment benefits	Long-term benefits	Share-based payments		Proportion of remuneration that is performance based
2017	**Cash salary and fees**	**Cash bonus**	**Non-monetary benefits**	**Superannuation**	**Long service leave**	**Performance Rights**	**Total**	
Name	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**%**
Directors								
I J Laurance AM	76,321	20,000	10,934	7,251	-	56,959	171,465	45%
J S Howe	55,881	10,000	-	5,309	-	38,098	109,288	44%
Y C Liu	55,000	-	-	-	-	-	55,000	-
D G L Chung	-	-	-	-	-	-	-	-
B P Laurance	487,385	150,000	5,141	46,258	(3,003)	113,918	799,699	33%
Other KMP								
P J Rouvray	342,384	150,000	30,740	32,483	12,349	113,918	681,874	39%
Total KMP compensation	**1,016,971**	**330,000**	**46,815**	**91,301**	**9,346**	**322,893**	**1,817,326**	

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

Table 3: Cash bonuses for the year ended 30 June 2018

Cash bonuses granted to Mr I J Laurance, Mr J S Howe, Mr B P Laurance and Mr P J Rouvray were paid on 10 January 2018 at the discretion of the Board acting in its capacity as Remuneration Committee. The bonuses therefore vested 100% during the financial year ended 30 June 2018.

The short-term cash incentive was based on the following performance criteria:

1. Achievement of profitability and NTA targets of the company
2. Delivery of current pipeline of projects
3. Securing of new projects and investments

Details of these short-term incentives recognised as remuneration, forfeited or available for vesting in future financial years is outlined below:

Name	Included in Remuneration	% Vested in current year	% Forfeited in current year	% Available for vesting in future years	Maximum $ available for vesting in future years	Minimum $ available for vesting in future years
Directors	**$**				**$**	**$**
I J Laurance AM	25,000	100%	0%	N/A	N/A	N/A
J S Howe	15,000	100%	0%	N/A	N/A	N/A
B P Laurance	200,000	100%	0%	N/A	N/A	N/A
Other KMP						
P J Rouvray	250,000	100%	0%	N/A	N/A	N/A

Table 4: Performance rights in existence during the financial year

Performance Right Grant Date	Expiry Date	Grant date fair value	Number of Rights	Vesting Date
Tranche 3: 16 December 2015	30 June 2019	$0.0546	5,700,000	30 June 2018

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

Table 5: Performance rights available during the year to key management personnel

Key management personnel are also entitled to receive a specified number of performance rights each year under the Axiom Properties Limited Performance Rights Plan provided that certain performance criteria are met as follows:

1. Achievement of profitability and NTA targets of the company
2. Delivery of current pipeline of projects
3. Securing of new projects and investments

There were no alterations to the terms and conditions of performance rights granted as remuneration since grant date. Details of performance rights issued during the year and whether they vested or not are set out below:

Name	Option series	No. Granted 16 December 2015	No. Vested financial year 2016	No. Vested financial year 2017	No. Vested current year	% Vested in current year	% Forfeited in current year	% Available for vesting in future years
Directors								
I J Laurance AM	Tranche 1, 2 & 3	3,000,000	1,000,000	1,000,000	1,000,000	33%	-	-
J S Howe	Tranche 1, 2 & 3	2,000,000	650,000	650,000	700,000	35%	-	-
B P Laurance	Tranche 1, 2 & 3	6,000,000	2,000,000	2,000,000	2,000,000	33%	-	-
Other KMP								
P J Rouvray	Tranche 1, 2 & 3	6,000,000	2,000,000	2,000,000	2,000,000	33%	-	-

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

Table 6: Shareholding of key management personnel

Number of shares held by parent entity Directors and specified executives directly or beneficially

2018	Balance 1 July 2017	Received as Remuneration	Rights Exercised	Net Change Other	Balance 30 June 2018
Directors					
I J Laurance	3,250,000	-	1,000,000	-	4,250,000
B P Laurance	61,400,505	-	2,000,000	1,207,019	64,607,524
J S Howe	7,940,450	-	650,000	-	8,590,450
D G L Chung	82,250,000	-	-	-	82,250,000
	154,840,955	-	3,650,000	1,207,019	159,697,974
Other KMP					
P Rouvray	8,000,000	-	2,000,000	-	10,000,000
	8,000,000	-	2,000,000	-	10,000,000

Table 7: Rights holdings of key management personnel

2018	Balance 1 July 2017	Rights Exercised[1]	Balance 30 June 2018	Vested at 30 June 2018[2]	Value of Rights Exercised[1]
Directors					
I J Laurance	2,000,000	(1,000,000)	1,000,000	1,000,000	54,670
B P Laurance	4,000,000	(2,000,000)	2,000,000	2,000,000	109,340
J S Howe	1,350,000	(650,000)	700,000	700,000	35,536
	7,350,000	(3,650,000)	3,700,000	3,700,000	199,546
Other KMP					
P J Rouvray	4,000,000	(2,000,000)	2,000,000	2,000,000	109,340
	4,000,000	(2,000,000)	2,000,000	2,000,000	109,340

[1]All rights exercised on 3 July 2017. Value of rights based on fair value at grant date of 5.46 cents each. All rights exercised during the year were for nil consideration.

[2] All rights are exercisable immediately when vested

Table 8: Group performance

The table below shows the Group's earnings performance as well as the movement in the Group's Earnings Per Share (EPS) and share price over the last 5 years.

Financial Report Date	Profit / (Loss) After Tax $'000	Basic EPS Cents	Share Price cents	Return on Market Capitalisation %
30 June 2014	2,846	0.64	4.20	15.66%
30 June 2015	3,615	0.85	6.10	14.18%
30 June 2016	447	0.11	4.90	2.21%
30 June 2017	5,432	1.29	4.80	26.92%
30 June 2018	8,455	1.98	3.90	49.89%

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

Other transactions with key management personnel
Pivot Group Pty Ltd, a Director related entity of Mr B P Laurance, was reimbursed for travel and accommodation costs in connection with consultancy services provided to the Board by its Chairman Peter Laurance A.O., an advisor to the Board. The expenses were reimbursed at cost. The total charged to the Company was $6,457 (2017: $4,496).

Integrated Event Delivery Management Pty Ltd, a Director related entity of Mr J S Howe, was reimbursed for Director required travel and accommodation costs and contributions to office fit out costs. The expenses were reimbursed at cost. The total charged to the Company was $4,314 (2017: $Nil) and $3,762 (2017: $Nil) respectively.

END OF AUDITED REMUNERATION REPORT

DIRECTORS' MEETINGS

The number of meetings of the board of directors (including board committees) held during the year ended 30 June 2018, and the number of meetings attended by each director are set out below:

	Board		Audit Committee		Remuneration Committee		Nomination Committee	
Name	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
I J Laurance AM	9	8	2	2	1	1	-	-
J S Howe	9	8	2	2	1	-	-	-
Y C Liu	9	6	2	1	1	-	-	-
D G L Chung	9	4	2	2	1	-	-	-
B P Laurance	9	9	2	2	1	1	-	-

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 or those proceedings. The Company was not a party to any such proceedings.

ROUNDING OFF OF AMOUNTS
The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, amounts in the consolidated financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES
Section 307(C) of the Corporations Act 2001 requires the Company's auditors, BDO Audit (SA) Pty Ltd, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on page 34 and forms part of the Directors' Report for the year ended 30 June 2018.

NON-AUDIT SERVICES
Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 28 to the financial statements. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

DIRECTORS' REPORT (continued)

EVENTS AFTER THE REPORTING DATE

On 5 July 2018 the Company redeemed 250,000 units in the Churchill Centre North Investment Trust 1 at the price of $1 per unit. As at date of report signing, the Company holds 6,750,000 units in the Churchill Centre North Investment Trust 1.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect:

- the Group's operations in future financial years; or
- the results of those operations in future financial years; or
- the Group's state of affairs in future financial years.

Signed in accordance with a resolution of the Directors:

Ben Laurance
MANAGING DIRECTOR

Adelaide, South Australia
Dated: 22 August 2018

CORPORATE GOVERNANCE STATEMENT

Axiom Properties Limited (**Company**) has established a corporate governance framework, the key features of which are set out in this statement. In establishing its corporate governance framework, the Company has referred to ASX Corporate Governance Council Principles and Recommendations 3rd edition (**Principles & Recommendations**). The Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices do not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company has adopted instead of those in the recommendation.

The following governance-related documents can be found on the Company's website at https://www.axiompl.com.au/about under the section marked "Corporate Governance":

Charters
Board
Audit Committee
Nomination Committee
Remuneration Committee

Policies and Procedures
Policy and Procedure for Selection and (Re) Appointment of Directors
Process for Performance Evaluations
Policy on Assessing the Independence of Directors
Diversity Policy (summary)
Code of Conduct (summary)
Policy on Continuous Disclosure (summary)
Compliance Procedures (summary)
Procedure for the Selection, Appointment and Rotation of External Auditor
Shareholder Communication Policy
Risk Management Policy (summary)
Policy for Trading in Company Securities

The Company reports below on whether it has followed each of the recommendations during the 2018 financial year (**Reporting Period**). The information in this statement is current at 22 August 2018.

Board

Roles and responsibilities of the Board, Company Secretary and Senior Executives (Recommendations: 1.1, 1.4)

The Company has established the functions reserved to the Board, and those delegated to senior executives and has set out these functions in its Board Charter, which is disclosed on the Company's website.

The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives, and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

Senior executives are responsible for supporting the Managing Director and assisting the Managing Director in implementing the running of the general operations and financial business of the Company in accordance with the delegated authority of the Board. Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director, directly to the Chair or the lead independent director, as appropriate.

Under the Board Charter, the Company Secretary is accountable directly to the Board in relation to all matters to do with the proper functioning of the Board. Specific matters for the Company Secretary are set out in the Board Charter.

CORPORATE GOVERNANCE STATEMENT (continued)

Skills, experience, expertise and period of office of each Director
(Recommendation: 2.2)

A profile of each Director setting out their skills, experience, expertise and period of office is set out in the Directors' Report on page 7 of the 2018 Annual Report.

The Board reviews the competencies of the existing Board regularly to ensure that its members have the mix of skills, experience, expertise and diversity that will best increase the Board's effectiveness. The Board is of the view that its current composition represents the mix of skills and diversity for which the Board is looking to achieve in membership of the Board. The Board comprises directors with the following skills and experience that the Board considers to be particularly relevant to the Company: strategic thinking; financial management and analytical skills; experience in business management; risk management knowledge and expertise; fund raising skills; industry knowledge and expertise; people management skills; change management skills and marketing and public relations experience.

Director independence
(Recommendations: 2.3, 2.4, 2.5)

The Board has a combination of independent and non-independent directors. The Board considers its composition is, and continues to be, appropriate for the Company's current operations. The Company considers that each of its directors possess the right combination of skills and experience suitable for building the Company. The Board will continue to monitor its composition as the Company's operations evolve, and will appoint further independent directors if considered appropriate.

The Board considers the independence of directors having regard to the relationships listed in Box 2.3 of the Principles & Recommendations and the Company's materiality thresholds and has adopted a Policy on Assessing the Independence of Directors. The Board has agreed on the following guidelines, as set out in the Company's Board Charter for assessing the materiality of matters:

- Balance sheet items are material if they have a value of more than 10% of pro-forma net asset.
- Profit and loss items are material if they will have an impact on the current year operating result of 10% or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, could affect the Company's rights to its assets, if accumulated would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items, or will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.

Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost which triggers any of the quantitative tests, contain or trigger change of control provisions, are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

The independent directors of the Company during the Reporting Period were John Howe, Liu Ying Chun and Doris Chung Gim Lian (alternate director to Mr Liu). Mr Howe, Mr Liu and Ms Chung are independent as they are non-executive directors who are not members of management and who are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment.

The non-independent directors of the Company during the Reporting Period were Mr Ian Laurance (Chair) and Mr Ben Laurance (Managing Director).

The non-independent Chair of the Board is Mr Ian Laurance. Mr Laurance was an executive Chair, however his role became non-executive on 1 January 2013. Mr Laurance does not satisfy paragraph 2 of the independence criteria set out in Box 2.3 of the Principles & Recommendations.

CORPORATE GOVERNANCE STATEMENT (continued)

Director independence (continued)

The Board continues to believe that Mr Laurance is the most appropriate person to Chair the Board because of his industry experience, including as former State Minister for Housing, Tourism and Lands, former Chairman of the Midland Redevelopment Authority, former chair of rare earths company, Arafura Resources Limited and current director a number of not-for-profit boards. The Board (in the absence of Mr Laurance) believes that Mr Laurance makes decisions that are in the best interests of the Company. Mr Howe has been appointed lead independent director to take the role of Chair when Mr Laurance is unable to act as Chair due to any conflict of interest.

The Managing Director is Mr Ben Laurance who is not Chair of the Board.

Board committees

Nomination Committee
(Recommendations: 2.1)

The Board has not established a separate Nomination Committee. The role of the Nomination Committee is carried out by the full Board in accordance with the Company's Nomination Committee Charter. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Nomination Committee. Items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Nomination Committee it carries out those functions which are delegated to it in the Company's Nomination Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Nomination Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

The full Board did not officially convene in its capacity as a Nomination Committee during the Reporting Period, however nomination-related discussions occurred from time to time during the year as required.

The Board has adopted a Nomination Committee Charter which describes the role, composition, functions and responsibilities of the full Board in its capacity as the Nomination Committee. The Company's Nomination Committee Charter is disclosed on the Company's website.

Safeguard Integrity in Corporate Reporting
(Recommendations: 4.1, 4.2, 4.3)

The Board has not established a separate Audit Committee and accordingly, is not structured in accordance with Recommendation 4.1. Given the size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Audit Committee. Items that are usually required to be discussed by an Audit Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Audit Committee it carries out those functions which are delegated to it in the Company's Audit Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Audit Committee by ensuring that the director with conflicting interests is not party to the relevant discussions. Mr Howe chairs the meeting when the full Board meets in its capacity as the Audit Committee.

The Company has adopted an Audit Committee Charter which describes the role, composition, functions and responsibilities of the full Board in its capacity as the Audit Committee.

Details of director attendance at Audit Committee meetings during the Reporting Period are set out in a table in the Directors' Report on page 24 of the 2018 Annual Report. The full Board in its capacity as the Audit Committee held 2 meetings during the Reporting Period.

Details of each of the director's qualifications are set out in the Directors' Report on page 7 of the 2018 Annual Report. Each of the Board members considers themselves to be financially literate and have industry knowledge. Furthermore, Board members may seek external advice from the Company's auditors to assist with financial matters, if required. It should also be noted that the Company's Chief Financial Officer attends meetings if required to assist the full Board in its capacity as the Audit Committee.

The Company has established a Procedure for the Selection, Appointment and Rotation of its External Auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent).

CORPORATE GOVERNANCE STATEMENT (continued)

Safeguard Integrity in Corporate Reporting (continued)

Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

The Company's Audit Committee Charter and Procedure for Selection, Appointment and Rotation of External Auditor are disclosed on the Company's website. The Company's auditor is required to attend the Company's AGM and is required to answer questions from shareholders relevant to the audit.

Certification of Financial Statements

(Recommendations: 4.2)

The Managing Director and the Chief Financial Officer have provided a declaration to the Board in accordance with section 295A of the Corporations Act and in respect of all financial statements of the Company and its consolidated entities that:

- the financial records of the Company have been properly maintained;
- the financial statements comply with appropriate accounting standards and give a true and fair view of the financial position and performance of the Company; and
- have stated to the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively.

Remuneration Committee
(Recommendations: 8.1, 8.2, 8.3)

The Board has not established a separate Remuneration Committee. Accordingly, the Remuneration Committee is not structured in accordance with Recommendation 8.1. Given the size and composition of the Company, the Board believes that there would be no efficiencies gained by establishing a separate Remuneration Committee. Accordingly, the Board performs the role of Remuneration Committee. Items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Remuneration Committee it carries out those functions which are delegated to it in the Company's Remuneration Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Remuneration Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

The full Board did not officially convene in its capacity as a Remuneration Committee during the Reporting Period, however remuneration-related discussions occurred from time to time during the year as required.

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report and commences on page 16. The Company's policy on remuneration clearly distinguishes the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to individual performance. From time to time, the Company may grant options to non-executive directors. The grant of options is designed to attract and retain suitably qualified non-executive directors.

Executive pay and reward consists of a base salary and long and short performance incentives, based upon length of service, experience and performance of the Company. Short term performance incentives may include cash bonuses. Long term performance incentives may include options granted at the discretion of the Board and subject to obtaining the relevant approvals. The grant of options is designed to recognise and reward efforts as well as to provide additional incentive and may be subject to the successful completion of performance hurdles. Executives are offered a competitive level of base pay at market rates (for comparable companies) and are reviewed annually to ensure market competitiveness.

CORPORATE GOVERNANCE STATEMENT (continued)

Remuneration Committee (continued)

There are no termination or retirement benefits for non-executive directors (other than for superannuation).

The Board has adopted a Remuneration Committee Charter which describes the role, composition, functions and responsibilities of the Remuneration Committee. The Company's Remuneration Committee Charter includes a statement of the Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes. The Company's Remuneration Committee Charter is disclosed on the Company's website.

Performance evaluation

Senior executives
(Recommendations: 1.7)

The Managing Director in consultation with the Board reviews the performance of the Senior Executives. The current size and structure of the Company allows the Managing Director to conduct informal evaluation of the Company's senior executives regularly. Open and regular communication with senior executives allows the Managing Director to ensure that senior executives meet their responsibilities as outlined in their contracts with the Company, and to provide feedback and guidance, particularly where any performance issues are evident. Annually, individual performance may be more formally assessed in conjunction with a remuneration review. As the Company grows, it will review the need for a more formalised approach to senior executive performance evaluation.

During the Reporting Period, a performance evaluation of the Company's senior executives took place in accordance with the process disclosed above.

Board, its committees and individual directors
(Recommendations: 1.6, 2.6)

The Chair evaluates and monitors the performance of the Board on an ongoing regular basis. The Chair meets with each individual director at least annually and also meets with the Board as a whole to discuss performance of directors. Measures against which the performance of the Board and its individual directors are measured include:

- assessment of the skills, performance and contribution of individual members of the Board;
- the performance of the Board as a whole;
- awareness of directors of their responsibilities and duties as directors of the Company and of corporate governance and compliance requirements;
- awareness of directors of the Company's strategic direction;
- understanding by the directors of the Company's business and the industry and environment in which it operates;
- avenues for continuing improvement of Board functions and further development of director skill base.

Given the current size and structure of the Company, the performance of the Managing Director is evaluated informally through open and regular communication with the Board during which feedback, guidance and support is provided. In addition, the Managing Director's performance is reviewed by the Board by meeting and discussion annually based on observations and interactions during the previous 12 months.

During the Reporting Period, an evaluation of the Board, individual directors and the Managing Director took place in accordance with the process disclosed above. The Company also provides appropriate opportunities for professional development of directors to develop and maintain their skills and knowledge needed to perform their roles effectively.

The Company's Process for Performance Evaluation is disclosed on the Company's website.

CORPORATE GOVERNANCE STATEMENT (continued)

Ethical and responsible decision making

Code of Conduct
(Recommendations: 3.1)

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account its legal obligations and the reasonable expectations of its stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

A summary of the Company’s Code of Conduct is disclosed on the Company’s website.

Diversity
(Recommendations: 1.5)

The Company has established a Diversity Policy. However, the policy does not include a requirement for the Board to establish measurable objectives for achieving gender diversity. Rather, the policy states that the Board may set measurable objectives that are appropriate for the Company, which will be disclosed if established.

The Board has not set measurable objectives for achieving gender diversity as the Board does not consider it practical at this stage to do so. The Board will review its position on establishing measurable objectives as the Company’s circumstances change, and the number of employees and level of activities of the Company increase to a level that the Board considers will enable it to set meaningful and achievable objectives.

There is one woman in the organisation. The proportion of women employees in the whole organisation, women in senior executive positions and women on the Board as at the date of this statement are set out in the following table:

	Proportion of women
Whole organisation	1 out of 7 (14%)
Senior Executive positions	0 out of 2 (0%)
Board	1 out of 5 (20%)

A summary of the Company’s Diversity Policy is disclosed on the Company’s website.

Continuous Disclosure
(Recommendations: 5.1)

The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability at a senior executive level for that compliance.

A summary of the Company’s Policy on Continuous Disclosure and Compliance Procedures are disclosed on the Company’s website.

Shareholder Communication
(Recommendations: 6.1, 6.2, 6.3, 6.4)

The Company has designed a communications policy for promoting effective communication with shareholders, informing shareholders about itself via its website and encouraging shareholder participation at general meetings.

As part of the Company communications policy, the Company also facilitates effective two-way communication with investors and encourages investors to use the Company’s website and to receive and send communications electronically.

The Company’s Investor Relations Policy is disclosed on the Company’s website.

CORPORATE GOVERNANCE STATEMENT (continued)

Risk Management
(Recommendations: 7.1, 7.2, 7.3, 7.4)

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegates day-to-day management of risk to the Managing Director, who is responsible for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board. The Board has not considered it necessary to have a separate risk committee.

In fulfilling the duties of risk management, the Managing Director may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established authority limits for management, which, if proposed to be exceeded, requires prior Board approval;
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- the Board has reviewed its corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.

The Company has formalised its approach to risk management by documenting all material business risks in a risk map and allocating ownership for material business risks to the Managing Director and management of individual material business risks to senior management and individuals within the organisation. The risk map is reviewed by management and updated on a quarterly basis and presented to the Board. All risks identified in the risk map are reviewed and assessed by management and the Board at least annually. The Board however does not have an internal audit function.

The categories of risk reported on as part of the Company’s risk management systems are: reputational; strategic; corporate governance; new investment; existing investment control; development projects; sale of investments; finance; operational risk; compliance and regulatory; legal; tax, environmental, economic, social sustainability and personnel.

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. The Board has received a report from management as to the effectiveness of the Company's management of its material business risks for the Reporting Period.

A summary of the Company’s Risk Management Policy is disclosed on the Company’s website.

CORPORATE GOVERNANCE STATEMENT (continued)

Skills and experience	Board
Total Directors	**4 Directors**
Executive leadership Sustainable success in business at a very senior executive level in a successful career.	4
Global experience Senior management or equivalent experience in multiple global locations, exposed to a range of political, cultural, regulatory and business environments.	4
Governance and people management Commitment to the highest standards of governance, including experience with a major organisation that is subject to rigorous governance standards, and an ability to assess the effectiveness of senior management.	4
Strategic thinking and risk management Track record of developing and implementing a successful strategy, including appropriately probing and challenging management on the delivery of agreed strategic planning objectives. Track record in developing an asset or business portfolio over the long term that remains resilient to systemic risk.	4
Financial management and acumen Senior executive or equivalent experience in financial accounting and reporting, corporate finance and internal financial controls, including an ability to probe the adequacies of financial and risk controls.	4
Industry knowledge and fund raising Experience working in property and infrastructure industry with projects involving capital outlays and long-term investment horizons. Ability to raise funds from various sources domestically and internationally.	4
Health, safety and environment Experience related to workplace health and safety, environmental and social responsibility, and community.	4
Remuneration Board Remuneration Committee membership or management experience in relation to remuneration, including incentive programs and pensions/superannuation and the legislation and contractual framework governing remuneration.	4
Marketing Senior executive experience in marketing and a detailed understanding of the Group's corporate purpose to create long-term shareholder value through the discovery, acquisition, development and marketing of property development and investment opportunities.	4
Public and government policy Experience in public, government and regulatory policy, including how it affects corporations.	4

Geographic experience	Number of Directors
Australia and New Zealand	4
China	2
Middle East	2

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DECLARATION OF INDEPENDENCE
BY PAUL GOSNOLD
TO THE DIRECTORS OF AXIOM PROPERTIES LIMITED

As lead auditor of Axiom Properties Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Axiom Properties Limited and the entities it controlled during the period.

Paul Gosnold

Paul Gosnold
Director

BDO Audit (SA) Pty Ltd

Adelaide, 22 August 2018

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	Consolidated 2018 $'000	Consolidated 2017 $'000
Revenue	2	3,823	5,141
Other income	2	10,593	6,878
Employee benefits expense	2	(2,410)	(2,225)
Depreciation and amortisation expense		(4)	(14)
Finance costs		(893)	(981)
Share of net profit/(loss) of associates	13	15	-
Other expenses	2	(2,669)	(3,367)
Profit before income tax benefit		8,455	5,432
Income tax expense	3	-	-
Profit for the year		8,455	5,432
Other comprehensive income for the year		-	-
Total comprehensive income for the year		8,455	5,432
Basic earnings per share (cents per share)	5	1.98 cents	1.29 cents
Diluted earnings per share (cents per share)		1.95 cents	1.25 cents

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Notes	Consolidated 2018 $'000	Consolidated 2017 $'000
Current Assets			
Cash and cash equivalents	6	1,472	1,983
Trade and other receivables	7	223	146
Other financial assets	9	10,565	-
Other assets	10	31	190
		12,291	2,319
Assets Classified as held for sale	11	-	22,350
Total Current Assets		12,291	24,669
Non-Current Assets			
Property, plant and equipment		3	7
Inventory	8	7,200	7,200
Other assets	10	207	127
Investment properties	12	222	41,297
Investments accounted for using the equity method	13	8,374	1,046
Total Non-Current Assets		16,006	49,677
Total Assets		28,297	74,346
Current Liabilities			
Trade and other payables	14	712	763
Deferred revenue	15	-	349
Borrowings	17	-	11,570
Provisions	16	255	255
Total Current Liabilities		967	12,937
Non-Current Liabilities			
Deferred revenue	15	-	9,069
Borrowings	17	-	24,990
Other liabilities	18	-	77
Total Non-Current Liabilities		-	34,136
Total Liabilities		967	47,073
Net Assets		27,330	27,273
Equity			
Issued capital	19	54,118	62,298
Reserves	19	367	585
Accumulated losses		(27,155)	(35,610)
Total Equity		27,330	27,273

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

Consolidated	Issued capital	Accumulated losses	Reserves	Total
	$'000	$'000	$'000	$'000
Balance as at 1 July 2017	**62,298**	**(35,610)**	**585**	**27,273**
Profit for the year	-	8,455	-	8,455
Total comprehensive income for the year	-	8,455	-	8,455
Share-based payments expense	-	-	145	145
Return of capital	(8,543)	-	-	(8,543)
Reserves transfer - exercise of performance rights	363	-	(363)	-
Balance at 30 June 2018	**54,118**	**(27,155)**	**367**	**27,330**
Balance as at 1 July 2016	**61,915**	**(41,042)**	**588**	**21,461**
Profit for the year	-	5,432	-	5,432
Total comprehensive income for the year	-	5,432	-	5,432
Share-based payments expense	-	-	380	380
Reserves transfer - exercise of performance rights	383	-	(383)	-
Balance at 30 June 2017	**62,298**	**(35,610)**	**585**	**27,273**

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	Consolidated 2018 $'000	Consolidated 2017 $'000
		Inflows / (Outflows)	
Cash flows from operating activities			
Receipts from customers		3,684	5,661
Payments to suppliers and employees		(4,907)	(4,752)
Payment of project development costs		(97)	(153)
Interest received		126	43
Finance costs		(880)	(1,379)
Net cash used in operating activities	6(ii)	(2,074)	(580)
Cash flows from investing activities			
Investment in joint venture		(242)	(656)
Proceeds from sale of Investment Property		32,622	-
Purchase of Investment Property		(221)	-
Purchase of fixed interest securities		(10,565)	-
Purchase of non-current assets		-	(3)
Net cash used in investing activities		21,594	(659)
Cash flows from financing activities			
Repayment of borrowings		(11,570)	-
Proceeds from borrowings		82	144
Payments for the return of capital to shareholders		(8,543)	-
Net cash provided by financing activities		(20,031)	144
Net increase / (decrease) in cash and cash equivalents		(511)	(1,095)
Cash and cash equivalents at beginning of year		1,983	3,078
Cash and cash equivalents at end of year	6(i)	1,472	1,983

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: GENERAL ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law. The financial statements comprise the consolidated financial statements for the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the Group consisting of Axiom Properties Limited and its subsidiaries.

The financial report has also been prepared on a historical cost basis, except for investment properties and derivative financial instruments, which are measured at fair value. Historical cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) instrument 2016/191.

The Company is a listed public company, incorporated in Australia and operating in Australia. The entity's principal activities are property investment and development.

(b) Adoption of new and revised standards

Standards and Interpretations applicable to 30 June 2018

In the year ended 30 June 2018, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period.

As a result of this review, the directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted

The directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2018. As a result of this review the Directors have determined that the following Standards and Interpretations may have a material effect on the Company in future reporting periods.

AASB 16 Leases

Effective 1 January 2019, the new leases standard – AASB 16 (IFRS 16) – requires companies to bring the majority of operating leases on-balance sheet. Property and equipment leases previously recognised off-balance sheet will be accounted for as a right-of-use (ROU) asset and lease liability which will bring more transparency about the Group's lease commitments and change key financial metrics such as gearing ratios, asset turnover and EBITDA. Lessor accounting will be largely unchanged from the current leases standard, AASB 117 (IAS 17).

The Group has conducted a preliminary assessment of the impact of the standard change and expects initial application will result in a ROU asset and lease liability, as indicated by the operating lease commitments in note 22. While the overall impact on profit is not expected to be material, application of this standard will result in a reduction in rent and increase in depreciation and interest expenses. The Group will continue to conduct a detailed assessment and manage the impact to, for example, debt covenants, credit ratings, leasing strategy, impairment testing and tax-effected accounting prior to the effective date. Other than the above, there are no other material impact of the new and revised Standards and Interpretations on the Group and therefore no change is necessary to Group accounting policies.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: GENERAL ACCOUNTING POLICIES (continued)

(c) Statement of compliance

The financial report was authorised for issue on 22 August 2018.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(d) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement in with the investee; and
- has the ability to its power to affect its returns.

The Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements listed above.

When the Company has less than a majority of the voting rights in an investee, it has the power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties; rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members are eliminated in full on consolidation.

(e) Significant accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: GENERAL ACCOUNTING POLICIES (continued)

(f) Going concern

The Directors have presented the financial statements on the basis that the Group will continue as a going concern. The Managing Director's report and the Chairman's Statement outline the actions that have been taken and results achieved within the past year in respect to improving the Group's financial position and mitigating risks and uncertainties facing the Group.

The Directors have examined significant areas of possible financial risk and have satisfied themselves that the Group has adequate resources to continue in operational existence for the foreseeable future. After due consideration the Board believes it is appropriate to adopt the going concern basis in preparing the financial statements.

(g) Borrowing costs

Borrowing costs are recognised as an expense when incurred except those that relate to the acquisition, construction or production of qualifying assets where the borrowing cost is added to the cost of those assets until such time as the assets are substantially ready for their intended use of sale.

(h) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the general policy on borrowing costs - refer Note 1(g).

Finance leased assets are depreciated on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(i) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: GENERAL ACCOUNTING POLICIES (continued)

(i) Other taxes (continued)

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

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

(j) Impairment of tangible and intangible assets other than goodwill

The Group assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount.

That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 2: REVENUE AND EXPENSES

	Consolidated	
	2018	**2017**
	$'000	**$'000**
(a) Revenue		
Rental revenue	4,606	5,938
Less Leasing incentives	(783)	(797)
Net rental revenue	3,823	5,141
Development fee income	-	-
	3,823	5,141
(b) Other income		
Interest received	247	43
Change in fair value of investment properties	10,339	6,835
Other income	7	-
	10,593	6,878
(c) Other expenses		
Audit and accountancy fees	192	163
Legal and consultancy fees	247	385
Insurances	126	71
Rent and outgoings	1,657	2,404
Travel and accommodation	115	67
Other expenses	332	277
	2,669	3,367
(d) Employee benefits expense		
Employee benefits expense includes the following specific amounts:		
Share based payments expense	144	380
Superannuation expense	112	111

Revenue is recognised on an accruals basis at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income
Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 2: REVENUE AND EXPENSES (continued)

Rental income

Rental income from investment properties is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned. Lease incentives granted are recognised as a reduction as rental income received on a straight-line basis from the lease commencement date to the end of the lease term.

NOTE 3: INCOME TAX EXPENSE

	Consolidated 2018 $'000	Consolidated 2017 $'000
a) The prima facie income tax expense on the operating profit is reconciled to the income tax benefit as follows:		
Operating profit before income tax	8,455	5,432
Income tax expense calculated at 27.5% (2017: 30%)	2,325	1,629
Adjusted for tax effect of:		
Non-deductible expenses	47	120
Non-assessable income	(2,843)	-
Other assessable income	6,364	-
Utilisation of carried forward prior year tax losses – revenue	(4,771)	(150)
Utilisation of carried forward prior year tax losses – capital	(1,442)	-
Unused tax losses not recognised as deferred tax assets	-	881
Other deferred tax assets and tax liabilities not recognised	320	(2,480)
Income tax expense applicable to ordinary activities	-	-

b) Deferred tax balances

	Consolidated 2018 $'000	Consolidated 2017 $'000
Deferred tax assets comprise:		
Losses available for offset against future taxable income – revenue	8,959	14,492
Losses available for offset against future taxable income – capital	-	1,880
Properties	69	998
Impairment of properties	668	728
Share issue expenses	2	4
Depreciation timing differences	-	48
Provisions and accruals	87	94
Other	-	4
Deferred tax assets not recognised	(9,253)	(9,922)
	532	8,326

Deferred tax assets have been recognised to the extent of deferred tax liabilities. The balance of deferred tax assets are not recognised.

	Consolidated 2018 $'000	Consolidated 2017 $'000
Deferred tax liabilities comprise:		
Construction expenditure capitalised	(512)	(1,273)
Lease incentives	-	(606)
Properties	-	(6,411)
Unrealised loss on hedge liability	-	(15)
Other	(20)	(21)
	(532)	(8,326)
Net deferred tax liability	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 3: INCOME TAX EXPENSE (continued)

The net deferred tax asset not recognised has been measured at the small business company tax rate of 27.5%. Based on the Group's current turnover and activities it should be eligible for the lower rate. There is currently legislation before Parliament to further restrict the entities eligible for the small business company rate. The Group has not applied these proposed changes as they are not yet enacted.

Legislation has been enacted to allow groups, comprising of a parent entity and its Australian resident wholly owned entities, to elect to be consolidated and be treated as a single entity for income tax purposes. The legislation, which includes both mandatory and elective elements, is applicable to Axiom Properties Limited.

As at the reporting date, the Directors have not made an election to be taxed as a single entity. The financial effect of the legislation has therefore not been brought to account in the financial statements for the year ended 30 June 2018.

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 3: INCOME TAX EXPENSE (continued)

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

NOTE 4: SEGMENT INFORMATION

The following table represents revenue and results on an aggregated basis provided to the chief operating decision maker for the years ended 30 June 2017 and 30 June 2018.

The basis for the segment reporting of the Group is that used by the Managing Director for monthly reporting to the Board. The two segments of the group are Investment Property and Development. Corporate is not considered a segment but rather a reconciling category.

	Continuing operations			
	Investment Property $'000	**Development $'000**	**Corporate $'000**	**Consolidated $'000**
30 June 2018				
Segment revenue	3,610	213	-	3,823
Other Income	10,376	-	232	10,608
Segment expenditure	(2,451)	(274)	(i)(3,251)	(5,976)
Results from continuing operations	**11,535**	**(61)**	**(3,019)**	**8,455**
Included within segment result:				
Rental revenue	3,610	213	-	3,823
Investment property direct operating expenses	(2,451)	-	-	(2,451)
Depreciation	-	-	(4)	(4)
Interest revenue	22	-	225	247
Share-based payments expense	-	-	144	144
Finance costs	(893)	-	-	(893)
Segment assets	7,247	8,819	(ii)12,231	28,297
Investments in joint venture	-	1,359	-	1,359
Segment liabilities	4	340	623	967
Capital Expenditure	222	207	-	429

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 4: SEGMENT INFORMATION (continued)

	Continuing operations			
	Investment Property $'000	Development $'000	Corporate $'000	Consolidated $'000
30 June 2017				
Segment revenue	5,020	121	-	5,141
Other income	6,837	-	41	6,878
Segment expenditure	(3,412)	(183)	(i)(2,992)	(6,587)
Results from continuing operations	**8,445**	**(62)**	**(2,951)**	**5,432**
Included within segment result:				
Rental revenue	5,020	121	-	5,141
Investment property direct operating expenses	(4,034)	-	-	(4,034)
Depreciation	-	-	(14)	(14)
Interest revenue	2	-	41	43
Share-based payments expense	-	-	380	380
Segment assets	64,204	8,255	(ii)1,887	74,346
Investments in joint venture	-	1,046	-	1,046
Segment liabilities	46,629	-	444	47,073
Capital Expenditure	143	655	3	801

(i) Corporate Expenditure Summary

	2018 $'000	2017 $'000
KMP and employee benefits expense	2,410	2,225
Audit and accounting expense	191	154
Consultants	14	78
Insurance	126	57
Legal	(31)	66
Office rent and outgoings	93	92
Other	448	320
	3,251	2,992

(ii) Corporate Asset Summary

	2018 $'000	2017 $'000
Cash and cash equivalents	1,433	1,750
Other financial assets	10,565	-
Other	233	137
	12,231	1,887

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Axiom Properties Limited.

All Group assets are located in Australia, hence all revenue received was in Australia.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 5: EARNINGS PER SHARE

	Consolidated	
	2018	2017
	Cents per share	Cents per share
Basic earnings per share	1.98	1.29
Diluted earnings per share	1.95	1.25

	2018 Number	2017 Number
The weighted average number of shares on issue used in the calculation of basic earnings per share.	427,077,738	419,973,081
Adjustment for employee rights outstanding	6,754,658	13,859,315
The weighted average number of shares on issue used in the calculation of diluted earnings per share	433,832,396	433,832,396

There are no reconciling items between the net result attributable to members of the parent entity as shown in the Statement of Comprehensive Income and the amount used to calculate basic and diluted earnings per share.

Basic earnings per share is calculated as net profit/loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share are calculated as net profit/loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses;
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; and
- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

NOTE 6: CASH AND CASH EQUIVALENTS

	Consolidated	
	2018 $'000	2017 $'000
Cash at bank and on hand	1,472	683
Short-term deposits	-	1,300
	1,472 (1)	1,983

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(1) All other cash is held on term deposit and has been classified as fixed interest securities and disclosed at Note 9 Other financial assets.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 6: CASH AND CASH EQUIVALENTS (continued)

Cash at bank earns interest at floating rates based on daily and/or monthly bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

(i) Reconciliation to the Consolidated Statement of Cash Flows:
For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents comprise cash on hand and at bank and investments in money market instruments, net of outstanding bank overdrafts.

Cash and cash equivalents as shown in the Consolidated Statement of Cash Flows, is reconciled to the related items in the Consolidated Statement of Financial Position as follows:

	Consolidated	
	2018 $'000	**2017 $'000**
Cash and cash equivalents	1,472	1,983

	Consolidated	
	2018 $'000	**2017 $'000**
(ii) Reconciliation of profit for the year to net cash used in operating activities		
Operating profit for the year after tax	8,455	5,432
Change in fair value of investment property	-	(6,835)
Fair value adjustments on Hedge	13	(270)
Share of net profit/(loss) of associates	(15)	-
Profit on sale of investment property	(10,339)	
Expenditure on development assets	(97)	(142)
Depreciation and amortisation	4	14
Equity-settled share-based payment	144	380
Leasing incentives	-	797
(Increase)/decrease in trade and other receivables	(146)	(19)
(Increase)/decrease in other assets	159	(84)
(Decrease)/increase in trade and other payables	(252)	405
(Decrease)/increase in deferred revenue	-	(258)
Net cash used in operating activities	(2,074)	(580)

(iii) Reconciliation of cash and non-cash movements in liabilities arising from financing activities	**2017 $'000**	**Cash flows $'000**	**Transfer on sale of investment property $'000**	**2018 $'000**
Borrowings	36,560	(11,570)	(24,990)	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 6: CASH AND CASH EQUIVALENTS (continued)

(iv) Non-cash Financing and Investing Activities

6,650,000 shares were issued on exercise of performance rights during the financial year. Further information on these rights are included in note 19.

7,000,000 units were subscribed for in the Churchill North Centre Investment Trust 1 at $1 per unit.

NOTE 7: CURRENT TRADE AND OTHER RECEIVABLES

	Consolidated	
	2018	**2017**
	$'000	**$'000**
Trade receivables	21	113
Accrued Interest	121	3
GST recoverable	81	30
	223	146

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of the estimated future cash flows, discounted at the original effective interest rate. Where receivables are short term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses.
When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income. There were no past due trade receivables at reporting date.

In determining the recoverability of a trade receivable, the Group considers any changes in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited. Accordingly, the Directors believe that there is no further provision required in excess of the allowance for impairment.

NOTE 8: INVENTORY

	Consolidated	
	2018	**2017**
Non-Current	**$'000**	**$'000**
Land (development)	7,200	7,200

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 8: INVENTORY (continued)

Axiom has 100% ownership interest in Worldpark land situated in Keswick, South Australia. The write down of inventories to net realisable value during the current financial year amounted to $nil (2017: $nil).

Costs relating to the acquisition and development of land are capitalised and carried forward at cost, as inventories. As developed lots are settled the associated value of inventories is expensed to the statement of comprehensive income. Profits are brought to account on the contract of sale settlement.

Inventories are valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

NOTE 9: OTHER FINANCIAL ASSETS

	Consolidated	
	2018 $'000	**2017 $'000**
Fixed interest securities	10,565	-

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

NOTE 10: OTHER ASSETS

	Consolidated	
	2018	**2017**
Current	**$'000**	**$'000**
Prepayments	31	190
Non-Current		
Land (development) at cost	207	-
Financial assets carried at fair value through profit and loss (FVTPL)		
Interest rate swap (Note 21(d))	-	127
	207	127

Axiom has incurred costs to develop a major mixed-use project.

	Carrying Value 2017 $'000	**Additions $'000**	**Disposals $'000**	**Transfer $'000**	**Impairment $'000**	**Carrying Value 2018 $'000**
Land development at cost	-	207	-	-	-	207
Interest rate swap	127	-	(127)	-	-	-
	127	207	(127)	-	-	207

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 11: ASSETS CLASSSIFED AS HELD FOR SALE

	Consolidated	
	2018	**2017**
	$'000	**$'000**
Asset held for sale - Investment property	-	22,350

In June 2017, the directors of Axiom Properties Limited resolved to sell Churchill Centre South. Settlement of the sale occurred in September 2017.

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

NOTE 12: INVESTMENT PROPERTIES

	Consolidated	
	2018	**2017**
	$'000	**$'000**
Investment property at cost	222	-
Investment property at fair value	-	41,297
	222	41,297

Measurement of fair values

Fair value hierarchy

Investment properties are measured at fair value. Fair value is determined on the basis of either an independent valuation prepared by external valuers as at the date of the statement of financial position, or directors' valuation. Independent valuations of property investments are obtained at intervals of not more than three years. Independent valuations were performed by external, independent property valuers, having appropriate professional qualifications and recent experience in the location and category of the property being valued. As the existing investment property was sold during the year, no such valuation was required this year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 12: INVESTMENT PROPERTIES (continued)

The following table shows the reconciliation from the opening balance to the closing balance for Level 3 fair values:

	Francis St $'000	Churchill North $'000	Churchill South $'000	Total $'000
Balance at 1 July 2017	-	41,297	-	41,297
Additions	222	82	-	304
Lease incentives, net of amortisation	-	-	-	-
Lease fees, net of amortisation	-	-	-	-
Change in fair value of investment properties	-	10,339	-	10,339
Disposals	-	(51,718)	-	(51,718)
Balance at 30 June 2018	222	-	-	222

	Francis St $'000	Churchill North $'000	Churchill South $'000	Total $'000
Balance at 1 July 2016	-	38,865	18,600	57,465
Additions	-	33	110	143
Transfer from other assets	-	(216)	(339)	(555)
Lease incentives, net of amortisation	-	(68)	(173)	(241)
Lease fees, net of amortisation	-	2,683	4,152	6,835
Change in fair value of investment properties	-	-	(22,350)	(22,350)
Balance at 30 June 2017	-	41,297	-	41,297

(i) Axiom previously held a 50% ownership interest in Churchill North which is situated on land under a 97 year ground lease with the South Australian Government. Settlement of the sale occurred in April 2018.
(ii) Axiom has entered into an agreement to purchase a freehold site on the corner of Francis and East Market Streets in Richmond, Western Sydney.

As the Churchill North investment property was sold during the year, the fair value was determined based on the sale price.

Investment properties are those properties that are held to earn rental income or for capital appreciation, or both. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at fair value with any change therein recognised in profit and loss.

A property interest under an operating lease is classified and accounted for on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Prospective lessees may be offered incentives as an inducement to enter into operating leases. These incentives may take various forms including cash payments, rent free periods or as a contribution to certain lease costs such as fitout costs or relocation costs. The carrying amount of the lease incentives is reflected in the fair value of investment properties.

Key Estimate
Investment properties are measured at fair value at the end of each reporting period with any gains and losses arising from a change in fair value recognised in profit or loss. The Group relies upon independent valuations using either the capitalisation or discounted cashflow method and judgement is required in estimating the inputs to the model.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 13: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investment Summary

Name of Entity	**Type of Investment**	**2018**	**2017**
		%	**%**
MB Estate Pty Ltd	Joint Venture	1,288	1,046
Currie St Pty Ltd	Joint Venture	71	-
Churchill North Centre Investment Trust 1	Associate	7,015	-
Total		**8,374**	**1,046**

Investments in joint ventures

Details of the Group's joint venture at the end of the reporting period is as follows:

			Equity Participation Share[1]	
	Principal	Country of	2018	2017
Name of entity	activity	incorporation	%	%
MB Estate Pty Ltd	Land subdivision	Australia	50	50
Currie St Pty Ltd	Land & building development	Australia	50	50

Reconciliation of carrying amount of the interest in joint venture recognised in the Group financial statements

Summarised financial information of material joint venture – MB Estate Pty Ltd

	Consolidated	
	2018	**2017**
	$'000	**$'000**
Opening carrying amount	1,046	391
Contributions to joint venture	242	655[1]
Carrying value of the Group's interest in the joint venture	**1,288**	**1,046**

[1]Axiom is responsible for initial equity contributions for the venture. The other party will contribute land and hold the land for the benefit of the joint venture until allotments are sold. After an initial distribution of capped profits paid to the other party, and a project management fee paid to Axiom, the remaining profits are to be distributed in accordance with the above equity participation share.

	Consolidated	
	2018	**2017**
	$'000	**$'000**
Financial position		
Current assets	335	-
Non-current assets	6,350	1,148
Current liabilities	(550)	(102)
Non-current liabilities	(4,847)	-
Net assets	**1,288**	**1,046**

	Consolidated	
	2018	**2017**
Financial performance	**$'000**	**$'000**
The group's share of total comprehensive income	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 13: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

Summarised financial information of material joint venture – Currie St Pty Ltd

	Consolidated	
	2018	2017
	$'000	$'000
Opening carrying amount	-	-
Contributions to joint venture	71[1]	-
Carrying value of the Group's interest in the joint venture	**71**	**-**

[1]Axiom has the right to contribute equity of up to $6 million over the course of the next 2 years to earn a 50% interest in the project, and will be responsible for delivering the development. Axiom also has the right to earn a development management fee during the project's life-cycle. Project costs are being shared equally between the joint venture parties.

	2018	2017
	$'000	$'000
Financial position		
Current assets	26	-
Non-current assets	71	-
Current liabilities	(26)	-
Non-current liabilities	-	-
Net assets	**71**	**-**

	2018	2017
Financial performance	$'000	$'000
The group's share of total comprehensive income	-	-

A joint venture is an arrangement where the parties have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position and adjusted thereafter to recognise the Group's share of the profit or loss in other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in joint venture), the Group discontinues to recognise its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 13: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

The requirements of AASB 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in joint ventures. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 'Impairment of Assets' as a single asset by comparing its recoverable amount (higher of value in use less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

Investments in associates

Details of the Group's investments in associates at the end of the reporting period is as follows:

			Equity Participation Share		
Name of entity	Principal activity	Country of incorporation	2018 %	2017 %	Measurement Method
Churchill North Centre Investment Trust 1	Investment trust	Australia	36	-	Equity Method

Summarised financial information of associate – Churchill North Centre Investment Trust 1

	Consolidated	
	2018 $'000	**2017 $'000**
Opening carrying amount	-	-
Investment in unit trust	7,000	-
Share of net profit/(loss) of associates	15	-
Carrying value of the Group's interest in the unit trust	**7,015**	**-**

Set out below is the summarised financial information for the Group's material investment in associate.

	2018 $'000	**2017 $'000**
Financial position		
Current assets	1,022	-
Non-current assets	43,861	-
Current liabilities	(390)	-
Non-current liabilities	(25,134)	-
Net assets	**19,359**	**-**
Group's share	36%	**-**
Group's share of net assets	**7,015**	**-**

Financial performance	**2018 $'000**	**2017 $'000**
Revenue	995	-
Profit/(loss) from continuing operations and total comprehensive income	39	-
The group's share of profit/(loss) from continuing operations and total comprehensive income	15	-
The group's share of other comprehensive income	-	-
The group's share of total comprehensive income	15	-
Group's share of distributions	15	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 13: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies. Investments in associates are accounted for in the consolidated financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost (including transaction costs) and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate. In addition, the Group's share of the profit or loss and other comprehensive income is included in the consolidated financial statements.

The carrying amount of the investment includes, when applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Group's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

NOTE 14: TRADE AND OTHER PAYABLES

	Consolidated	
	2018	**2017**
Current	**$'000**	**$'000**
Trade payables (i)	158	385
Accrued expenses	554	378
	712	763

(i) Trade payables are non-interest bearing and are normally settled on 30-day terms.

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

NOTE 15: DEFERRED REVENUE

	Consolidated	
	2018	**2017**
Current	**$'000**	**$'000**
Rent received in advance	-	349
Non-Current		
Rent received in advance	-	9,069

Rent received in advance in previously held investment properties Churchill North and South.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 16: PROVISIONS

	Consolidated	
	2018	2017
Current	$'000	$'000
Employee benefits	255	255
	255	255

Employee benefits represents amounts accrued for annual leave and long service leave.

The current liability includes the total amount accrued for annual leave entitlements and amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their entitlement.

In calculating the present value of future cash flows in respect of annual leave and long service leave, the probability of leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been discussed below.

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statements of comprehensive income, net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the end of the reporting period are recognised in other payables or provisions in respect of employees' services up to the end of the reporting period. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the end of the reporting period on corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 17: BORROWINGS

	Consolidated	
	2018	2017
	$‘000	$’000
Secured at amortised cost		
Current		
Bank loans	-	11,570
Other loans	-	-
	-	11,570
Non-Current		
Bank loans	-	24,990
Other loans	-	-
	-	24,990

Summary of borrowing arrangements

During the period the interest only investment facilities and swaps were repaid and terminated and/or assigned upon the settlement of the sale of both Churchill North and South.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income of finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

	Consolidated	
	2018	2017
	$’000	$’000
Total facilities:		
• Secured bank loans	-	36,560
	-	36,560
Facilities used		
• bank loans	-	36,560
	-	36,560
Total facilities		
Facilities used	-	36,560
Facilities unused	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 17: BORROWINGS (continued)

Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current interest bearing liabilities are:

	Consolidated 2018 $'000	Consolidated 2017 $'000
Fixed and floating charge		
Cash at bank	-	1,983
Other financial assets	3,275	-
Receivables	-	146
Assets held for sale	-	22,350
Inventory	7,200	-
Investment property	-	41,297
Total assets pledged as security	10,475	65,776

(i) Under the MB Estate joint venture agreement, Axiom must provide any financial guarantee if required to obtain finance. In accordance with the Bank SA finance approval for Glenlea Estate Stage One, Axiom has provided a limited guarantee and indemnity for the facility limit of $9,905,500, BankSA has taken a flawed asset arrangement over cash deposit of $3.275 million and has taken a first registered real property mortgage over Worldpark land in lieu of any pre-sale condition. These finance conditions are set to be released upon achieving sufficient sales or upon discharge of the facility.

NOTE 18: OTHER LIABILITIES

	Consolidated 2018 $'000	Consolidated 2017 $'000
Non-Current		
Financial liabilities carried at fair value through profit and loss (FVTPL)		
Interest rate swaps (Note 21(d))	-	77
	-	77

The Group uses derivative financial instruments, such as interest rate swaps, to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured to fair value. The fair value of interest rate swap contracts is determined by reference to market values from similar instruments. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to net profit or loss for the year. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 19: ISSUED CAPITAL

	Consolidated	
	2018 $'000	2017 $'000
427,132,396 (2017: 420,482,396) Ordinary shares issued and fully paid	54,118	62,298

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

	2018		2017	
	No.	$'000	No.	$'000
Movement in ordinary shares on issue				
Balance at beginning of financial year	420,482,396	62,298	413,332,396	61,915
Issued on exercise of performance rights	6,650,000	363	7,150,000	383
Return of capital	-	(8,543)	-	-
Balance at end of financial year	427,132,396	54,118	420,482,396	62,298

On 30 May 2018 Shareholders approved a resolution authorising the Company to reduce its share capital by returning to each Shareholder an amount equal to 2 cents per share. The payment was made on 20 June 2018.

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

Performance rights

The company has a performance rights based payment scheme under which rights to subscribe for the company's shares have been granted to certain Directors and senior executives and the cumulative expense is recognised against the reserve, refer Note 19.

	Consolidated	
	2018 $'000	2017 $'000
Reserves	367	585

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 20: SHARE BASED PAYMENTS

	Grant Date	Test Date	Expiry Date	Balance at 1 July 2017	Issued	Exercised	Balance at 30 June 2018
Tranche 2	16 Dec 2015	30 June 2017	30 June 2019	6,650,000	-	(6,650,000)	-
Tranche 3	16 Dec 2015	30 June 2018	30 June 2019	6,700,000	-	-	6,700,000
				13,350,000	-	(6,650,000)	6,700,000

The Company's Performance Rights were issued to employees and directors by the board pursuant to the Company's Performance Rights Plan, approved by the Shareholders of the Company at the Annual General Meeting on 25 November 2015. The Performance Rights of the Company have a nil exercise price and confer the right to be issued one fully paid ordinary share in the Company ranking pari passu with existing fully paid shares. The Performance Rights constitute a share-based payment, and in accordance with the Company's accounting policy, have been valued at the date they were granted.

The value assigned to the performance rights was 5.46 cents, which represented the market value of the company shares on the date of measurement.

Equity settled transactions:
The Group provides benefits to employees (including Directors and senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

There is currently one plan in place to provide these benefits; the Performance Rights Plan ('PRP'), which provides benefits to Directors, key management personnel and senior management. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Axiom Properties Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at the end of each reporting period until vesting date reflects:

- the extent to which the vesting period has expired; and
- the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition. If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 5).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 21: FINANCIAL INSTRUMENTS

(a) Financial risk management objectives

The Group is exposed to a variety of financial risks: interest rate risk, credit risk, liquidity risk and capital risk management. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

The use of financial derivatives is covered by the Group's policies approved by the Board of Directors, which provide written principles on interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by management on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(b) Categories of financial assets and liabilities	**Consolidated 2018 $'000**	**Consolidated 2017 $'000**
Financial Assets		
Cash and cash equivalents	1,472	1,983
Trade and other receivables	223	146
Other financial assets	10,565	-
Derivatives	-	127
	12,260	2,256
Financial Liabilities		
Trade and other payables	712	763
Borrowings	-	36,560
Derivatives	-	77
	712	37,400

(c) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances.

The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. None of the Group's entities are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax and general administrative outgoings. Gearing levels are reviewed by the Board on a regular basis in line with its target gearing ratio, the cost of capital and the risks associated with each class of capital.

The Group's strategy remains unchanged from 2017. The gearing ratios as at 30 June 2018 and 2017 were as follows:

	Consolidated **2018 $'000**	***Consolidated*** **2017 $'000**
Loans and other borrowings	-	37,400
Less: cash and cash equivalents	(1,472)	(1,983)
Net debt	(1,472)	35,417
Total equity	27,330	27,273
Total capital	25,8583	62,690
Gearing ratio (%)	**-%**	**56.50%**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 21: FINANCIAL INSTRUMENTS (continued)

(c) Capital risk management (continued)
The decrease in the gearing ratio during 2018 resulted from the repayment of debt upon the settlement of the sale of Churchill Centre North and South. The Board will continue to monitor the level of gearing annually.

(d) Interest rate swaps – cash flow hedges
The previously held interest rate swaps expiring in February 2020 (North) and June 2021 (South) were assigned and terminated respectively upon the settlement of the sale of both Churchill North and South.

At 30 June 2018, the notional principal amounts and period of expiry of the interest rate swap contracts are as follows:

	Consolidated		***Fair Value***	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
2 – 3 years	-	12,500	-	77
3 – 4 years	-	11,570	-	(127)

(e) Interest rate risk
The Group has a 3-month term deposit of $2.0 million, a 4 month term deposit of $3.0 million a 6 month term deposit of $2.0 million and a 12 month term deposit of $3.5 million with BankSA which mature between July and November 2018. The Group is exposed to interest rate risk upon maturity of the term deposits. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

However, the Group may be exposed to interest rate risk on any future borrowings that are used to fund its development activities as entities in the Group borrow funds at both fixed and floating interest rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group seeks to minimise the effect of this risk by using derivative financial instruments to hedge the risk exposure wherever it is prudent to do so. The use of financial instruments is dependent on management's assessment of the interest rate risk going forward and this is assessed on a case by case basis. Financial institutions may also require the Group to enter into derivatives though loan facility documentation.

The Company's and Group's exposures to interest rate on financial liabilities are detailed in the liquidity risk management section of the note.

Interest Rate Sensitivity Analysis
The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is a reasonable basis on which to base the sensitivity analyses.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables are held constant the Group's:

- Net profit before tax would increase by $53K (2017: decrease $50K) or decrease by $53K (2017: increase $50K). This is due to the Group's exposure to variable interest rates on its finance facilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

NOTE 21: FINANCIAL INSTRUMENTS (continued)

(f) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposure from tenants. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The credit risk on cash and cash equivalents is limited due to the high proportion of funds being held with high rated banking institutions. The table below shows the balance of cash and cash equivalents held with various financial institutions at the end of the reporting period.

Bank	Ratings at 30 June 2018	Balance at 30 June 2018 $'000	Ratings at 30 June 2017	Balance at 30 June 2017 $'000
Bank of South Australia Limited	AA-	1,472	AA-	1,983

Source: Standard & Poors

Whilst the Group does have exposure to a small spread of counterparties the Directors are of the view that there is no significantly elevated credit risk arising from these concentrated exposures. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

(g) Liquidity Risk Management

Liquidity risk is the risk that the Group will be unable to meet its financial commitments. Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate cash reserves and borrowing facilities and by monitoring forecast versus actual cash flows and matching where ever possible the maturity profiles of financial assets and liabilities. Included in Note 17 is a listing of undrawn facilities that the Group has at its disposal.

The following tables detail the Group's remaining maturities for its non-derivative financial assets and financial liabilities. These are based upon the undiscounted cash flows of financial instruments based upon the earliest date on which the Group can be required to pay.

2018	Weighted Average Interest rate %	Less than 1 month $'000	1-3 months $'000	3 months - 1 year $'000	1-5 years $'000	5 + years $'000	Total $'000
Financial Assets							
Interest Bearing	2.41	6,509	3,500	2,028	-	-	12,037
Non-interest Bearing	-	223	-	-	-	-	223
		6,732	3,500	2,028	-	-	12,260
Financial Liabilities							
Non-interest Bearing	-	377	-	-	-	-	377
Interest Rate Bearing Instruments	-	-	-	-	-	-	-
		377	-	-	-	-	377
Net Financial Assets		6,355	3,500	2,028	-	-	11,883

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 21: FINANCIAL INSTRUMENTS (continued)

2017	Weighted Average Interest rate %	Less than 1 month $'000	1-3 months $'000	3 months - 1 year $'000	1-5 years $'000	5 + years $'000	Total $'000
Financial Assets							
Interest Bearing	1.68	683	1,300	-	-	-	1,983
Non-interest Bearing	-	146	-	-	-	-	146
		829	1,300	-	-	-	2,129
Financial Liabilities							
Non-interest Bearing	-	763	-	-	-	-	763
Interest Rate Bearing Instruments	3.64	74	12,056	1,388	25,943	-	39,461
		837	12,056	1,388	25,943	-	40,224
Net Financial Assets		(8)	(10,756)	(1,388)	(25,943)	-	(38,095)

(h) Net fair value

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair value of these financial assets and financial liabilities are determined (in particular, the valuation technique and inputs used).

Financial assets / financial liabilities	Fair value as at 2018 $'000	2017 $'000	Fair value hierarchy	Valuation techniques and key inputs
Interest rate swaps (Note 10)	Nil	Asset not designated for hedging $127	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.
Interest rate swaps (Note 18)	Nil	Liabilities not designated for hedging $77	Level 2	

The carrying amount of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required), presented in the financial statements approximates their net fair values, determined in accordance with the accounting policies disclosed in Note 18 to the financial statements.

NOTE 22: OPERATING LEASES

Leases as lessor

The Company leases out its investment property under operating leases. The future minimum lease payments receivable under non-cancellable leases are as follows:

	2018 $'000	2017 $'000
Less than one year	-	7,408
Later than one year and not later than five years	-	29,227
Later than five years	-	46,898
	-	83,533

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 23: COMMITMENTS AND CONTINGENCIES

Operating lease commitments

Future Group lease commitments as at 30 June are as follows:	Consolidated		Parent	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Within one year	99	1,100	99	34
After one year but not more than five years	529	5,339	529	8
More than five years	-	72,607	-	-
	628	79,046	628	42

The commitments comprise of rent for the Sydney and Adelaide Office Leases and a motor vehicle operating lease. The prior year commitment included the Churchill North Ground Rent.

Capital commitments

Future Group capital commitments as at 30 June are as follows:	Consolidated		Parent	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Within one year	-	-	-	-
After one year but not more than five years	-	-	-	-
More than five years	-	-	-	-
	-	-	-	-

NOTE 24: INTERESTS IN JOINT OPERATIONS

The Group has interests in the following jointly controlled operations:

Name of Entity	Principal Activity	Interest in Joint Venture Net Assets at Balance Date		Voting Power and Net Profit Entitlement	
		2018 %	**2017 %**	**2018 %**	**2017 %**
Churchill North Joint Venture	Development of land at Churchill Road North site	-	50	-	50

The share of revenue and expenses of the joint operations prior to settlement of sale, are included in the financial statements.

The Group accounted for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the relevant standards and interpretations applicable to the particular assets, liabilities, revenues and expenses.

As disclosed in the operations report and throughout these accounts, the Group disposed of its 50% share in its investment property Centre North during the period. The following represents the assets and liabilities extinguished as a result of settlement of sale:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 24: INTERESTS IN JOINT OPERATIONS (continued)

	$'000
Asset held for sale	
Investment property (Note 12)	51,718
Other assets	159
	41,456
Less liabilities	
Borrowings (Note 17)	(24,990)
Deferred revenue (Note 15)	(9,167)
Other liabilities	(355)
	(34,512)
Net asset held for sale	17,365
Sale Proceeds	
Cash proceeds received	10,365
Purchase of units in Churchill North Centre Investment Trust 1 (Note 13)	7,000
	17,365

NOTE 25: RELATED PARTY DISCLOSURE

a) Pivot Group Pty Ltd

Pivot Group Pty Ltd, a Director related entity of Mr B P Laurance, was reimbursed for travel and accommodation costs in connection with consultancy services provided to the Board by its Chairman Peter Laurance A.O. The expenses were reimbursed at cost. The total charged to the Company was $6,457 (2017: $4,496).

b) Integrated Event Delivery Management Pty Ltd

Integrated Event Delivery Management Pty Ltd, a Director related entity of Mr J S Howe, was reimbursed for Director required travel and accommodation costs. The expenses were reimbursed at cost. The total charged to the Company was $4,314 (2017: $Nil).

Integrated Event Delivery Management Pty Ltd, a Director related entity of Mr J S Howe, was reimbursed for contributions to office fit out costs. The contributions were reimbursed at cost. The total charged to the Company was $3,762 (2017: $Nil).

c) Churchill North Pty Ltd

Axiom Islington North Pty Ltd as trustee for the Axiom Islington Project (Northern) Trust had a 50% interest in Churchill North Pty Ltd (Churchill North). During the period Axiom disposed of its interest in the entity. Churchill North is jointly controlled with Southern Cross Equity Pty Ltd as trustee for the Churchill Road Trust. Churchill North formed part of the jointly controlled operation disclosed in Note 24.

d) *MB Estate Pty Ltd*

Axiom Mt Barker Pty Ltd as trustee for the Axiom Mt Barker Trust has a 50% interest in MB Estate Pty Ltd (MB Estate). MB Estate forms part of the investments accounted for using the equity method as disclosed in Note 13.

e) Currie St Pty Ltd

Axiom Currie St Pty Ltd as trustee for the Axiom Currie St Trust has a 50% interest in Currie St Pty Ltd (Currie St). Currie St is jointly controlled with Auspac Networks Pty Ltd. Currie St forms part of the investments accounted for using the equity method as disclosed in Note 13.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 25: RELATED PARTY DISCLOSURE (continued)

f) Balances between the company and subsidiaries (Note 30), which are related parties of the Company, have been eliminated on consolidation and not disclosed in this note.

Ultimate Parent Entity
The parent entity in the Group is Axiom Properties Limited. The ultimate parent entity is Axiom Properties Limited.

NOTE 26: KEY MANAGEMENT PERSONNEL DISCLOSURES

The aggregate compensation made to key management personnel of the Group is set out below:

	Consolidated	
	2018	**2017**
	$	**$**
Short-term employee benefits	1,579,585	1,393,786
Post-employment benefits	94,340	91,301
Share-based payment	122,541	322,895
Long-term employee benefits	(39,940)	9,346
	1,756,526	1,817,326

NOTE 27: PARENT ENTITY DISCLOSURES

Financial position

	2018	**2017**
	$'000	**$'000**
Assets		
Current assets	12,228	1,881
Non-current assets	26,863	19,347
Total assets	39,091	21,228
Liabilities		
Current liabilities	623	444
Non-current liabilities	50,203	21,116
Total liabilities	50,826	21,560
Net Assets	(11,735)	(332)
Equity		
Issued capital	54,118	62,298
Accumulated losses	(66,218)	(63,215)
Share based payment reserve	367	585
Total Equity	(11,735)	(332)

Financial performance

	2018	**2017**
	$'000	**$'000**
Profit/(Loss) for the year	(3,004)	(2,951)
Other comprehensive income	-	-
Total comprehensive income	(3,004)	(2,951)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 27: PARENT ENTITY DISCLOSURES (continued)

Contingent liabilities of the parent entity
There are no contingent liabilities of the parent entity at the end of the reporting period.

Commitments for the acquisition of property, plant and equipment by the parent entity
There are no commitments by the parent entity at balance date other than those disclosed at Note 23.

The financial information for the parent entity, Axiom Properties Limited, disclosed above has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities
Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Axiom Properties Limited. Any dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

NOTE 28: EVENTS AFTER THE REPORTING DATE

On 5 July 2018 the Company redeemed 250,000 units in the Churchill Centre North Investment Trust 1 at the price of $1 per unit. As at date of report signing, the Company holds 6,750,000 units in the Churchill Centre North Investment Trust 1.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect:

- the Group's operations in future financial years; or
- the results of those operations in future financial years; or
- the Group's state of affairs in future financial years.

NOTE 29: AUDITOR'S REMUNERATION

The auditor of Axiom Properties Limited is BDO Audit (SA) Pty Ltd. Amounts received or due and receivable:

	Consolidated		Parent	
	2018 $	2017 $	2018 $	2017 $
Audit and review of the financial reports	74,470	73,350	74,470	73,350
Other services	-	-	-	-
	74,470	73,350	74,470	73,350

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 30: PARTICULARS IN RELATION TO SUBSIDIARIES

	Country Incorporation/ Formation	Interest Held	
Parent		2018 %	2017 %
Axiom Properties Ltd (ultimate parent of the Group)	Australia		
Subsidiaries			
Axiom Resorts Pty Ltd	Australia	100	100
Axiom Resorts Management Pty Ltd	Australia	100	100
Superior Properties Pty Ltd	Australia	100	100
Axiom Property Funds Ltd	Australia	100	100
Axiom Development Management Pty Ltd	Australia	100	100
Axiom Worldpark Trust	Australia	100	100
Axiom Worldpark Adelaide Pty Ltd	Australia	100	100
Axiom Worldpark Adelaide Trust	Australia	100	100
Axiom Islington South Pty Ltd	Australia	100	100
Axiom Islington Project (Southern) Trust	Australia	100	100
Axiom Islington North Pty Ltd	Australia	100	100
Axiom Islington Project (Northern) Trust	Australia	100	100
Axiom Resources Pty Ltd	Australia	100	100
Axiom Mt Barker Estate Pty Ltd	Australia	100	100
Axiom Mt Barker Trust	Australia	100	100
Axiom Currie St Pty Ltd	Australia	100	100
Axiom Currie St Trust	Australia	100	100
Axiom CBD Investments Pty Ltd	Australia	100	100
Axiom CBD Investments Trust	Australia	100	100
Axiom Francis St Pty Ltd	Australia	100	100
Axiom Francis St Trust	Australia	100	100

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Axiom Properties Limited (the 'Company'):

   a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:

      i) giving a true and fair view of the Group's financial position as at 30 June 2018 and its performance for the year then ended; and

      ii) complying with Australian Accounting Standards, Corporations Regulations 2001, professional reporting requirements and other mandatory requirements;

   b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

   c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2018.

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

Ben Laurance
MANAGING DIRECTOR

Adelaide, South Australia
Dated: 22 August 2018

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AXIOM PROPERTIES LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Axiom Properties Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and

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

Basis for opinion

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

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting Treatment of Churchill North

Key audit matter	How the matter was addressed in our audit
As disclosed in Note 12, the Group sold its ownership interest in the Churchill Centre North investment property in April 2018. The transaction also involved a corresponding investment in Churchill North Centre Investment Trust 1 as disclosed in Note 13. This was determined to be a key audit matter because the sale of the Churchill North investment property represents a significant and unique transaction to the Group.	Our audit procedures included, among others: ▶ examining the underlying sale documentation to support the change in fair value recognised in accordance with AASB 140; ▶ verifying the appropriate derecognition of associated borrowings, deferred revenues, and other liabilities associated with the asset, in accordance with AASB 140; ▶ verifying the recognition and measurement of the investment in associate per AASB 12; ▶ challenging management's estimates and assumptions in determining costs to sell; and ▶ assessing the competence, capability and objectivity of the management expert associated with determining tax implications which included considering their experience and qualifications in undertaking similar types of engagements.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 24 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Axiom Properties Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO

BDO Audit (SA) Pty Ltd

Paul Gosnold

Paul Gosnold
Director

Adelaide, 22 August 2018

AUSTRALIAN SECURITIES EXCHANGE INFORMATION

TOP TWENTY SHAREHOLDERS

The percentage of the total holding of the 20 largest shareholders, as shown in the Company's Register of Members as at 20 August 2018 is 84.11% (2017: 83.09%) and the names and number of shares are as follows:

NAME	NUMBER	PERCENTAGE OF TOTAL SHAREHOLDINGS
PIVOT GROUP PTY LTD	155,367,254	35.81%
ORIENTAL UNIVERSITY CITY HOLDINGS (HK) LTD	82,250,000	18.96%
STARTREND INVESTMENTS PTY LTD	34,000,000	7.84%
STARTREND INVESTMENTS PTY LTD	14,000,000	3.23%
WEATHERED HOWE & ASSOCIATES PTY LTD <WEATHERED HOWE PENSION A/C>	9,290,450	2.14%
MS LEANNE ROUVRAY <ROUVRAY FAMILY A/C>	9,000,000	2.07%
BEEJAYEL PTY LTD <BEEJAYEL SUPERFUND A/C>	8,800,000	2.03%
STARTREND INVESTMENTS PTY LTD <STARTREND INVESTMENTS A/C>	6,641,834	1.53%
BEAUVAIS PTY LTD <JOHN BISHOP FAMILY A/C>	5,500,000	1.27%
CALAMA HOLDINGS PTY LTD <MAMBAT SUPER FUND A/C>	5,591,591	1.29%
SEAMIST PTY LTD	5,250,000	1.21%
COBBADAH PTY LTD <KENSINGTON A/C>	4,636,105	1.07%
OAKMOUNT NOMINEES PTY LTD <NARROMINE SUPER FUND A/C>	4,550,000	1.05%
PLS & BAJ PTY LTD <JAMISON &SANTINON FAMILY A/C>	4,075,000	0.94%
TEEPEE INVESTMENTS PTY LTD	3,500,000	0.81%
BHMB NOMINEES PTY LTD <BHMB FUND A/C>	2,996,455	0.69%
CARLISLE AND CO PTY LTD <WATTLE SUPERFUND A/C>	2,718,500	0.63%
WHIMPLECREEK PTY LTD <STAWELL FAMILY A/C>	2,500,000	0.58%
SILVERLAKE NOMINEES PTY LTD <D'ESPEISSIS SUPER A/C>	2,200,000	0.51%
MR SEAN BAGULEY + MRS LOUISE BAGULEY <SLB SUPER FUND A/C>	2,050,000	0.47%
	364,917,189	**84.11%**

The substantial shareholders' notices received by the Company as at 20 August 2018 are:

SHAREHOLDER	No. of Shares advised
Peter Laurance	155,367,254
Oriental University City Holdings (HK) Ltd	82,250,000
Ben Laurance	66,607,254

DISTRIBUTION OF SHAREHOLDERS AS AT 20 AUGUST 2018

There were 625 shareholders holding issued ordinary shares in the Company which were distributed among shareholders as follows:

CATEGORY	No. of Shareholders
1-1,000	27
1,001-5,000	93
5,001 – 10,000	83
10,001-100,000	282
100,001- and over	140
	625

There were 211 shareholders with less than the marketable parcel (12,500 shares).

VOTING RIGHTS

On a show of hands, every member present in person or by proxy or attorney or duly appointed representative shall have one vote. On a poll, every member present as aforesaid shall have one vote for each share of which the member is the holder.