

Appendix 4D

Half year report Half-year ended 31 December 2018

Introduced 01/01/03 Amended 17/12/10

Name of entity

AXIOM PROPERTIES LIMITED

ABN

40 009 063 834

1. Half-year ended ('current reporting period') Half-year ended ('previous corresponding period')

31 DECEMBER 2018

31 DECEMBER 2017

2. Results for announcement to the market

\$A'000

2.1	Revenue from ordinary activities	up/down	89%	To 281
2.2	Profit from ordinary activities after tax attributable to members	up/down	115%	To (1,482)
2.3	Profit for the period attributable to members	up/down	115%	To (1,482)

Dividends		Amount per security	Franked amount per security
2.4	Final dividends	N/A	N/A
2.4	Interim dividends	N/A	N/A

2.5	Record date for determining entitlements to the dividends	N/A
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- 2.6 Brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood:

This report should be read in conjunction with Axiom Properties Limited's most recent Annual and Interim Financial Reports.

3. NTA backing

	Current reporting period	Previous corresponding period
3.1 Net tangible assets per security	5.96 cents (*)	8.64 cents

* The Company paid a 2.0 cents per share return of capital to shareholders following the previous corresponding period.

4. Control gained over entities having material effect

4.1 Name of entity (or group of entities)	N/A
4.2 Date of gain of control	N/A
4.3 Consolidated profit (loss) from ordinary activities after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired	N/A
4.3 Profit (loss) from ordinary activities after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	N/A

Loss of control of entities having material effect

4.1 Name of entity (or group of entities)	N/A
4.2 Date of loss of control	N/A
4.3 Consolidated profit (loss) from ordinary activities after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired	N/A
4.3 Profit (loss) from ordinary activities after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	N/A

5. Dividends / distributions

Date the dividend / distribution is payable	N/A
Amount per security of foreign source dividend / distribution	N/A

Total dividends / distributions

Ordinary securities	N/A
Preference securities	N/A

6. Dividend / distribution plans

Dividend or distribution investment plans in operation:	N/A
The last date(s) for receipt of election notices for participation in dividend or distribution reinvestment plans	N/A

7. Details of aggregate share of profits (losses) of associates and joint venture entities

Name of associate / joint venture:	MB Estate Pty Ltd	
Holding in entities	50% holding in Joint Venture	
Group's aggregate share of associates' and joint venture entities':	Current reporting period \$A'000	Previous corresponding period \$A'000
Profit (loss) from ordinary activities before tax	(481)	-
Income tax on ordinary activities	-	-
Profit (loss) from ordinary activities after tax	-	-
Extraordinary items net of tax	-	-
Net profit (loss)	(481)	-
Adjustments	-	-
Share of net profit (loss) of associates and joint venture entities	(481)	-

Name of associate / joint venture:	Currie St Pty Ltd	
Holding in entities	50% holding in Joint Venture	
Group's aggregate share of associates' and joint venture entities':	Current reporting period \$A'000	Previous corresponding period \$A'000
Profit (loss) from ordinary activities before tax	-	-
Income tax on ordinary activities	-	-
Profit (loss) from ordinary activities after tax	-	-
Extraordinary items net of tax	-	-
Net profit (loss)	-	-
Adjustments	-	-

Share of net profit (loss) of associates and joint venture entities	-	-
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Name of associate / joint venture:	Churchill North Centre Investment Trust 1	
Holding in entities	35% holding in Associate	
Group's aggregate share of associates' and joint venture entities':	Current reporting period \$A'000	Previous corresponding period \$A'000
Profit (loss) from ordinary activities before tax	382	-
Income tax on ordinary activities	-	-
Profit (loss) from ordinary activities after tax	-	-
Extraordinary items net of tax	-	-
Net profit (loss)	382	-
Adjustments	-	-
Share of net profit (loss) of associates and joint venture entities	382	-

8. Foreign entities

Which set of accounting standards is used in compiling the report (e.g. International Financial Reporting Standards):	N/A
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9. All entities

A description of accounts subject to audit dispute or qualification:	N/A
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A.B.N. 40 009 063 834

**INTERIM FINANCIAL REPORT
31 December 2018**

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DIRECTORS' REPORT

Your Directors submit the financial report of the consolidated entity, Axiom Properties Limited, ("Axiom" or "the Company") for the half-year ended 31 December 2018 ("the half-year"). 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 half-year and until the date of this report are as noted below. Directors were in office for this entire period unless otherwise stated.

Ian James Laurance AM	Non-executive Chairman
Benjamin 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)

Review of Operations

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

The Company currently holds 6,750,000 of 19,320,000 units within the Trust and received its share of distributable income for quarters 1 and 2, which represented income yields of 1.69% and 1.57% for the quarters respectively. The capital value of the asset held within the Trust remains at \$42,500,000.

During the period one new specialty tenancy opened and three existing tenancies signed renewals. Development of the new Supercheap Auto site is progressing at the south-east corner of the Centre fronting Churchill Road, for which the Company is performing its role as Development Manager and is entitled to a Development Management fee, payable upon practical completion, which is expected in April 2019.

World Park 01, Keswick SA (100% Interest)

The Company continues to generate income from the site through temporary car-parking revenue, enough to minimise holding costs on the site. The Company continues to work on its strategy of attracting a sufficient pre-commitment to enable the commencement of the construction of subsequent buildings.

Mt Barker (50% Interest)

During the half-year, the Company and its partner completed Stage 1a construction which includes seventy-three allotments, nature reserves, water detention basin and beautification as well as major entry roads and entry statement. The Company and its partner have now begun to receive contracted allotment settlements, the proceeds of which are being used to progressively pay back the BankSA development finance facility.

The Company and its partner are now reviewing market demand of land sales in the area in conjunction with existing Stage 1a product mix to determine appropriate timing of commencement of the next stage, Stage 1b.

Double Bay, Sydney NSW (40% Interest)

The Company and its partners continue to work collaboratively with Council on the project to deliver an exceptional outcome for Council, the development partners and the broader community. The Company expects to have formal development documentation agreed by Quarter 3 this calendar year.

DIRECTORS' REPORT (continued)**Review of Operations (continued)***Currie St, Adelaide SA (50% Interest)*

Following an extensive operator search, the Company and its partner have selected the preferred hotel operator and are currently finalising the hotel management agreement, expected to be executed in Quarter 1 this calendar year. Negotiations with prospective commercial users for the office component of the mixed-use project are continuing, and a formal commercial leasing campaign is expected to commence also in Quarter 1 this calendar year.

Francis Street, Richmond NSW (100% Interest)

During the half-year, the Company continued to develop the design and progress the planning approval process alongside its operator, Estilo Group, and with the current land owner, Richmond Club. Settlement of the land purchase is still subject to all development approvals being secured and financial close for the hotel operator being achieved, which is expected to occur sometime in 2019.

Subsequent to half-year end, the development application documentation has now been finalised and has been submitted to the Club for consent and lodgement with Council.

End of Review of Operations**Rounding of Amounts**

The Company has applied the relief available to it in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, and accordingly certain amounts in the interim financial report and the Directors' report have been rounded off to the nearest \$1,000, unless otherwise indicated.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, BDO Audit (SA) Pty Ltd, to provide the Directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 9 and forms part of this Directors' Report for the half year ended 31 December 2018.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.



Ben Laurance

Managing Director

Dated this 13th day of February 2019

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

As lead auditor for the review of Axiom Properties Limited for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



Paul Gosnold
Director

BDO Audit (SA) Pty Ltd

Adelaide, 13 February 2019

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

	Notes	31 December 2018 \$'000	31 December 2017 \$'000
Continuing Operations			
Revenue	2	281	2,514
Other income	2	138	10,435
Employee benefits expense	2	(1,162)	(1,538)
Depreciation and amortisation expense		(1)	(2)
Finance costs		(1)	(587)
Share of loss from equity accounted investments	2	(99)	-
Other expenses	2	(638)	(1,278)
Profit/(loss) before income tax		(1,482)	9,544
Income tax benefit / (expense)		-	-
Net Profit/(loss) for the period		(1,482)	9,544
Total comprehensive income/(loss) for the period		(1,482)	9,544
Basic earnings / (loss) per share (cents per share)		(0.34) cents	2.24 cents
Diluted earnings / (loss) per share (cents per share)		(0.34) cents	2.24 cents

The accompanying notes form part of these financial statements

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018**

	Notes	31 December 2018 \$'000	30 June 2018 \$'000
Assets			
Current Assets			
Cash and cash equivalents		10,764	1,472
Trade and other receivables		355	223
Other financial assets		-	10,565
Other assets	6	72	31
Total Current Assets		11,191	12,291
Non-Current Assets			
Property, plant and equipment		2	3
Inventory	5	7,200	7,200
Other assets	6	207	207
Investment properties	7	222	222
Investments accounted for using the equity method	8	7,761	8,374
Total Non-Current Assets		15,392	16,006
Total Assets		26,583	28,297
Liabilities			
Current Liabilities			
Trade and other payables		490	712
Provisions		245	255
Total Current Liabilities		735	967
Total Liabilities		735	967
Net Assets		25,848	27,330
Equity			
Issued capital	3	54,485	54,118
Reserves		-	367
Accumulated losses		(28,637)	(27,155)
Total Equity		25,848	27,330

The accompanying notes form part of these financial statements

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

	Issued Capital	Accumulated Losses	Reserves	Total Equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2017	62,298	(35,610)	585	27,273
Profit for the period	-	9,544	-	9,544
Total comprehensive income for the period	-	9,544	-	9,544
Share-based payments expense (net of expired performance rights)	-	-	100	100
Reserve transfer – exercise of performance rights	362	-	(362)	-
Balance at 31 December 2017	62,660	(26,066)	323	36,917
Balance at 1 July 2018	54,118	(27,155)	367	27,330
Profit for the period	-	(1,482)	-	(1,482)
Total comprehensive income for the period	-	(1,482)	-	(1,482)
Share-based payments expense (net of expired performance rights)	-	-	-	-
Reserve transfer – exercise of performance rights	367	-	(367)	-
Balance at 31 December 2018	54,485	(28,637)	-	25,848

The accompanying notes form part of these financial statements

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

	31 December 2018 \$'000	31 December 2017 \$'000
Cash flows from operating activities		
Receipts from customers	495	2,361
Payments to suppliers and employees	(1,741)	(2,369)
Payment of project development costs	-	(82)
Interest received	226	38
Finance costs	-	(669)
Net cash (outflow) from operating activities	(1,020)	(721)
Cash flows from investing activities		
Investment in joint venture	(168)	(365)
Proceeds from sale investment property	-	22,350
Proceeds from sale of units in investment trust	250	-
Proceeds from disposal of fixed interest securities	10,565	-
Purchase of investment property	-	(108)
Net cash inflow from investing activities	10,647	21,877
Cash flows from financing activities		
Proceeds from borrowings	-	82
Repayments of borrowings	-	(11,570)
Repayments to joint venture	(335)	-
Net cash (outflow)/inflow from financing activities	(335)	(11,488)
Net increase/(decrease) in cash held	9,292	9,668
Cash and cash equivalents at the beginning of the period	1,472	1,983
Cash and cash equivalents at the end of the period	10,764	11,651

The accompanying notes form part of these financial statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying notes form part of these financial statements

Statement of compliance

This half-year consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year financial report is intended to provide an update on the latest annual financial statements of Axiom Properties Limited and its controlled entities ("Group"). This condensed half-year financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2018 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

The half-year financial report has been prepared on a historical cost basis, except for the revaluation of certain financial instruments to fair value. Cost is based on the fair value of the consideration given in exchange for assets. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, and accordingly, certain amounts in the Directors' Report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Accounting policies and methods of computation

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Adoption of new and revised Accounting Standards

The Group has reviewed all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current half-year. As a result of this review, the directors have determined that there is no material impact on the Group 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 half year ended 31 December 2018. As a result of this review the Directors have determined that the following Standards and Interpretations will 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).

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

There is no expected material impact of the new and revised Standards and Interpretations on the Group and therefore no change is necessary to Group accounting policies.

Significant accounting judgments and key estimates

The preparation of interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual financial statements for the year ended 30 June 2018.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

NOTE 2: PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE

	31 December 2018 \$'000	31 December 2017 \$'000
(a) Revenue		
Rental revenue	131	3,297
Less Leasing incentives	-	(783)
Net rental revenue	131	2,514
Development fee income	150	-
	<u>281</u>	<u>2,514</u>
(b) Other income		
Interest received	138	96
Change in fair value of investment properties	-	10,339
	<u>138</u>	<u>10,435</u>
(c) Share of loss from equity accounted investments		
Share of profit from Churchill North Investment Trust 1	382	-
Share of loss from MB Estate Pty Ltd	(481)	-
	<u>(99)</u>	<u>-</u>
(d) Other expenses		
Audit and accountancy fees	48	61
Legal and consultancy fees	84	36
Insurances	41	69
Rent and outgoings	126	928
Travel and accommodation	104	57
Asset disposal costs	84	-
Other expenses	151	127
	<u>638</u>	<u>1,278</u>
(e) Employee benefits expense		
<i>Employee benefits expense includes the following specific amounts:</i>		
Share based payments expense	-	101
Superannuation expense	47	48

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 3: ISSUED CAPITAL

	31 December 2018 \$'000		30 June 2018 \$'000	
<i>Ordinary shares</i>				
Issued and fully paid	54,485		54,118	
	6 months to 31 Dec 2018		12 months to 30 June 2018	
<i>Movements in ordinary shares on issue</i>	No.	\$'000	No.	\$'000
At start of period	427,132,396	54,118	420,482,396	62,298
Issue on exercise of performance rights	6,700,000	367	6,650,000	363
Return of capital	-	-	-	(8,543)
At end of period	433,832,396	54,485	427,132,396	54,118

NOTE 4: SEGMENT REPORTING

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board in order to allocate resources to the segment and to assess its performance.

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

The following tables are an analysis of the Group's revenue, results from continuing operations and the Group's assets and liabilities by reportable segment provided to the Board for the half-year ended 31 December 2018 and 31 December 2017.

	Continuing operations			
	Investment Property \$'000	Development \$'000	Corporate \$'000	Consolidated \$'000
31 December 2018				
Segment revenue	-	281	-	281
Other income	-	-	138	138
Segment result	382	(285)	(1,579)	(1,482)
Results from continuing operations	382	(285)	(1,579)	(1,482)
Segment assets	7,089	8,697	10,797	26,583
Segment liabilities	-	-	735	735
	Continuing operations			
	Investment Property \$'000	Development \$'000	Corporate \$'000	Consolidated \$'000
31 December 2017				
Segment revenue	2,438	76	-	2,514
Other income	10,361	-	74	10,435
Segment result	11,361	(76)	(1,741)	9,544
Results from continuing operations	11,361	(76)	(1,741)	9,544
Segment assets	52,142	8,736	11,611	72,489
Segment liabilities	34,550	-	1,022	35,572

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

NOTE 5: INVENTORIES

	31 December	30 June
	2018	2018
	\$'000	\$'000
<i>Non-Current</i>		
Land (development)	7,200	7,200

Axiom has 100% ownership interest in Worldpark land situated in Keswick, South Australia.

NOTE 6: OTHER ASSETS

	31 December	30 June
	2018	2018
	\$'000	\$'000
<i>Current</i>		
Prepayments	72	31
<i>Non-Current</i>		
Land (development) at cost	207	207

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

NOTE 7: INVESTMENT PROPERTIES

	31 December	30 June
	2018	2018
	\$'000	\$'000
Investment property at cost	222	222

Axiom has entered into an agreement to purchase a freehold site on the corner of Francis and East Market Streets in Richmond, Western Sydney.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

NOTE 8: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investment Summary

Name of entity	Type of Investment	31 December	30 June
		2018	2018
		\$'000	\$'000
MB Estate Pty Ltd	Joint Venture	657	1,288
Currie St Pty Ltd	Joint Venture	240	71
Churchill North Centre Investment Trust 1	Associate	6,864	7,015
Total		7,761	8,374

Joint ventures

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

Name of entity	Principal activity	Country of incorporation	Equity Participation Share	
			December 2018	June 2018
			%	%
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

MB Estate Pty Ltd

	31 December	30 June
	2018	2018
	\$'000	\$'000
Opening carrying amount	1,288	1,046
Contributions to joint venture	-	242 ¹
Share of profit/(loss) of investment	(481)	-
Less: downstream development fees	(150)	-
Carrying value of the Group's interest in the joint venture	657	1,288

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 proceeds 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.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

NOTE 8: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

Currie St Pty Ltd

	31 December 2018 \$'000	30 June 2018 \$'000
Opening carrying amount	71	-
Contributions to joint venture	169 ²	71 ²
Share of profit/(loss) of investment	-	-
Carrying value of the Group's interest in the joint venture	<u>240</u>	<u>71</u>

² 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.

Associate

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

Name of entity	Principal activity	Country of incorporation	Equity Participation Share	
			December 2018 %	June 2018 %
Churchill North Centre Investment Trust 1	Land & building development	Australia	35	36

Reconciliation of carrying amount of the interest in associate recognised in the Group financial statements

Churchill North Centre Investment Trust 1

	31 December 2018 \$'000	30 June 2018 \$'000
Opening carrying amount	7,015	-
Contributions to associate	-	7,000
Share of profit/(loss) in investment	382	15
Less: Cash distributions	(283)	-
Less: Disposals during the period	(250)	-
Carrying value of the Group's interest in the associate	<u>6,864</u>	<u>7,015</u>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

NOTE 9: FINANCIAL INSTRUMENTS

The Directors consider that the carrying amount of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

NOTE 10: PERFORMANCE RIGHTS

Movement in performance rights over ordinary shares on issue:

	6 months to 31 December 2018 No. (thousands)	12 months to 30 June 2018 No. (thousands)
At start of period	6,700,000	13,350,000
Performance rights issued	-	-
Performance rights exercised	(6,700,000)	(6,650,000)
At end of period	-	6,700,000

NOTE 11: EVENTS SUBSEQUENT TO REPORTING DATE

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

NOTE 12: CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 31 December 2018.

DIRECTORS' DECLARATION

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

1. The financial statements and notes thereto, as set out on pages 10 to 21, are in accordance with the Corporations Act 2001 including:
 - a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year then ended.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303 (5) of the Corporations Act 2001.



Ben Laurance
Managing Director

Dated this 13th day of February 2019

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF AXIOM PROPERTIES LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Axiom Properties Limited (the Company) and its subsidiaries (the Group), which comprises the condensed consolidated statement of financial position as at 31 December 2018, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.



A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

A handwritten signature in blue ink that reads 'BDO'.

BDO Audit (SA) Pty Ltd

A handwritten signature in blue ink that reads 'Paul Gosnold'.

Paul Gosnold
Director

Adelaide, 13 February 2019