

## ASX CODE

AXI

## ISSUED CAPITAL

Ordinary Shares  
432.7 M

## CONTACT

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19 August 2020

## ASX ANNOUNCEMENT

### APPENDIX 4E AND ANNUAL REPORT – 30 JUNE 2020

**Adelaide, Australia, Wednesday 19 August 2020: 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 2020.

Authorised for release by the Board.

#### 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:

40 0090 63834

Reporting period:

Year ended 30 June 2020

Previous corresponding period:

Year ended 30 June 2019

### Results for announcement to the market

\$A'000

Revenues from ordinary activities	up/down	25%	to	559
Profit from ordinary activities after tax attributable to members	up/down	115%	to	367
Net Profit for the period attributable to members	up/down	115%	to	367

#### **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.



**Annual Report**  
2019–2020

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# 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  
20 Leigh Street  
ADELAIDE SA 5000

Suite 2007, Level 20, Australia Square  
264 – 278 George Street  
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](http://www.computershare.com.au)

## Solicitors

Cowell Clarke  
Level 9  
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](http://www.axiompl.com.au)

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# Chairman's Statement

## Dear Shareholder

I am pleased to record that the Company returned to profit in the 2019 / 2020 financial year. This year's profit, albeit small at \$367,000, is significant as it follows last year's loss of \$2.377 million which disappointed as it followed several years of excellent profits.

The outstanding event for the year was the winning of a tender to build the Safecom Headquarters for the South Australian Government at our Worldpark site on the outskirts of the Adelaide CBD. This is an important piece of Government infrastructure and securing this development represents an important milestone for Axiom. Although occurring after year end the recent sod-turning ceremony at the site by the Hon. Steven Marshall, Premier of South Australia, was a very proud moment for the Company

The securing of the Safecom development represents a great triumph for all our hard-working team of Executives.

During the year steady progress was made at the Glenlea Estate at Mount Barker. Stage 1B of the development was constructed and several lots sold. With a number of homes completed and young families moving in this Estate is quickly becoming a thriving community.

Whilst the COVID 19 pandemic has caused some delays to our projects the Company is emerging relatively unscathed by the trouble. Indeed securing a Development Approval for the proposed Butler development during this period was a significant success.

Overall, your Company is well placed for continuing success.

Once again, this year I extend thanks to Managing Director Ben Laurance and his team for their achievements and to my fellow Directors for their guidance.



Ian Laurance AM  
Chairman



# Managing Director's Review



## Dear Shareholder

The financial year just completed shows the Company returning to profitability, albeit a small reported gain of \$367,000 due in large part to a revaluation on the Company's Worldpark land at Keswick, SA. More importantly, the broader focus for the Group remains to continue delivering on its objective of capitalising on its current development pipeline which has been significantly enhanced by the securing of a 15-year State Government lease agreement to construct the State's Emergency Services State Control Centre for the South Australian Government on the Group's land at Richmond Rd Keswick, SA. This pre-commitment took several years to secure and is a testament to the expertise and ability of the Axiom team to create quality property accommodation solutions for the Company's partners and tenants.

Your Board and management are committed to not only delivering on its core capability of developing quality property development opportunities but are also highly cognisant of building a recurring income capability through long term ownership of its projects. To this end, the Safecom asset will not only enhance the balance sheet on its completion through revaluation as an investment property, currently independently valued at \$79m on completion, but will also provide the Group with a strong recurring net income.

The Company is investigating a joint venture with a boutique funds management group with the objective of building a Diversified Property Trust that is seeded with Axiom-initiated developments, with a wider scope to purchase off-market properties that are sourced by Axiom and the Trust. The Board and Executives of Axiom consider this a prudent and worthy strategy to pursue given it has the potential to provide the Group with an optimal balance of both cashflow and recycling of invested equity to enable the securing of additional development opportunities.

## World Park Fringe Adelaide CBD, SA

During the year the Group secured a 15-year State Government commitment at its 100% owned Worldpark development at 33 Richmond Rd, Keswick on the fringe of the Adelaide CBD. The commitment will see the South Australian Fire and Emergency Commission (SAFECOM), the South Australian Country Fire Service (SACFS), the South Australian Metropolitan Fire Service (SAMFS) and the South Australian State Emergency Service (SASES) re-locate into a bespoke building and precinct on a long-term lease to be developed by Axiom. The site's location coupled with Axiom's strong track record of delivering quality property accommodation solutions were contributing factors in being selected to provide this critical piece of Government infrastructure.

The new building has been designed by Axiom in conjunction with the Government and its specialist consultants and will serve as the State's Emergency Services State Control Centre. The world-class facility has been designed to enhance and support the Emergency Services and the critical work they do to protect the community. The building will be earthquake-resilient, featuring backup power, water and wastewater storage and technology redundancies able to withstand major disasters such as earthquakes, floods and storms.

Subsequent to year end, construction of the Control Centre office, warehouse and carpark facility encompassing a total of approximately 8,000 sq.m has commenced, with completion expected in October 2021. Occupation by the Emergency Services Sector is expected to occur immediately following practical completion, being a benefit of the integrated fitout of their premises being conducted collaboratively by Axiom.



# Managing Director's Review (Continued)

## Double Bay NSW

During the year, the Company continued to progress the Cross St Car Park re-development opportunity with Woollahra Council. Located in Sydney's Double Bay, a tightly guarded, exclusive Sydney harbourside enclave, the project will involve the redevelopment of the Council owned car park into a vibrant, major, multi-use precinct incorporating a 600-seat multi-screen cinema complex, boutique luxury retail, prestige residential apartments and a new underground public carpark for the local community.

This major urban renewal project provides the Group with significant exposure to the luxury Sydney residential market via an iconic, high profile site in the heart of Sydney's eastern suburbs.

## Glenlea Estate Mt Barker, SA

Located approximately 25 minutes from the Adelaide city centre, Mt Barker is the largest township in the Adelaide Hills, and one of the fastest growing areas in South Australia.

During the year, the Company completed the construction of an additional 43 lots at its "Glenlea Estate", a Joint Venture residential broadacre subdivision located in Mt Barker, approved to accommodate 600 lots.

Completion sees a current total of 113 lots created within the estate of which approximately 80% have now been sold. This sales success paves the way for the release of the next tranche of allotments to the market which will see a further 15 to 30 lots created by the end of 2020. Demand for land and building packages will continue to be underpinned by Government stimulatory incentive measures in the market which are squarely aimed at promoting growth and creating jobs.

The estate is now a hive of construction activity as land purchasers now commence construction works on their new parcels of land and families begin to move into the estate adding to the vibrancy and liveliness of the offering. The management team continues to monitor demand and ensure that supply of new lots meet the buyer expectations and preferences with regards to size and price points.

## Butler WA

Development consent was granted on 29th May 2020 for a large format retail centre comprising 13,240sqm of lettable retail and showroom space. Since that time, the Company has been working with its consultant team and Council to agree some modifications to the approval to accommodate specific tenant requirements.

Axiom has commenced a marketing campaign to lease the project, with terms now agreed on approximately 50% of the available space. Pleasingly, binding documents have now been agreed with a major national retailer to anchor the Centre with a 2,400sqm store.

The management team has engaged a national construction company under an Early Contractor Involvement process to assist with the preparation of detailed design documentation and construction pricing.

The team is targeting construction commencement in March 2021 and completion in April 2022.

## Churchill Centre North 9.99% Interest in Churchill North Centre Investment Trust 1

As at 30 June 2020, the Company held 1,930,000 of 19,320,000 units within the Trust and received its share of distributable income for quarters one, two and three during the year, with quarter four income being received subsequently in August 2020.

During the year the Company sold 4,720,000 units of its units in the trust at \$1 per unit. Subsequent to year end the Company sold a further 250,000 units of its units in the trust at \$1 per unit, leaving a net balance of 1,680,000 units. The Directors continue to believe the time is appropriate for the Company to deploy its passive capital into other pipeline development assets, and is therefore continuing to sell down its units in this investment.

# Managing Director's Review (Continued)

## Currie St, Adelaide CBD

The Company, in conjunction with its Joint Venture partner, has been developing an exciting scheme for its development opportunity in the Adelaide CBD at 62 Currie Street. The Hames Sharley-designed project incorporates commercial office, retail and hotel accommodation uses and sits in the heart of the vibrant laneway and small bar/restaurant precinct. The lifestyle hotel brand "QT" were previously identified as the preferred operator of the hotel component, and were subsequently signed to a Hotel Management Agreement in February 2019.

Since the onset of the Covid19 pandemic, this Project has been delayed due to the uncertainty surrounding the tourism and hotel markets. The partners remain committed to the project and will look to re-commence pre-leasing activities on the office component once markets normalise again and the net effects of the Covid19 pandemic become clearer.

## Richmond NSW

Axiom has continued to work with the Richmond Club to fully explore design and approval options with Hawkesbury City Council and to monitor potential operator demand for a new 110 room 3-4 star hotel on a 2,200sq.m parcel of land owned by the Richmond Club.

The development approval process with Hawkesbury City Council has become protracted and Council-imposed changes to the design may not achieve a room yield which lends support to a viable scheme. This is unfortunately set against the backdrop of a post Covid19 environment that has resulted in a substantial reduction in room night demand, which is presenting extremely challenging operating conditions for the hotel operator market.

## 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 securing of the long term State Government commitment to the Company's Worldpark project is a demonstration of the Group's ability to attract high quality covenants and pre-commitments to its projects which underpin the viability of each project and de-risk the development process.

As we head into the current financial year, the Group is embarking on an investment cycle with capital being deployed strategically into its Safecom and Butler development projects as well as its other developments. On completion these projects are expected to provide the Company with a significant enhancement to its balance sheet through growth in the NTA, enhanced recurring income and capturing inherent upside in its development pipeline projects.

Furthermore, the Group and its Executives continue to evaluate new strategic opportunities where they believe they can generate superior returns on capital.

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

# Director's 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 2020. 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.



### Other Public Company Directorships

None

### Former Public Company Directorships in last three years

None



### Other Public Company Directorships

None

### Former Public Company Directorships in last three years

None

## Ian James Laurance AM Non-executive Chairman

Mr. Laurance 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 Ltd. for several years.

Mr. Laurance also spent seven years as Chairman of the industry body, Business Events Perth.

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 graduate of the University of Western Australia.

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

## Ben Peter Laurance Managing Director

Ben 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.

# Director's Report (Continued)



#### Other Public Company Directorships

None

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#### Former Public Company Directorships in last three years

None

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### 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.



### 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.

# Director's 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.

# Director's Report (Continued)

## 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 a Director for a number of not-for-profit organisations.

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

# Director's 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	–	72,038,053	–	–
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
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.

# Director's Report (Continued)

## Operating and Financial Review

### Financial Results

The Group recorded a profit after tax of \$367,000 for the year ended 30 June 2020, up on the previous year's loss (30 June 2019: \$2.377 million loss after tax). This profit is largely representative of the reversal of prior years' impairment on World Park land as a result of the Company securing a fifteen-year commitment from the South Australian State Government.

### Business Overview

World Park 01, Keswick SA



Artist impression of office building and precinct with warehouse, hardstand and multi deck carpark, Safecom, Keswick SA



Sod Turning Ceremony with Steven Marshall MP, Premier of South Australia and Corey Wingard MP, Minister for Infrastructure and Transport, Recreation and Sport, Racing and Paul Rouvray, Axiom General Manager

During the year the Company was selected as the preferred provider of a bespoke accommodation solution for the State Government of South Australia. Subsequently, the Group has now executed a long term lease agreement with the Government to design and construct an 8,000 sq.m office, warehouse and carparking solution to house the South Australian Fire and Emergency Commission (SAFECOM), the South Australian Country Fire Service (SACFS), the South Australian Metropolitan Fire Service (SAMFS) and the South Australian State Emergency Service (SASES)

Construction of the bespoke building and ancillary facilities commenced subsequent to year end, with completion expected in October 2021. Construction financing has been secured with a major Australian bank.

The 15-year lease agreement with fixed annual increases will provide the Company with a significant revaluation on its balance sheet and will also have the ability to provide the Group with a strong recurring income.



# Director's Report (Continued)

## Operating and Financial Review

### Business Overview

Double Bay, Sydney NSW



Double Bay

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. The development provides Axiom with significant exposure into the strong Sydney commercial, retail and luxury residential markets 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, commercial office and residential apartments.

During the financial year, the Company worked collaboratively with Woollahra Council to finalise the terms, structure and final design specifications of the project to be included in the Project Delivery Agreement.

# Director's Report (Continued)

## Operating and Financial Review

### Business Overview

Mt Barker, SA



Glenlea, Mt Barker

# Director's Report (Continued)

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 landowners to develop a 600-allotment scheme that is in keeping with the natural and majestic environment of the area.

This broad acre subdivision opportunity gives the Company a low risk exposure to the residential sector. 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.

The development named Glenlea is arguably Mount Barker's most beautiful land estate. Only 6 minutes from Mount Barker township, Glenlea offers comfortable country living with amenity close by. With over 7 hectares of preserved open space, natural woodlands, reserves, walking trails and play areas, you are never far from nature. It continues to honour a rich Adelaide Hills heritage. The estate was once Glenlea Farm, cherished by the Gilbert Family for several generations. Recognition of their 40-year custodianship and passion for the land endures today. It's reflected in their commitment to ensure that the topography and semi-rural character are preserved as the estate is developed.

Stage 1a of the development continues to be built out with over 50% of settled lots now having built form homes constructed and residents enjoying living in the estate. The majority of the balance of unsold lots in stage 1a are for small townhouse product. The demand for this product has been steady, but generally relies on built form product rather than just land. To support these sales, during the year the Company funded the construction of five townhouses with funds upon settlement to be repatriated back to the Company. As at 30 June, four had been contracted with one settling prior to 30 June. The remaining contracted homes settled subsequent to year end, with the one remaining unsold home being utilised as a display home.

Whilst Mt Barker contracted sales for Stage 1a continued to settle during the financial year and debt repaid, as reported in the previous financial year the nature of residential subdivisions is that there are inherent higher infrastructure and setup costs incurred in the first stage. Combined with the need for the Company to accrue for Axiom's development management fee and effective land acquisition cost, a small accounting loss has again resulted from settlements in Stage 1a. However, as a result of the completion of Stage 1b and settlements commencing to occur subsequent to year end, we expect there to be an accounting profit in the next financial year.

The apportionment of wider estate costs has been independently conducted by Rider Levett Bucknall and provided to our auditors.

During the year, the Company and its partner completed Stage 1b construction which includes forty-three allotments and is known as the Ayers Release. This release overlooks the stage 1a built retention basin and provides purchasers with flat benched product throughout. As at date of this report, forty-one lots have been contracted with settlements commencing subsequent to year end. The proceeds of all initial lot settlements are being used to progressively pay back the BankSA development finance facility.

The new onsite sales suite being funded by the Company commenced construction during the year and will present a milestone when it is completed and opened in October 2020. The suite is designed and constructed by Custom Built New Homes and is essentially a luxury home that will serve as the onsite sales hub for the Glenlea project over the next few years, to be later sold as a comfortable family home in the long term. The home is near the entrance of the estate and the Company will be entitled to receive rental payments whilst being used as a sales suite.

The Company and its Partner are working on plans to develop the next stage of flat and benched allotments in time for purchasers to take advantage of the Federal Government's home builder scheme. Commencement of this stage is likely to commence September 2020, subject to appropriate Council and finance approvals being in place.

# Director's Report (Continued)

## Operating and Financial Review

### Business Overview

#### Butler, WA



Artist impression proposed Butler large format retail centre and existing Woolworths retail centre, Butler

On 4 July 2019 the Group announced it had entered into a conditional agreement with Woolworths to purchase a strategic, 3-hectare retail site in Butler, WA for \$9.6m. The site is centrally located within Butler's commercial and retail core, adjoining the recently opened Woolworths-anchored supermarket and shopping centre on the corner of Butler Boulevard and Camborne Parkway. The Butler train station, incorporating a Park'N'Ride, is situated adjacent to the site.

The Group achieved a Development Approval from the Joint Development Assessment Panel (JDAP) on 29th May 2020. The 3-hectare site is currently vacant and is zoned for a variety of retail uses including showroom and full retail offerings. The approval provides for the development of a large format retail precinct incorporating approximately 13,500 sq.m of showroom tenancies.

Construction is expected to commence in March 2021 with completion due in April 2022.

This exciting new opportunity marks Axiom's re-entry into the Perth market since it was involved in the development of Enex 100, a mixed-use office and retail development on St George's Tce in the Perth CBD with major tenant NAB and in partnership with Melbourne based Industry Superannuation Property Trust (ISPT).

Subsequent to year end, the Group has secured its anchor tenant to underpin the centre and demand for the Centre has increased significantly, largely driven by the outperformance of the large format sector in general during the Covid19 pandemic and the underlying strength of the WA economy.

# Director's Report (Continued)

## Operating and Financial Review

### Business Overview

Currie St, Adelaide SA



Currie St, Adelaide

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 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.

Following an extensive operator search, the Company and its partner selected and entered into a management agreement with QT Hotels. Negotiations with prospective commercial users for the office component of the mixed-use project will re-commence once the net effects of the current Covid19 pandemic become clearer.



# Director's Report (Continued)

## Operating and Financial Review

### Business Overview

Francis Street, Richmond NSW



Artist impression proposed Butler large format retail centre and existing Woolworths retail centre, Butler

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.

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, the Company continued to develop the design and progress the planning approval process with the current land owner, Richmond Club and has engaged with Hawkesbury Council to discuss and gather feedback on the proposed development prior to submitting its application for approval. Settlement of the land purchase is still subject to all development approvals being secured and financial close for a hotel operator being achieved.

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.

# Director's Report (Continued)

## Operating and Financial Review

### Outlook

The Company currently operates in several sub-sectors of the Australian property market, namely retail (and particularly large format), office, broad acre residential subdivision, luxury residential and hotel accommodation.

Notwithstanding the current effects of the Covid19 pandemic, the Directors and Executives are of the view that most of the Group's development projects are withstanding the current malaise relatively soundly.

The current low interest rate environment, coupled with the Government's unprecedented stimulus measures underpin the Company's continued confidence in the markets in which it operates. Clearly, the tourism and travel sectors have been one of the hardest hit, which has a flow-on effect on the Company's exposure to that area. That said, the nature of the Currie St Joint Venture arrangement and the conditions attached to the purchase contract for the Richmond project somewhat insulate the Company from significant at-risk equity exposure to those projects.

### Office

The office sector continues to be a beneficiary of the current low interest environment in terms of demand for high quality premium covenants, and a sustained low capitalisation rate environment for same. The Company's securing of the State Government's commitment to a 15 year lease for Safecom at Worldpark, Richmond Rd, Keswick will drive a significant re-rating of the asset on the Group's balance sheet and is a highly sought after income-producing asset due to the quality of the covenant and the underlying asset.

### Retail

In the retail sector, anecdotally the large format retailers, by and large, have enjoyed successful trading periods during the Covid19 pandemic as consumers have increased spending habits on many of the goods and services offered by large format retailers. Indeed, many of the potential tenants the Company has been engaged with over its Butler WA project have reported strong sales, increased profitability and foot traffic through their stores. Geographically, the Company's Butler WA project is also benefitting from a strong resurgence in the Western Australian economy with a robust mining and resources sector, a strong pick up in residential demand due to the incentives offered by both the State and Federal Governments and the success of the WA handling of the Covid19 pandemic.

### Residential

The Federal Government's stimulus package, particularly the Home Builder's grant has had a profound impact on the Group's residential subdivision "Glenlea Estate" at Mt Barker. Since the announcement in July of the Home Builder's Grant, the Company has experienced surging sales of its available lots, which has led the Company to look at options to bring forward additional stages to cater for the current demand.

The resilience of the Sydney luxury residential market during this time of economic uncertainty also reinforces the Company's confidence in its Double Bay project. With the development still approximately 3-4 years away from completion following agreement and finalisation of documentation and a lengthy approval process, the Company believes the timing will be appropriate to bring a project of this nature and status to the market. Additionally, limited supply given the nature of the established market will, in the opinion of the Directors, underpin pricing of luxury residences in the area for the foreseeable future.

# Director's Report (Continued)

## 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 14–20 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.

## Remuneration Report (Audited)

### 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.

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 2020. 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.



# Director's Report (Continued)

## 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.

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. Where deemed appropriate there is a 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.

# Director's Report (Continued)

## 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 \$85,000 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 \$540,000 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 \$62,000 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.

### 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 \$384,000 plus benefits is payable;
- The Company may terminate this contract at any time with one month's notice if Mr Rouvray defaults in the performance and observance of his obligations under the agreement

# Director's Report (Continued)

## Remuneration Report

### Remuneration of Directors and other KMP

Table 1: Directors' and other KMP's remuneration for the year ended 30 June 2020

2020	Short-term employee benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total	Proportion of remuneration that is performance based
	Cash salary and fees	Cash bonus	Non-monetary benefits	Superannuation	Long service leave	Performance Rights		
Directors	\$	\$	\$	\$	\$	\$	\$	%
I J Laurance AM	83,602	25,000	9,468	7,942	–	–	126,012	20%
J S Howe	60,882	10,000	–	5,784	–	–	76,666	13%
Y C Liu	55,000	–	–	–	–	–	55,000	–
D G L Chung	–	–	–	–	–	–	–	–
B P Laurance	531,754	200,000	–	50,540	(9,424)	–	772,870	26%
<b>Other KMP</b>								
P J Rouvray	377,816	200,000	27,260	35,910	2,378	–	643,364	31%
<b>Total KMP compensation</b>	1,109,054	435,000	36,728	100,176	(7,046)	–	1,673,912	

Table 2: Directors' and other KMP's remuneration for the year ended 30 June 2019

2019	Short-term employee benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total	Proportion of remuneration that is performance based
	Cash salary and fees	Cash bonus	Non-monetary benefits	Superannuation	Long service leave	Performance Rights		
Directors	\$	\$	\$	\$	\$	\$	\$	%
I J Laurance AM	81,176	20,000	9,387	7,712	–	–	118,275	17%
J S Howe	59,211	10,000	–	5,625	–	–	74,836	13%
Y C Liu	55,000	–	–	–	–	–	55,000	–
D G L Chung	–	–	–	–	–	–	–	–
B P Laurance	515,712	100,000	–	48,961	(27,154)	–	637,519	16%
<b>Other KMP</b>								
P J Rouvray	365,782	100,000	27,261	34,726	(4,846)	–	522,923	19%
<b>Total KMP compensation</b>	1,076,881	230,000	36,648	97,024	(32,000)	–	1,408,553	

# Director's Report (Continued)

## Remuneration Report

### Remuneration of Directors and other KMP

**Table 3: Cash bonuses for the year ended 30 June 2020**

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
<b>Directors</b>	\$	%	%	%	\$	\$
I J Laurance AM	25,000	100%	0%	N/A	N/A	N/A
J S Howe	10,000	100%	0%	N/A	N/A	N/A
B P Laurance	200,000	100%	0%	N/A	N/A	N/A
<b>Other KMP</b>						
P J Rouvray	200,000	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
Nil	-	-	-	-

**Table 5: Shareholding of key management personnel**

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

Name	Balance 1 July 2019	Received as Remuneration	Rights Exercised	Net Change Other	Balance 30 June 2020
<b>Directors</b>					
I J Laurance	5,250,000	-	-	-	5,250,000
B P Laurance	71,495,142	-	-	542,911	72,038,053
J S Howe	9,290,450	-	-	-	9,290,450
D G L Chung	82,250,000	-	-	-	82,250,000
	<b>168,285,592</b>	-	-	<b>542,911</b>	<b>168,828,503</b>
<b>Other KMP</b>					
P Rouvray	8,000,000	-	-	-	8,000,000
	<b>8,000,000</b>	-	-	-	<b>8,000,000</b>

**Table 6: Rights holdings of key management personnel**

No rights were held by key management personnel during the year.

# Director's Report (Continued)

## Remuneration Report

### Remuneration of Directors and other KMP

Table 7: Group performance

Financial Report Date	Profit / (Loss) After Tax	Basic EPS Cents	Share Price cents	Return on Market Capitalisation %
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%
30 June 2019	(2,377)	(0.55)	3.60	(15.27%)
30 June 2020	367	0.08	3.90	2.17%

### Other transactions with key management personnel

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 \$1,821 (2019: \$7,194). Axiom was reimbursed for Adelaide office rental and outgoings costs. The expenses were reimbursed at cost. The total received by Axiom was \$60,687 (2019: \$30,295).

### Directors Meetings

The number of meetings of the board of directors (including board committees) held during the year ended 30 June 2020, and the number of meetings attended by each director are set out below:

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

# Director's Report (Continued)

## 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 30 and forms part of the Directors' Report for the year ended 30 June 2020.

## 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 26 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.

## Events After the Reporting Date

Subsequent to year end the Company entered into a building contract with Pike Constructions Pty Ltd for \$46m to construct the South Australian Emergency Services Headquarters precinct at its Worldpark site in Keswick South Australia. In addition, the Company agreed financial terms on a \$50m construction facility with NAB to fund the construction of the precinct. Financial close is expected to occur upon execution of the agreed finance documents, which is imminent. The terms of the facility are on standard construction finance terms.

No other matter or circumstance has arisen since 30 June 2020 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: 19 August 2020

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

# Auditor's Independence Declaration



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420 King William Street  
Adelaide SA 5000  
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AUSTRALIA

## 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 2020, 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.

A handwritten signature in blue ink that reads 'Paul Gosnold'. The signature is written in a cursive, flowing style.

Paul Gosnold  
Director

**BDO Audit (SA) Pty Ltd**

Adelaide, 19 August 2020

BDO Audit (SA) Pty Ltd ABN 33 161 379 086 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (SA) Pty Ltd and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.



# **2019/2020 Financial Statements**

# Statement of Comprehensive Income For the Year Ended 30 June 2020

## Consolidated

	Notes	2020 \$'000	2019 \$'000
Revenue from contracts with customers	2(a)	559	447
Other income	2(b)	3,514	246
Cost of Sales		(264)	-
Employee benefits expense		(2,424)	(1,987)
Depreciation and amortisation expense		(233)	(3)
Finance costs		(60)	(1)
Share of net profit/(loss) of equity accounted investments	14	(87)	142
Other expenses	2(c)	(638)	(1,221)
<b>Profit / (Loss) before income tax benefit</b>		367	(2,377)
Income tax expense	3	-	-
<b>Profit / (Loss) for the year</b>		367	(2,377)
<b>Other comprehensive income for the year</b>		-	-
<b>Total comprehensive income for the year</b>		367	(2,377)
Basic earnings per share (cents per share)	5	0.08 cents	(0.55) cents
Diluted earnings per share (cents per share)		0.08 cents	(0.55) cents

The accompanying notes form part of these financial statements

# Statement of Financial Position as at 30 June 2020

	Notes	Consolidated	
		2020 \$'000	2019 \$'000
<b>Current Assets</b>			
Cash and cash equivalents	6	3,646	9,207
Trade and other receivables	7	88	173
Other financial assets	8	3,572	-
Other assets	9	33	33
		<u>7,339</u>	<u>9,413</u>
Assets Classified as held for sale	10	1,930	-
<b>Total Current Assets</b>		<u>9,269</u>	<u>9,413</u>
<b>Non-Current Assets</b>			
Trade and other receivables	7	418	307
Right of use assets	11	823	-
Inventory	12	14,303	7,200
Other assets	9	1,081	339
Investment properties	13	269	233
Investments accounted for using the equity method	14	1,134	7,860
<b>Total Non-Current Assets</b>		<u>18,028</u>	<u>15,939</u>
<b>Total Assets</b>		<u>27,297</u>	<u>25,352</u>
<b>Current Liabilities</b>			
Trade and other payables	15	867	216
Lease Liabilities	16	201	-
Provisions	17	297	228
Borrowings	18	-	-
<b>Total Current Liabilities</b>		<u>1,363</u>	<u>444</u>
<b>Non-Current Liabilities</b>			
Lease Liabilities	16	657	-
Borrowings	18	-	-
<b>Total Non-Current Liabilities</b>		<u>659</u>	<u>-</u>
<b>Total Liabilities</b>		<u>2,022</u>	<u>444</u>
<b>Net Assets</b>		<u>25,275</u>	<u>24,908</u>
<b>Equity</b>			
Issued capital	19	54,440	54,440
Accumulated losses		(29,165)	(29,532)
<b>Total Equity</b>		<u>25,275</u>	<u>24,908</u>

The accompanying notes form part of these financial statements

# Statement of Changes in Equity For the Year Ended 30 June 2020

Consolidated	Issued capital	Accumulated losses	Reserves	Total
	\$'000	\$'000	\$'000	\$'000
<b>Balance as at 1 July 2019</b>	54,440	(29,532)	-	24,908
Profit for the year	-	367	-	367
<b>Total comprehensive income for the year</b>	-	367	-	367
<b>Balance at 30 June 2020</b>	<b>54,440</b>	<b>(29,165)</b>	<b>-</b>	<b>25,275</b>
<b>Balance as at 1 July 2018</b>	54,118	(27,155)	367	27,330
Loss for the year	-	(2,377)	-	(2,377)
<b>Total comprehensive income for the year</b>	-	(2,377)	-	(2,377)
Return of capital	(45)	-	-	(45)
Reserves transfer - exercise of performance rights	367	-	(367)	-
<b>Balance at 30 June 2019</b>	<b>54,440</b>	<b>(29,532)</b>	<b>-</b>	<b>24,908</b>

# Statement of Cash Flows

## For the Year Ended 30 June 2020

	Notes	Consolidated	
		2020 \$'000	2019 \$'000
Inflows / (Outflows)			
<b>Cash flows from operating activities</b>			
Receipts from customers		605	262
Payments to suppliers and employees		(3,026)	(3,402)
Payment of project development costs		(4,368)	(143)
Interest received		114	346
Finance costs		(60)	(1)
<b>Net cash used in operating activities</b>	6(ii)	<b>(6,735)</b>	<b>(2,938)</b>
<b>Cash flows from investing activities</b>			
Investment in joint venture		(138)	(479)
Distributions Received		361	616
Purchase of fixed interest securities		(3,572)	-
Sale of fixed interest securities		-	10,565
Proceeds from sale of units in investment trust		4,720	350
<b>Net cash provided by investing activities</b>		<b>1,371</b>	<b>11,052</b>
<b>Cash flows from financing activities</b>			
Repayment of Lease Liabilities		(197)	-
Repayment of borrowings		-	(335)
Buyback of unmarketable parcels		-	(44)
<b>Net cash used in financing activities</b>		<b>(197)</b>	<b>(379)</b>
Net increase / (decrease) in cash and cash equivalents		(5,561)	7,735
Cash and cash equivalents at beginning of year		9,207	1,472
<b>Cash and cash equivalents at end of year</b>	6(i)	<b>3,646</b>	<b>9,207</b>

The accompanying notes form part of these financial statements

# Notes to the Financial Statements For the Year Ended 30 June 2020

## 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 directors have the power to amend and reissue the financial statements.

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. 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 2020*

In the year ended 30 June 2020, 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.

#### *AASB 16 Leases*

The consolidated entity adopted AASB 16 with a transition date of 1 July 2019. The Group has chosen not to restate comparatives on adoption of this standard, and therefore, the revised requirements are not reflected in the prior year financial statements. Rather, these changes have been processed at the date of initial application (i.e. 1 July 2019) and recognised in the opening equity balances.

The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs).

AASB 16 substantially carries forward the lessor accounting in AASB 117, with the distinction between operating leases and finance leases being retained.

#### **Transition Method and Practical Expedients Utilised**

The Group adopted AASB 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (1 July 2019), without restatement of comparative figures. The Company elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under AASB 117 were not reassessed. The definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

# Notes to the Financial Statements For the Year Ended 30 June 2020 (Continued)

## NOTE 1: GENERAL ACCOUNTING POLICIES (continued)

### Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

### Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

AASB 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The consolidated entity applied the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- a) Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- b) Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if AASB 16 had been applied since the commencement date; and
- c) Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all the risks and rewards of ownership. Under AASB 16, the Group recognises right-of-use assets and lease liabilities for most leases. However, the consolidated entity has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

# Notes to the Financial Statements

## For the Year Ended 30 June 2020 (Continued)

### NOTE 1: GENERAL ACCOUNTING POLICIES (continued)

#### Impact on Financial Statements

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained profits as at 1 January 2019 was as follows:

	1 July 2019
	\$'000
Operating lease commitments as at 1 July 2019 (AASB 117)	759
Operating lease commitments discount based on the weighted average incremental borrowing rate of 5.4% (AASB 16)	(147)
Short-term leases not recognised as a right-of-use asset (AASB 16)	-
Low-value assets leases not recognised as a right-of-use asset (AASB 16)	-
Price adjustments	443
Right-of-use assets (AASB 16)	<u>1,055</u>
Lease liabilities - current (AASB 16)	195
Lease liabilities - non-current (AASB 16)	860
	<u>1,055</u>
Reduction in opening accumulated losses as at 1 July 2019	<u>-</u>

#### *New Accounting Standards and Interpretations not yet mandatory or early adopted*

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2020. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

#### *Conceptual Framework for Financial Reporting (Conceptual Framework)*

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the consolidated entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the consolidated entity may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the consolidated entity's financial statements.

#### (c) Statement of compliance

The financial report was authorised for issue on 19 August 2020.

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.



# Notes to the Financial Statements

## For the Year Ended 30 June 2020 (Continued)

### NOTE 1: GENERAL ACCOUNTING POLICIES (continued)

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. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

#### (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.

# Notes to the Financial Statements

## For the Year Ended 30 June 2020 (Continued)

### NOTE 1: GENERAL ACCOUNTING POLICIES (continued)

#### (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) **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.

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.

#### (i) **Impairment**

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 2020 (Continued)

### NOTE 2: REVENUE AND EXPENSES

	Consolidated	
	2020	2019
	\$'000	\$'000
<b>(a) Revenue from contracts with customers</b>		
Rental income	239	265
Sales income	264	-
Development fee income	56	182
	559	447
<b>Disaggregation of revenue</b>		
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	264	-
Services transferred over time	295	447
	559	447
<p>All revenue transferred at a point in time is within the Development segment. Revenue transferred over time relates to the Development segment (\$229,000) and the Corporate segment (\$66,000).</p>		
<b>Geographical regions</b>		
All revenue is derived from Australia		
<b>(b) Other income</b>		
Interest received	109	245
Distributions	309	-
Reversal of impairment - inventory	3,022	-
Other income	74	1
	3,514	246
<b>(c) Other expenses</b>		
Audit and accountancy fees	165	121
Legal and consultancy fees	90	126
Insurances	102	88
Rent and outgoings	7	277
Travel and accommodation	109	177
Other expenses	165	432
	638	1,221

# Notes to the Financial Statements

## For the Year Ended 30 June 2020 (Continued)

### NOTE 2: REVENUE AND EXPENSES (continued)

	Consolidated	
	2020	2019
	\$'000	\$'000
<b>(d) Employee benefits expense</b>		
<i>Employee benefits expense includes the following specific amounts:</i>		
Share based payments expense	-	-
Superannuation expense	97	94
<b>(e) Depreciation</b>		
Depreciation – Land and buildings - right-of-use	216	-
Depreciation – Motor Vehicles – right-of-use	16	-
	<u>232</u>	<u>-</u>
<b>(f) Finance Costs</b>		
Interest and finance charges on lease liabilities	52	-
Interest and finance charges on cash and borrowings	8	-
	<u>232</u>	<u>-</u>

#### **Revenue from contract with customers**

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised. The following specific recognition criteria must also be met before revenue is recognised:

#### *Rental income*

Rental income 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. Payments are typically received within 30 days.

#### *Sales Income*

Sales income for homes constructed by the company in the Mount Barker development is recognised at a point in time upon financial settlement by arm's length third party purchasers.

#### **Other income**

#### *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 2020 (Continued)

### NOTE 3: INCOME TAX EXPENSE

	Consolidated	
	2020 \$'000	2019 \$'000
<b>a) The prima facie income tax expense on the operating profit is reconciled to the income tax benefit as follows:</b>		
Operating profit/(loss) before income tax	367	(2,377)
Income tax expense/(benefit) calculated at 27.5% (2019: 27.5%)	101	(654)
Adjusted for tax effect of:		
Non-deductible expenses	7	6
Non – assessable income	(14)	-
Unused tax losses not recognised as deferred tax assets	771	669
Other deferred tax assets and tax liabilities not recognised	(865)	(21)
Income tax expense applicable to ordinary activities	-	-
<b>b) Deferred tax balances</b>		
Deferred tax assets comprise:		
Losses available for offset against future taxable income – revenue	10,732	9,939
Properties	55	55
Impairment of inventory	-	668
Leases	237	-
Provisions and accruals	85	68
	11,109	10,730
Set off of tax	(682)	(426)
Deferred tax assets not recognised	10,427	10,304
Deferred tax liabilities comprise:		
Provisions and accruals	(30)	-
Leases	(226)	-
Construction expenditure capitalised	(406)	(406)
Other	(20)	(20)
	(682)	(426)
Set off of tax	682	(426)
Net deferred tax liability	-	-

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

# Notes to the Financial Statements

## For the Year Ended 30 June 2020 (Continued)

### 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% on the basis that Axiom is a base rate entity for the year ended 30 June 2020.

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 2020.

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.

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.

# Notes to the Financial Statements

## For the Year Ended 30 June 2020 (Continued)

### NOTE 3: INCOME TAX EXPENSE (continued)

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 2019 and 30 June 2020.

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
<b>30 June 2020</b>				
Segment revenue	-	493	66	559
Other Income	309	3,022	183	3,514
Share of net profit/(loss) of equity accounted investments	-	(87)	-	(87)
Segment expenditure	-	(277)	(i)(3,342)	(3,619)
Results from continuing operations	<b>309</b>	<b>3,151</b>	<b>(3,093)</b>	<b>367</b>
Included within segment result:				
Rental revenue	-	173	66	239
Investment property direct operating expenses	-	-	-	-
Depreciation	-	-	233	233
Interest revenue	-	-	109	109
Reversal of impairment	-	3,022	-	3,022
Share-based payments expense	-	-	-	-
Finance costs	-	2	58	60
Segment assets	2,227	17,024	(ii) 8,046	27,297
<i>Total assets includes:</i>				
Equity Accounted Investments	-	1,134	-	1,134
Assets classified as held for sale	-	1,930	-	1,930
Segment liabilities	-	701	1,321	2,022
Capital Expenditure	43	4,337	-	4,380

# Notes to the Financial Statements

## For the Year Ended 30 June 2020 (Continued)

### NOTE 4: SEGMENT INFORMATION (continued)

	Investment Property \$'000	Continuing operations		Consolidated \$'000
		Development \$'000	Corporate \$'000	
<b>30 June 2019</b>				
Segment revenue	-	447	-	447
Other income	-	-	246	246
Share of net profit/(loss) of equity accounted investments	616	(474)	-	142
Segment expenditure	-	(185)	(i)(3,027)	(3,212)
Results from continuing operations	<b>616</b>	<b>(212)</b>	<b>(2,781)</b>	<b>(2,377)</b>
Included within segment result:				
Rental revenue	-	265	-	265
Investment property direct operating expenses	-	-	-	-
Depreciation	-	-	(3)	(3)
Interest revenue	-	-	245	245
Share-based payments expense	-	-	-	-
Finance costs	-	-	(1)	(1)
Segment assets	318	8,898	(ii)16,136	25,352
<i>Total assets includes:</i>				
Equity Accounted Investments	-	7,860	-	7,860
Segment liabilities	7	21	416	444
Capital Expenditure	12	132	-	144

#### (i) Corporate Expenditure Summary

	2020 \$'000	2019 \$'000
KMP and employee benefits expense	2,424	1,987
Audit and accounting expense	165	121
Consultants	87	72
Insurance	102	88
Legal	3	31
Office rent and outgoings	7	122
Other	554	606
	<u>3,342</u>	<u>3,027</u>

#### (ii) Corporate Asset Summary

	2020 \$'000	2019 \$'000
Cash and cash equivalents	3,590	9,060
Other financial assets	3,572	6,650
Right of use assets	823	-
Other	61	426
	<u>8,046</u>	<u>16,136</u>

#### 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 2020 (Continued)

## NOTE 5: EARNINGS PER SHARE

	Consolidated	
	2020	2019
	Cents per share	Cents per share
Basic earnings per share	0.08	(0.55)
Diluted earnings per share	0.08	(0.55)
	2020	2019
	Number	Number
The weighted average number of shares on issue used in the calculation of basic earnings per share.	432,713,658	433,685,308
The weighted average number of shares on issue used in the calculation of diluted earnings per share	432,713,658	433,685,308

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	
	2020	2019
	\$'000	\$'000
Cash at bank and on hand	3,646	1,400
Short-term deposits	-	7,807
	3,646	9,207

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 8 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 2020 (Continued)

### 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:

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash and cash equivalents	3,646	9,207

#### (ii) Reconciliation of profit/(loss) for the year to net cash used in operating activities

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Operating profit/(loss) for the year after tax	367	(2,377)
Share of net loss of joint ventures	87	475
Impairment reversal on inventory	(3,021)	-
Expenditure on development assets	(4,788)	(144)
Depreciation and amortisation	233	3
Distributions recorded as investing activities	(361)	(616)
(Increase)/decrease in trade and other receivables	28	(88)
(Increase)/decrease in other assets	-	(3)
(Decrease)/increase in provisions	69	(27)
(Decrease)/increase in trade and other payables	651	(161)
Net cash used in operating activities	(6,735)	(2,938)

#### (iii) Non-cash investing and financing activities

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Additions to right-of-use assets	1,055	-

(iv) Changes in liabilities arising from financing activities	<b>2019</b>	<b>Leases recognised on adoption of AASB 16</b>	<b>Net cash used in financing activities</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Lease Liabilities	-	1,055	(197)	858

# Notes to the Financial Statements

## For the Year Ended 30 June 2020 (Continued)

### NOTE 7: TRADE AND OTHER RECEIVABLES

	Consolidated	
	2020	2019
	\$'000	\$'000
<i>Current</i>		
Trade receivables	28	47
Accrued income	15	101
GST recoverable	45	25
	<u>88</u>	<u>173</u>
<i>Non-Current</i>		
Development Fee Receivable	<u>418</u>	<u>307</u>

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.

The Group recognises a loss allowance for expected credit losses on trade debtors. The Group has applied the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

The amount of the loss allowance 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.

### NOTE 8: OTHER FINANCIAL ASSETS

	Consolidated	
	2020	2019
	\$'000	\$'000
Fixed interest securities	<u>3,572</u>	-

Other financial assets 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.

# Notes to the Financial Statements

## For the Year Ended 30 June 2020 (Continued)

### NOTE 9: OTHER ASSETS

	Consolidated	
	2020	2019
<i>Current</i>	\$'000	\$'000
Prepayments	33	33
<i>Non-Current</i>		
Land (development) at cost	279	207
Other development costs	403	132
Refundable deposits	399	-
	1,081	339

The land (development) and other development costs relate to expenditure incurred on the Company's existing pipeline projects including design and feasibility costs and development approval fees.

The refundable deposits is in accordance with the conditions in the land purchase contracts on the Butler development land.

	Carrying Value 2019	Additions	Disposals	Transfer	Impairment	Carrying Value 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land development at cost	207	72	-	-	-	279
Other development costs	132	271	-	-	-	403
Refundable deposits	-	399	-	-	-	399
	339	742	-	-	-	1,081

	Carrying Value 2018	Additions	Disposals	Transfer	Impairment	Carrying Value 2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land development at cost	207	-	-	-	-	207
Other development costs	-	132	-	-	-	132
	207	132	-	-	-	339

### NOTE 10: ASSETS CLASSIFIED AS HELD FOR SALE

	Consolidated	
	2020	2019
	\$'000	\$'000
Asset held for sale	1,930	-

During the year the Company sold 4,720,000 units in the Churchill Centre North Investment Trust 1 at \$1 per unit. Subsequent to year end the Company sold a further 250,000 units in the trust at \$1 per unit. The Directors continue to believe the time is appropriate for the Company to deploy its passive capital into other pipeline development assets, and is therefore continuing to sell down its units in this investment.

# Notes to the Financial Statements For the Year Ended 30 June 2020 (Continued)

## NOTE 10: ASSETS CLASSIFIED AS HELD FOR SALE (continued)

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 11: RIGHT OF USE ASSETS

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Office Space – right-of-use	1,037	-
Less: Accumulated depreciation	(216)	-
	821	-
Motor Vehicle – right-of-use	18	-
Less: Accumulated depreciation	(16)	-
	2	-
Total right-of-use assets	823	-

Additions to the right-of-use assets during the year were \$1,055,000.

The company leases offices located in Adelaide and Sydney under agreements of between five to six years. The leases have annual fixed escalation clauses. On renewal, the terms of the leases are renegotiated. The company also has a motor vehicle lease under a three-year agreement. The company also leases office equipment under agreements. These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

# Notes to the Financial Statements

## For the Year Ended 30 June 2020 (Continued)

### NOTE 12: INVENTORY

	Consolidated	
	2020	2019
<i>Non-Current</i>	\$'000	\$'000
Land (development)	13,125	7,200
Built Form homes at cost	1,178	-
	14,303	7,200

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

Axiom is funding 100% of strategic built form product within the Glenlea Mt Barker development and are for sale as house and land packages. Axiom receives 100% of its home construction cost on settlement of the land.

Costs in relation to the acquisition and development of land that is being developed for sale, 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. Land (development) was held at fair value less costs to sell in 2019. During the year an amount of \$3,022,000 was recognised in other income as a result of reversing historical impairment losses on inventory, resulting in the asset being held at cost in 2020. The reversal reflects the benefit of progressing the Worldpark site as the destination for the new South Australian Emergency Services Headquarters.

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

### NOTE 13: INVESTMENT PROPERTIES

	Consolidated	
	2020	2019
	\$'000	\$'000
Investment property	269	233

The following table shows the reconciliation from the opening balance to the closing balance for investment properties:

	Francis St	Total
	\$'000	\$'000
Balance at 1 July 2019	233	233
Additions	36	36
Balance at 30 June 2020	269	269

	Francis St	Total
	\$'000	\$'000
Balance at 1 July 2018	222	222
Additions	11	11
Disposals	-	-
Balance at 30 June 2019	233	233

# Notes to the Financial Statements For the Year Ended 30 June 2020 (Continued)

## NOTE 13: INVESTMENT PROPERTIES (continued)

- (i) Axiom has entered into an agreement with a right to purchase a freehold site on the corner of Francis and East Market Streets in Richmond, Western Sydney. Given the early stage of the project, the Francis Street Investment property is measured at cost.

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.

## NOTE 14: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

### Investment Summary

Name of Entity	Type of Investment	2020	2019
		\$'000	\$'000
MB Estate Pty Ltd	Joint Venture	518	660
Currie St Pty Ltd	Joint Venture	616	550
Churchill North Centre Investment Trust 1	Associate <sup>1</sup>	-	6,650
<b>Total</b>		<b>1,134</b>	<b>7,860</b>

<sup>1</sup> Transferred to asset classified as held for sale during the year, refer note 10

### Investments in 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	
			2020	2019
			%	%
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

# Notes to the Financial Statements For the Year Ended 30 June 2020 (Continued)

## NOTE 14: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

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

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Opening carrying amount	660	1,288
Contributions to joint venture	-	-
Share of net profit/(loss) of joint venture	(142)	(628)
Carrying value of the Group's interest in the joint venture	<b>518</b>	<b>660</b>

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.

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Financial position</i>		
Current assets	-	-
Non-current assets	7,765	10,723
Current liabilities	(447)	(63)
Non-current liabilities	(6,800)	(10,000)
<b>Net assets</b>	<b>518</b>	<b>660</b>

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Financial performance</i>		
The group's share of total comprehensive income	(142)	(628)

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

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Opening carrying amount	550	71
Contributions to joint venture	66	479
Carrying value of the Group's interest in the joint venture	<b>616</b>	<b>550</b>

<sup>1</sup>Axiom continues to have the right to contribute equity of up to \$6 million 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.



# Notes to the Financial Statements

## For the Year Ended 30 June 2020 (Continued)

### NOTE 14: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

	2020 \$'000	2019 \$'000
<i>Financial position</i>		
Current assets	-	7
Non-current assets	616	566
Current liabilities	-	(23)
Non-current liabilities	-	-
<b>Net assets</b>	<b>616</b>	<b>550</b>
<i>Financial performance</i>		
The group's share of total comprehensive income	-	-

A joint venture is an arrangement where the parties who 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.

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.

# Notes to the Financial Statements For the Year Ended 30 June 2020 (Continued)

## NOTE 14: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

### Investments in associates

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

Name of entity	Principal activity	Country of incorporation	Equity Participation Share		Measurement Method
			2020 %	2019 %	
Churchill North Centre Investment Trust 1	Investment trust	Australia	10 <sup>1</sup>	34	Equity Method

During the year, the Company sold 4,720,000 units in the trust, reducing its equity participation share to 10%, along with the associated voting rights. Due to this reduction, the Company no longer has significant influence. As the Directors intend on continuing to sell down the units in the trust, the asset has been reclassified to assets classified as held for sale as outlined in note 10.

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

	Consolidated	
	2020 \$'000	2019 \$'000
Opening carrying amount	6,650	7,015
Share of net profit of the associate	309	536
Share of profit distribution paid or payable by the associate	(309)	(551)
Disposal of investment in unit trust	(4,720)	(350)
Transferred to assets classified as held for sale	(1,930)	-
Carrying value of the Group's interest in the unit trust	-	<b>6,650</b>

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

	2020 \$'000	2019 \$'000
<u>Financial position</u>		
Current assets	860	767
Non-current assets	45,366	45,831
Current liabilities	(760)	(26,951)
Non-current liabilities	(26,338)	-
<b>Net assets</b>	<b>19,128</b>	<b>19,647</b>
Group's share	-	34%
Group's share of net assets	-	<b>6,650</b>

# Notes to the Financial Statements

## For the Year Ended 30 June 2020 (Continued)

### NOTE 14: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

<u>Financial performance</u>	<b>2020</b> <b>\$'000</b>	<b>2019</b> <b>\$'000</b>
Revenue	4,387	4,420
Profit from continuing operations and total comprehensive income	737	1,731
The group's share of profit from continuing operations and total comprehensive income	309	536
The group's share of other comprehensive income	-	-
The group's share of total comprehensive income	309	536
Group's share of distributions	309	536

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 equal 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 15: TRADE AND OTHER PAYABLES

	<b>Consolidated</b>	
	<b>2020</b> <b>\$'000</b>	<b>2019</b> <b>\$'000</b>
<i>Current</i>		
Trade payables (i)	676	216
Accrued expenses	191	-
	867	216

- (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.

# Notes to the Financial Statements

## For the Year Ended 30 June 2020 (Continued)

### NOTE 16: LEASE LIABILITIES

	Consolidated	
	2020	2019
	\$'000	\$'000
<i>Current</i>		
Lease liabilities	201	-
<i>Non-current</i>		
Lease liabilities	657	-

### NOTE 17: PROVISIONS

	Consolidated	
	2020	2019
	\$'000	\$'000
<i>Current</i>		
Employee benefits	297	228

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.

# Notes to the Financial Statements

## For the Year Ended 30 June 2020 (Continued)

### NOTE 17: PROVISIONS (continued)

- (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.

### NOTE 18: BORROWINGS

#### *Assets pledged as security*

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

#### *Fixed and floating charge*

Cash at bank

Other financial assets

Receivables

Assets held for sale

Inventory

Investment property

Total assets pledged as security

#### Consolidated

	2020 \$'000	2019 \$'000
	-	-
	3,475	3,475
	-	-
	-	-
	13,125	7,200
	-	-
	<u>16,600</u>	<u>10,675</u>

- (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, Axiom has provided a limited guarantee and indemnity for the facility limit of \$14,311,000, BankSA has taken a flawed asset arrangement over cash deposit of \$3.475 million and has taken a first registered real property mortgage over Worldpark land in lieu of any pre-sale condition. Subsequent to year end, new finance terms have been agreed with Bank SA and the mortgage over Worldpark land has been discharged. Finance conditions are continually being reviewed.

### NOTE 19: ISSUED CAPITAL

432,713,658 (2019: 432,713,658)

Ordinary shares issued and fully paid

#### Consolidated

	2020 \$'000	2019 \$'000
	54,440	54,440

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.

# Notes to the Financial Statements

## For the Year Ended 30 June 2020 (Continued)

### NOTE 19: ISSUED CAPITAL (continued)

	2020		2019	
	No.	\$'000	No.	\$'000
<i>Movement in ordinary shares on issue</i>				
Balance at beginning of financial year	432,713,658	54,440	427,132,396	54,118
Issued on exercise of performance rights	-	-	6,700,000	367
Share Buy Back	-	-	(1,118,738)	(45)
Balance at end of financial year	432,713,658	54,440	432,713,658	54,440

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.

### NOTE 20: 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	
	2020 \$'000	2019 \$'000
<i>Financial Assets at amortised cost</i>		
Cash and cash equivalents	3,646	9,207
Trade and other receivables	506	480
Other financial assets	3,572	-
	<u>7,724</u>	<u>9,687</u>
<i>Financial Liabilities at amortised cost</i>		
Trade and other payables	866	216
	<u>866</u>	<u>216</u>

#### (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.

# Notes to the Financial Statements For the Year Ended 30 June 2020 (Continued)

## NOTE 20: FINANCIAL INSTRUMENTS (continued)

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 2019.

### (d) Interest rate risk

The Group has a 6-month term deposit of \$3.572 million with BankSA which matures in September 2020. The Group is exposed to interest rate risk upon maturity of the term deposit. 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 through 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 \$18K (2019: increase \$39K) or decrease by \$18K (2019: decrease \$39K). This is due to the Group's exposure to variable interest rates on its finance facilities.

### (e) 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 2020	Balance at 30 June 2020 \$'000	Ratings at 30 June 2019	Balance at 30 June 2019 \$'000
Bank of South Australia Limited	AA-	7,218	AA-	9,207

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.

# Notes to the Financial Statements

## For the Year Ended 30 June 2020 (Continued)

### NOTE 20: FINANCIAL INSTRUMENTS (continued)

#### (f) 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.

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.

	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
<b>2020</b>							
<b>Financial Assets</b>							
Interest Bearing	0.66%	3,646	3,596	-	-	-	7,242
Non-interest Bearing	-	45	28	-	418	-	491
		3,691	3,624	-	418	-	7,733
<b>Financial Liabilities</b>							
Non-interest Bearing		866	-	-	-	-	866
Interest Rate Bearing Instruments	5.4%	17	33	150	658	-	858
		883	33	150	658	-	1,724
Net Financial Assets		2,808	3,591	(150)	(240)	-	6,009
<b>2019</b>							
<b>Financial Assets</b>							
Interest Bearing	1.88	3,455	5,752	-	-	-	9,207
Non-interest Bearing	-	173	-	-	307	-	480
		3,628	5,752	-	307	-	9,687
<b>Financial Liabilities</b>							
Non-interest Bearing	-	216	-	-	-	-	216
Interest Rate Bearing Instruments	-	-	-	-	-	-	-
		216	-	-	-	-	216
Net Financial Assets		3,412	5,752	-	307	-	9,471

#### (g) Net fair value

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.



# Notes to the Financial Statements

## For the Year Ended 30 June 2020 (Continued)

### NOTE 21: COMMITMENTS AND CONTINGENCIES

#### Operating lease commitments

Minimum lease commitments payable but not recognised in the financial statements at 30 June are as follows:

	Consolidated		Parent	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Within one year	-	166	-	166
After one year but not more than five years	-	593	-	593
More than five years	-	-	-	-
	-	759	-	759

All lease commitments with the Company have now been recognised as right-of-use assets and lease liabilities in the Statement of Financial Position in accordance with the requirements of the new accounting standard, *AASB 16 Leases*.

The company had no short term and/or leases of low value as at 30 June 2020.

#### Capital commitments

Future Group capital commitments as at 30 June are as follows:

	Consolidated		Parent	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Within one year	2,031	-	-	-
After one year but not more than five years	-	-	-	-
More than five years	-	-	-	-

Axiom World Park Pty Ltd as trustee for Axiom World Park Adelaide Trust (\$1,250,907) has entered into agreements with consultants to design the Emergency Services Headquarters for the South Australian Government. Subsequent to year end, these consultants have been novated across to Pike Constructions Pty Ltd who are building the facility.

Axiom Mt Barker Pty Ltd as trustee for Axiom Mt Barker Trust (\$780,455) has entered into building contracts with Custom Built New Homes to construct a display home suite on the Glenlea Estate development in Mt Barker as well as homes for sale as house and land packages.

### NOTE 22: RELATED PARTY DISCLOSURE

#### a) *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 \$1,821 (2019: \$7,193.50). Axiom was reimbursed for Adelaide office rental and outgoings costs. The expenses were reimbursed at cost. The total received by Axiom was \$60,687 (2019: \$30,295).

#### b) *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 14.

#### c) *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 14.

d) Balances between the company and subsidiaries (Note 27), which are related parties of the Company, have been eliminated on consolidation and not disclosed in this note.

# Notes to the Financial Statements For the Year Ended 30 June 2020 (Continued)

## NOTE 22: RELATED PARTY DISCLOSURE (continued)

### Ultimate Parent Entity

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

## NOTE 23: KEY MANAGEMENT PERSONNEL DISCLOSURES

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

	Consolidated	
	2020	2019
	\$	\$
Short-term employee benefits	1,580,782	1,343,529
Post-employment benefits	100,176	97,024
Share-based payment	-	-
Long-term employee benefits	7,046	(32,000)
	<u>1,673,912</u>	<u>1,408,553</u>

## NOTE 24: PARENT ENTITY DISCLOSURES

### Financial position

	2020	2019
	\$'000	\$'000
<b>Assets</b>		
Current assets	7,669	9,567
Non-current assets	19,669	27,449
Total assets	<u>27,338</u>	<u>37,016</u>
<b>Liabilities</b>		
Current liabilities	662	416
Non-current liabilities	7,323	50,210
Total liabilities	<u>7,985</u>	<u>50,626</u>
Net Assets	<u>19,353</u>	<u>(13,610)</u>
<b>Equity</b>		
Issued capital	54,439	54,439
Accumulated losses	(35,086)	(68,049)
Total Equity	<u>19,353</u>	<u>(13,610)</u>

### Financial performance

	2020	2019
	\$'000	\$'000
Profit/(Loss) for the year	32,962	(1,831)
Other comprehensive income	-	-
Total comprehensive income	<u>32,962</u>	<u>(1,831)</u>

### Contingent liabilities of the parent entity

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

# Notes to the Financial Statements For the Year Ended 30 June 2020 (Continued)

## NOTE 24: PARENT ENTITY DISCLOSURES (continued)

### 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 21.

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 less any impairment 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 25: EVENTS AFTER THE REPORTING DATE

Subsequent to year end the Company entered into a building contract with Pike Constructions Pty Ltd for \$46m to construct the South Australian Emergency Services Headquarters precinct at its Worldpark site in Keswick South Australia. In addition, the Company agreed financial terms on a \$50m construction facility with NAB to fund the construction of the precinct. Financial close is expected to occur upon execution of the agreed finance documents, which is imminent. The terms of the facility are on standard construction finance terms.

No other matter or circumstance has arisen since 30 June 2020 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 26: AUDITOR'S REMUNERATION

The auditor of Axiom Properties Limited is BDO Audit (SA) Pty Ltd. The following fees were paid or payable during the financial year:

	Consolidated		Parent	
	2020 \$	2019 \$	2020 \$	2019 \$
Audit and review of the financial reports	77,500	75,500	77,500	75,500
Other services	-	-	-	-
	<u>77,500</u>	<u>75,500</u>	<u>77,500</u>	<u>75,500</u>

# Notes to the Financial Statements For the Year Ended 30 June 2020 (Continued)

## NOTE 27: PARTICULARS IN RELATION TO SUBSIDIARIES

	Country Incorporation/ Formation	Interest Held	
		2020 %	2019 %
<b>Parent</b>			
Axiom Properties Ltd (ultimate parent of the Group)	Australia		
<b>Subsidiaries</b>			
Axiom Resorts Pty Ltd	Australia	100	100
Axiom Resorts Management Pty Ltd	Australia	100	100
Superior Properties Pty Ltd	Australia	-	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
Axiom Islington North Pty Ltd	Australia	100	100
Axiom Islington Project (Northern) Trust	Australia	-	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
Axiom Butler Central Pty Ltd	Australia	100	100
Axiom Butler Central Trust	Australia	100	100

# Director's 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 2020 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 2020.

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



**Ben Laurance**  
MANAGING DIRECTOR

Adelaide, South Australia  
Dated: 19 August 2020

# Independent Auditor's Report



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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 2020, the consolidated statement of 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 2020 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

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

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

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

#### 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.

BDO Audit (SA) Pty Ltd ABN 33 161 379 086 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (SA) Pty Ltd and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

# Independent Auditor's Report (Continued)



## Classification and Measurement of Land Development

Key audit matter	How the matter was addressed in our audit
<p>As disclosed in Note 12, the Group has 100% ownership interest in Worldpark land situated in Keswick, South Australia. The value recognised for this land has increased as a result of an impairment reversal. There has also been specific resolutions relating to the use of this land which may impact the classification of the asset. Classification and measurement of the Worldpark land was determined to be a key audit matter because the classification of the asset involves a degree of management judgement, there have been significant changes in the anticipated use of the asset and the change in value relating to an impairment reversal is material.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> <li>• Consideration of the change in circumstances associated with the Worldpark land, including reviewing associated agreements and documentation;</li> <li>• Assessing the classification of the asset with reference to AASB 102 Inventories, and AASB 140 Investment properties;</li> <li>• Assessing the basis for the reversal of impairment, with reference to external valuation documentation;</li> <li>• Critically evaluating the work of the external valuer, which supports the impairment reversal, including assessing their competence, capability and objectivity.</li> </ul>

### 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 2020, 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.

# Independent Auditor's Report(Continued)



## 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: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.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 22 to 27 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Axiom Properties Limited, for the year ended 30 June 2020, 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.

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, 19 August 2020



# 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 14 August 2020 is 86.51% (2019: 85.53%) and the names and number of shares are as follows:

NAME	NUMBER	PERCENTAGE OF TOTAL SHAREHOLDINGS
PIVOT GROUP PTY LTD	163,752,750	37.84%
ORIENTAL UNIVERSITY CITY HOLDINGS (HK) LTD	82,250,000	19.01%
STARTREND INVESTMENTS PTY LTD	34,000,000	7.86%
STARTREND INVESTMENTS PTY LTD	11,500,000	2.66%
EWOH PTY LTD <WEATHERED HOWE PENSION A/C>	9,290,450	2.15%
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>	6,000,000	1.39%
MR MILTON YANNIS	5,800,000	1.34%
CALAMA HOLDINGS PTY LTD <MAMBAT SUPER FUND A/C>	5,591,591	1.29%
SEAMIST PTY LTD	5,250,000	1.21%
BEEJAYEL PTY LTD <BEEJAYEL SUPER FUND A/C>	5,196,219	1.20%
MS LEANNE ROUVRAY <ROUVRAY FAMILY A/C>	5,000,000	1.16%
OAKMOUNT NOMINEES PTY LTD <NARROMINE SUPER FUND A/C>	4,876,500	1.13%
BEEJAYEL PTY LTD <BEEJAYEL SUPER FUND A/C>	4,500,000	1.04%
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>	2,616,679	0.60%
	<b>374,355,978</b>	<b>86.51%</b>

The substantial shareholders' notices received by the Company as at 14 August 2020 are:

SHAREHOLDER	No. of Shares advised
Peter Laurance	163,752,750
Oriental University City Holdings (HK) Ltd	82,250,000
Ben Laurance	72,038,053

## DISTRIBUTION OF SHAREHOLDERS AS AT 14 AUGUST 2020

There were 390 shareholders holding issued ordinary shares in the Company which were distributed among shareholders as follows:

CATEGORY	No. of Shareholders
1-1,000	12
1,001-5,000	8
5,001 – 10,000	11
10,001-100,000	246
100,001- and over	113
	<b>390</b>

There were 34 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.

ABN 40 009 063 834

## Contact

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