ABN 40 009 063 834

ANNUAL FINANCIAL REPORT

30 JUNE 2014

Contents

CHAIRMAN'S LETTER

Dear Shareholder,

Following last year's return to profit it is very pleasing to be able to report that the Company again recorded a profit for the 2013/2014 year. The profit for the year was $2.85 million (2013:$ 2.37 million).

Highlights for the year included the successful completion of the Churchill Centre and the commencement of construction of the next stage of the Churchill Centre South complex. Also bringing Costco to the Churchill Centre site was a major coup for Axiom.

With these very significant developments the Company has achieved a stable, recurring income stream that will continue to grow in future years. This year's excellent result will also provide a springboard to the Company to look to further diversity and add to its portfolio of opportunities across Australia.

Once again your Directors have pleasure in complimenting Managing Director, Ben Laurance and General Manager, Paul Rouvray for their sustained efforts in delivering this positive result. Ben and Paul have been admirably backed up by Chief Financial Officer, Paul Santinon.

Ian Laurance AM
CHAIRMAN

Churchill Centre Official Opening (6 July 2014)
Paul Rouvray (General Manager), Jay Weatherill MP (Premier), Ian Laurance A.M. (Chairman)

MANAGING DIRECTOR'S REVIEW

Dear Shareholder,

The past year has been a landmark year for the Company, demonstrating a strong turnaround in the Company's operations and the consequential effects on the Group's balance sheet, outlook and results.
During the height of the GFC the Board put in place a strategy of not only weathering the full effects of the economic headwinds faced but also a strategy to drive a successful business for the future. This strategy revolved around a number of key measures, most importantly:

1. Reduce ongoing overhead expenses to a sustainable level;
2. Focus on establishing and building on sustainable, recurring revenue stream/s;
3. Strengthen the balance sheet through building a strong equity asset base; and
4. Build a strong cash position to deploy into future initiatives and opportunities.

What is most pleasing about this year's result is that these measures outlined above are starting to translate into measurable results for the Company, evidenced by this year's profit result of $2.846 million compared to last year's profit of $2.374 million, an improvement of 20%.

During the year, a number of key milestones were achieved, bringing about a substantial improvement to the balance sheet. Amongst these key highlights is the completion of construction of the Company's flagship Churchill North Shopping Centre, a major sub-regional shopping centre located on Churchill Rd Kilburn, some 7km north of Adelaide's CBD. The Company has a 50% interest in this project, which opened for trading with Coles, Kmart and 60 specialty retailers on 28 May 2014, and was officially opened by the Premier of South Australia subsequent to year end.

The effect of reaching Practical Completion of the Centre meant that, in line with Company policy, the Group was able to reclassify this asset (previously held at cost) from a development asset to an investment asset at market valuation. This had the effect on the Company's balance sheet of increasing the value of the asset from $30 million to $33.5 million, an uplift of $3.5 million or 12%.

Also amongst the key highlights of this year was the fact that the agreement the Company had entered into with US retailing giant, Costco for the receipt of rent in advance, on its 50% owned Churchill North project, became unconditional and was subsequently settled in June 2014. That agreement delivered an upfront cash contribution to the Group of $9.875m for its 50% interest, which was used to pay down some of the Churchill Centre's debt, as well as boosting the Company's overall cash position by $6.1m. Due to the nature of this transaction, the accounting standards require Axiom to record a long term liability on the Company's balance sheet so that income is matched to the life of the lease agreement being 50 years. Therefore the effect on net tangible assets for this upfront payment is essentially neutral.

Also during the year the Company announced it would conduct a share buy-back with some of the proceeds of its improved cash position. The reasoning behind this was that the Directors were of the belief that the market price of the shares did not fully reflect the underlying value of the Group's assets. On a risk-adjusted basis at the time, the Company felt that this provided a compelling investment case for the benefit of its shareholders.

MANAGING DIRECTOR'S REVIEW (continued)

Another highlight of this past year has been the pre-committing and subsequent commencement of construction on the Company's 100% owned Churchill South project – a $10 million, 5,500 sq.m Large Format Retail precinct. Construction started in May this year, with completion expected in November 2014. Again, the Company intends to hold this asset to strengthen its recurring income stream, and will re-classify the asset on its balance sheet from a development asset to an investment asset at market value when Practical Completion occurs.

The year ahead looks very promising for the Company, with substantial organic opportunities in the pipeline, being the development of subsequent stages of both Churchill North and South, as well as development opportunities at the Company's "Worldpark Adelaide" office development sites. In addition to this, the Company is reviewing several exciting, new property opportunities around Australia. The Group hopes to bring some or all of these into fruition over the next 12 months.

Lastly, I would like to thank all of our loyal shareholders for their continued support of the Company over what has been a challenging period. I'd also like to express my sincerest thanks to the Axiom team, its consultants and my fellow Directors, but in particular I'd like to thank our General Manager, Paul Rouvray and CFO Paul Santinon, for their dedication and determination over the past year. Without their support and application to the business the Company would not have enjoyed the turnaround success that it has experienced this year.

Ben Laurance
MANAGING DIRECTOR

CORPORATE INFORMATION

ABN 40 009 063 834

Directors

Ian James Laurance AM	Non-Executive Chairman
Ben Peter Laurance	Managing Director
John Sylvester Howe	Non-Executive Director

Company Secretary and Chief Financial Officer
Paul Santinon

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Level 3, Stafford House
25 Leigh Street
ADELAIDE SA 5000
(08) 8120 2400

Principal Place of Business
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25 Leigh Street
ADELAIDE SA 5000

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

Solicitors
Gilbert & Tobin
1202 Hay Street
WEST PERTH WA 6005

Auditors
HLB Mann Judd
Level 4, 130 Stirling Street
PERTH WA 6000

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

Website
www.axiompl.com.au

DIRECTORS' REPORT

Your directors submit the annual financial report of the Consolidated Entity (or Group) consisting of Axiom Properties Limited and the entities it controlled during the financial year ended 30 June 2014. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

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

Name	**Particulars**
Ian James Laurance AM (Non-Executive Chairman)	Mr Laurance is an economics graduate from the University of Western Australia. He spent 14 years as a Member of the Western Australian Parliament and is a former State Minister for Housing, Tourism, Lands and Regional Development. He was appointed by the Western Australian Government as the inaugural Chairman of the Midland Redevelopment Authority (2000 – 2004) and was previously Chairman of the Western Australian Sports Centre Trust for ten years (1993 – 2003). Mr Laurance is also Chairman of the not-for-profit organisation, Perth Convention Bureau. The Bureau is charged with the responsibility of attracting Business Events to Perth and Western Australia. In a voluntary capacity, Mr Laurance has served as Chairman and Director of a number of not-for-profit and charitable bodies. In 2006 Mr Laurance was made a Member of the Order of Australia (AM). Mr Laurance is a member of the Group's Audit Committee, Remuneration Committee and Nomination Committee. *Other Public Company Directorships* None *Former Public Company Directorships in last three years* Arafura Resources Limited
Ben Peter Laurance (Managing Director)	Mr Laurance is the Managing Director of Axiom Properties Ltd, and an Executive Director of Axiom's major shareholder, Pivot Group Pty Ltd. Mr Laurance's role as Managing Director of Axiom is to source, manage and deliver investment grade development projects across various asset classes around Australia. He is also responsible for the day to day management and operation of the Company. With his expertise in the corporate and financial markets, Mr Laurance has been instrumental in the guidance and management of Axiom's business strategy. Mr Laurance has a Bachelor of Economics from the University of Western Australia, and he is also a Director of Axiom's Funds Management Division. Mr Laurance is a member of the Group's Audit Committee, Remuneration Committee and Nomination Committee. *Other Public Company Directorships* None *Former Public Company Directorships in last three years* None

DIRECTORS' REPORT (continued)

John Sylvester Howe (Non-Executive Director)

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

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

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

Other Public Company Directorships
None

Former Public Company Directorships in last three years
None

Company Secretary

Paul Santinon

Mr Santinon is Company Secretary and Chief Financial Officer of Axiom Properties Ltd. Mr Santinon has over 10 years' experience in finance and accounting roles both domestically and internationally. He is responsible for the Company's financial and corporate governance and stewardship.

Mr Santinon holds an MBA from the University of South Australia, a Bachelor of Commerce from the University of Adelaide and is a member of CPA Australia.

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	-	2,250,000	-	-
B P Laurance	-	58,841,834	-	-
J S Howe	500,000	6,790,450	-	-

The following performance rights of Axiom Properties Limited were granted to key management personnel of the Company during the financial year as part of their remuneration:

Directors and officers	**Number of performance rights granted**	
	Directly	Indirectly
P Rouvray	-	4,500,000

DIRECTORS' REPORT (continued)

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*
3,000,000	Nil

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

Measurement Date	*Exercise Price*	*Number of Shares*
18 November 2013	Nil	2,000,000
18 November 2013	Nil	500,000

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 and funds management. No significant change in the nature of the Group's property investment, development and funds management activities took place during the year.

DIRECTORS' REPORT (continued)

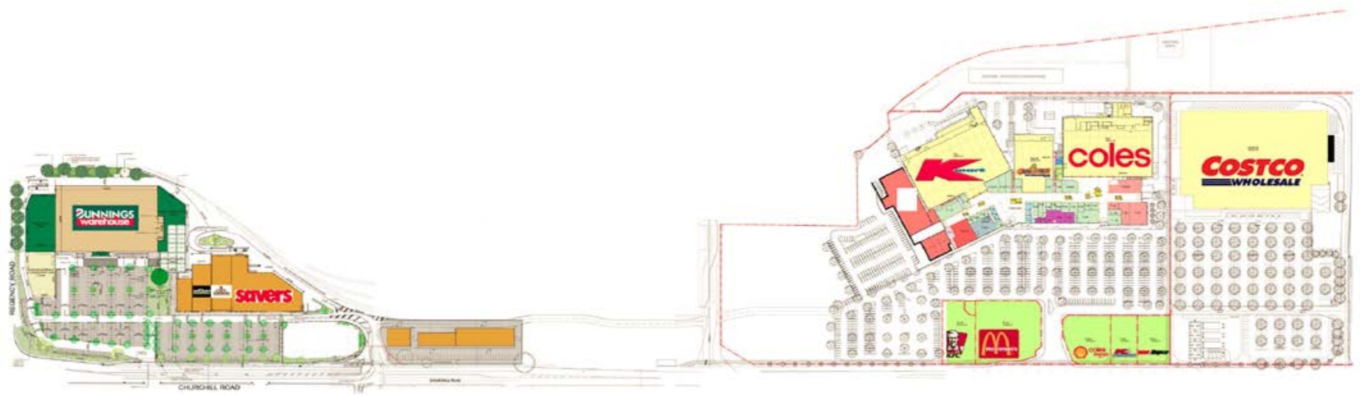
REVIEW OF OPERATIONS

Churchill Centre (formerly "Islington Railyards")

The Churchill Centre project is the Company's flagship development, and consists of two separate large tracts of land of 3 hectares (South) and 18 hectares (North) for a total of 21 hectares, strategically located on Churchill Rd, Kilburn in the inner northwest suburbs of Adelaide, 6kms from the CBD. Axiom has "ownership" of the land under a 97 year ground lease with the South Australian Government. The master plan for the two sites will result in a major retail destination servicing the needs of Adelaide's inner north western suburbs. The master plan will incorporate a mix of large format retail and hardware tenancies, alongside a major supermarket, sub-regional shopping centre, Costco and a mix of other exciting retail opportunities.

The Company considers this development as a key component to the success of the Company, being a major plank of the development and investment portfolio over the short to medium term.

The two distinct sites are referred to as Churchill Centre North and Churchill Centre South:



Churchill Centre North:

BACKGROUND:

The Churchill Centre North component of this project sits on 18 hectares of land, and comprises a major sub-regional shopping centre, consisting of a 5,500 sq.m. Coles supermarket, a 5,400 sq.m. Kmart Discount Department Store, several other mini-major retailers and approximately 55 specialty shops. The Centre also incorporates a Coles service station alongside several other pad sites of fast food outlets incorporating McDonalds and KFC restaurants, and other strategic retailing uses, including Repco and a Kmart Tyre and Auto centre. In total, this northern stage is designed to incorporate in excess of 40,000 sqm of quality destination retail.

During the year, construction was completed on the Stage One shopping centre as described above, which subsequently opened for trading in May 2014.

Axiom has a 50% ownership interest in Churchill Centre North after agreeing a Joint Venture arrangement in October 2012 with Southern Cross Equity Group, a syndicate of Adelaide based investors who purchased a 50% share in the Centre by providing an equity investment of $11.25m to the development.

Another significant milestone during the year occurred when all conditions were satisfied with the JV's agreement with US retail giant, Costco, for a long term ground lease on approximately 5 hectares of land adjoining the shopping centre. Following the satisfaction of these outstanding conditions, Costco settled on the ground lease by paying the Joint Venture parties a total of $19.75million as a one-off, up-front payment for its initial term of the 50 year ground lease. Costco subsequently commenced construction of its 14,000 sq.m retail warehouse on the land which will be its first South Australian store. Construction is due to be completed in November 2014.

Axiom's intention is to own its 50% share of the Churchill Centre North long term (aligned with its JV partner) to provide a stable and sustainable cashflow for the Company. Axiom was also appointed as the Development Manager by the JV parties and received a fee of $1.5m over the period of construction during the year.

DIRECTORS' REPORT (continued)

REVIEW OF OPERATIONS (continued)

UPDATE:

Since the Centre reached Practical Completion at the end of the financial year, the asset has now been re-classified on the Group's statement of financial position as an investment asset (previously held as a development asset) and as such, has been valued at completion. This has derived a value uplift in the Group's statement of financial position of $3.507 million, as the asset now has a value of $33.505 million. Additionally, the construction loan provided by the financier, BankSA was re-classified as a current investment loan in July with a term of 2 years from Practical Completion.

Stage 2, Churchill Centre North:

Churchill Centre North still has approximately 3 hectares of surplus land available for future development. The Company and its partner are working on various schemes to fully develop the land and has had some strong interest from various national and international retailers and other groups to anchor subsequent stages of the Centre and occupy space in the development.

During the year, the Company agreed conditional terms with a major international supermarket retailer to anchor Stage 2 of the Centre. This second stage of the Centre will add another 4,500 sq.m (approx.) of retail to the Centre, and is expected to commence construction in 9 months' time, with a completion date of late 2015/early 2016. Legal documentation on the agreed terms commenced during the year, and is close to finalisation.

Churchill Centre North as at 25 August 2014

Churchill Centre South:

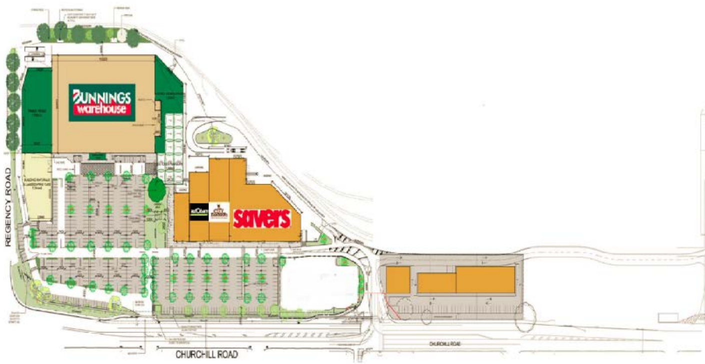
The balance of the southern site still held by the Group as a 100% interest consists of a 3 hectare parcel of land which has an approval to develop up to 7,000 sq.m. of mixed use retail. During the year, the Company commenced construction of the first stage large format retail precinct following the successful pre-commitment of 5,500 sq.m of retail space. This first stage is expected to be completed in October 2014, and has been pre-leased to US retailer Savers, Auto barn and Pet barn.

DIRECTORS' REPORT (continued)

REVIEW OF OPERATIONS (continued)

The Company intends to own its 100% share of this development long term to generate a stable, recurring income stream through rental income.

The Second Stage of this South project will comprise another 2,000 sq.m (approx.) of mixed use retail and is currently being pre-committed prior to construction commencing.



Churchill Centre South as at 25 August 2014

World Park 01, Keswick SA

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

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

During the year the Company continued to generate income from the site through temporary car-parking revenue, sufficient to minimize holding costs on the site.

DIRECTORS' REPORT (continued)

REVIEW OF OPERATIONS (continued)

ADDITIONAL

During the year the Company continued to evaluate various new development opportunities that it believes fit the investment criteria and profile of the Group's core competencies and skill base. Of these opportunities, the Group is pursuing several exciting early-stage developments that may or may not come to fruition. These opportunities, if they eventuate, will give the Group an exposure to other geographical markets in Australia as well as some different sectors in the property spectrum.

END OF REVIEW OF OPERATIONS

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Consolidated Entity. Therefore, this information has not been presented in this report.

ENVIRONMENTAL LEGISLATION

The Consolidated Entity is not subject to any significant environmental legislation.

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.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT

This report, which forms part of the directors' report, outlines the remuneration arrangements in place for the key management personnel of Axiom Properties Limited (the "Company") for the financial year ended 30 June 2014. 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 key management personnel ("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)

(ii) Executives
Paul Rouvray (General Manager)
Paul Santinon (Company Secretary)

The Company Secretary is deemed to be an Executive by virtue of being an officer of the company. The role performed by the Company Secretary does not meet the definition of Key Management Personnel under AASB 124; hence the officer has been excluded from the Key Management Personnel disclosures in the financial report.

Remuneration Philosophy
The performance of the Company depends upon the quality of the Directors and executives. 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 executive team. The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of Directors and executives 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 and executive team.

Remuneration Structure
In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

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

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

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

Remuneration for Executive Directors and Senior Managers is based upon a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Company. The contracts for service between Executive Directors and the Company are on a continuing basis the terms of which are not expected to change. Remuneration packages may include base salary, superannuation, fringe benefits, bonuses and performance rights.

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

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

- Mr Laurance is to provide executive chair services for 20 hours per week as required for Axiom Properties Limited;
- In exchange for Mr Laurance's services, an annual remuneration package of $50,000 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 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 $425,000 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 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 $300,000 plus benefits is payable;
- The Company may terminate this contract at any time with three month's notice if Mr Rouvray defaults in the performance and observance of his obligations under the agreement.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

Remuneration of Directors and other KMP

Table 1: Directors' remuneration for the years ended 30 June 2014 and 30 June 2013

		Primary Benefits			Post-Employment		Equity	Total	
		Salary and Fees $	Bonuses $	Non-Monetary Benefits $	Superannuation $	Prescribed Benefits $	Performance Rights $	$	Performance Related %
I J Laurance AM	2014	50,000	15,000	19,031	4,625	-	-	88,656	-
	2013	55,939	5,000	22,031	5,035	-	8,711	96,716	5%
B P Laurance	2014	390,000	(i) 150,000	-	36,075	-	-	576,075	-
	2013	359,999	50,000	13,032	32,400	-	17,423	472,854	11%
J S Howe	2014	50,000	15,000	-	4,625	-	-	69,625	-
	2013	50,000	-	-	4,500	-	8,711	63,211	-
M G Blakiston	2014	-	-	-	-	-	-	-	-
	2013	15,192	-	-	1,367	-	-	16,559	-
U B Gianotti	2014	-	-	-	-	-	-	-	-
	2013	165,000	-	-	-	-	-	165,000	-

(i) Performance criteria reached in delivering development of Churchill Centre.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

Table 2: Remuneration of the other KMP years ended 30 June 2014 and 30 June 2013

Name		Primary Benefits			Post-Employment		Equity	Total	%
		Salary and Fees $	Bonuses $	Non-Monetary Benefits $	Superannuation $	Prescribed Benefits $	Performance Rights $	$	Performance Related %
P J Rouvray	2014	291,535	(i) 100,000	31,275	26,967	-	143,193	592,970	28%
	2013	279,880	50,000	32,156	25,189	-	-	387,225	13%

(i) Performance criteria reached in delivering development of Churchill Centre.

Table 3: Performance rights in existence during the financial year

Performance Right Grant Date	Expiry Date	Grant date fair value	Number of Rights	Vesting Date
Tranche 1: 18 November 2013	18 November 2015	$0.040	1,500,000	18 November 2013
Tranche 2: 18 November 2013	30 June 2016	$0.040	1,500,000	30 June 2014
Tranche 3: 18 November 2013	30 June 2017	$0.040	2,000,000	30 June 2015
Tranche 4: 18 November 2013	30 June 2018	$0.040	500,000	30 June 2016

For details on the valuation of the performance rights, including models and assumptions used, please refer to note 16. There were no alterations to the terms and conditions of performance rights granted as remuneration since their grant date.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

Table 4: Performance rights exercised during the year to Directors and other KMP

Name	Value of performance rights exercised at the grant and exercise date	Number of performance rights exercised	Amount paid	No. shares issued
B Laurance (Tranche 6) (i)	$41,000	1,000,000	$Nil	1,000,000
I Laurance (Tranche 6) (i)	$20,500	500,000	$Nil	500,000
J Howe (Tranche 6) (i)	$20,500	500,000	$Nil	500,000
P Rouvray (Tranche 1) (i)	$60,000	1,500,000	$Nil	1,500,000

(i) The performance rights were fully vested and exercised prior to 30 June 2013, however the shares were not issued until August 2013. Therefore there is no amount recognised in remuneration for these rights during the year.

Table 5: Performance rights compensation issued to directors and other KMP during the current financial year

Name	Date granted	Number granted during the year	Number vested during the year	% of grant vested	% of grant forfeited	% compensation for year consisting of options
P Rouvray	18 November 2013	4,500,000	1,500,000	33%	-	28%

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

Table 6: Shareholding of key management personnel

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

2014	Balance 1 July 2013	Received as Remuneration	Rights Exercised	Net Change Other	Balance 30 June 2014
Directors					
I J Laurance	2,250,000	-	-	-	2,250,000
B P Laurance	58,641,834	-	-	200,000	58,841,834
J S Howe	7,290,450	-	-	-	7,290,450
	68,182,284	-	-	200,000	68,382,284
Executives					
P Rouvray	3,000,000	-	1,500,000	-	4,500,000
	3,000,000	-	1,500,000	-	4,500,000

2013	Balance 1 July 2012	Received as Remuneration	Rights Exercised	Net Change Other	Balance 30 June 2013
Directors					
I J Laurance	1,250,000	-	1,000,000	-	2,250,000
B P Laurance	55,733,926	-	2,000,000	907,908	58,641,834
U B Gianotti (resigned 12 July 2012)	4,114,029	-	1,000,000	(5,114,029)	-
M G Blakiston	2,400,000	-	500,000	(2,900,000)	-
J S Howe	6,290,450	-	1,000,000	-	7,290,450
	69,788,405	-	5,500,000	(7,106,121)	68,182,284
Executives					
P Rouvray	2,000,000	-	1,000,000	-	3,000,000
	2,000,000	-	1,000,000	-	3,000,000

Table 7: Rights holdings of key management personnel

2014	Balance 1 July 2013	Granted as Remuneration	Rights Exercised	Net Change Other	Balance 30 June 2014
Executives					
P J Rouvray	-	4,500,000	(1,500,000)	-	3,000,000
	-	4,500,000	(1,500,000)	-	3,000,000

2013	Balance 1 July 2012	Granted as Remuneration	Rights Exercised	Net Change Other	Balance 30 June 2013
Directors					
I J Laurance AM	1,000,000	-	(1,000,000)	-	-
B P Laurance	2,000,000	-	(2,000,000)	-	-
M G Blakiston	1,000,000	-	(500,000)	(500,000)	-
J S Howe	1,000,000	-	(1,000,000)	-	-
U B Gianotti (resigned 12 July 2012)	2,000,000	-	(1,000,000)	(1,000,000)	-
	7,000,000	-	(5,500,000)	(1,500,000)	-
Executives					
P J Rouvray	1,000,000	-	(1,000,000)	-	-
	1,000,000	-	(1,000,000)	-	-

Other transactions with key management personnel

Pivot Group Pty Ltd, a Director related entity of Mr B P Laurance, was reimbursed for costs relating to the previous Perth office premises on normal market terms and conditions during the year. The total charged to the Company was $14,317 (2013: $70,090).

END OF REMUNERATION REPORT

DIRECTORS' REPORT (continued)

DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each director was as follows:

	Directors Meetings	*Audit Committee*	*Remuneration Committee*	*Nomination Committee*
I J Laurance AM	11	2	2	0
B P Laurance	11	2	2	0
J S Howe	11	2	2	0

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 amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the Class Order applies.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Section 307(C) of the Corporations Act 2001 requires the Company's auditors, HLB Mann Judd, 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 29 and forms part of the Directors' Report for the year ended 30 June 2014.

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 25 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.

The Directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the impartiality and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in the Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

Signed in accordance with a resolution of the Directors:

Ben Laurance
MANAGING DIRECTOR

Adelaide, South Australia
Dated: 26 September 2014

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 2nd 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 it reasons for not following the recommendation and disclosed what, if any, alternative practices the Company has adopted instead of those in the recommendation.

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

Charters
Board
Audit Committee
Nomination Committee
Remuneration Committee

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

The Company reports below on whether it has followed each of the recommendations during the 2013/2014 financial year (**Reporting Period**). The information in this statement is current at 26 September 2014.

Board

Roles and responsibilities of the Board and Senior Executives
(Recommendations: 1.1, 1.3)

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

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

CORPORATE GOVERNANCE STATEMENT (continued)

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

Skills, experience, expertise and period of office of each Director
(Recommendation: 2.6)

A profile of each Director setting out their skills, experience, expertise and period of office is set out in the Directors' Report on page 6.

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

Director independence
(Recommendations: 2.1, 2.2, 2.3, 2.6)

The Board does not have a majority of directors who are independent. The Board considers its composition is, and continues to be, appropriate for the Company's current operations. The Company considers that each of its directors possess the right combination of skills and experience suitable for building the Company. The Board will continue to monitor its composition as the Company's operations evolve and will appoint further independent directors if considered appropriate.

The Board considers the independence of directors having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Company's materiality thresholds. The Board has agreed on the following guidelines, as set out in the Company's Board Charter for assessing the materiality of matters:

- Balance sheet items are material if they have a value of more than 10% of pro-forma net asset.
- Profit and loss items are material if they will have an impact on the current year operating result of 10% or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, could affect the Company's rights to its assets, if accumulated would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items, or will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.
- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost which triggers any of the quantitative tests, contain or trigger change of control provisions, are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

The sole independent director of the Company during the Reporting Period was John Howe. Mr Howe is independent as he is a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of his judgment.

CORPORATE GOVERNANCE STATEMENT (continued)

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

The non-independent Chair of the Board is Mr Ian Laurance. Mr Laurance was an executive Chair however, his role became non-executive on 1 January 2013. Accordingly, Mr Laurance does not satisfy paragraph 2 of the independence criteria set out in Box 2.1 of the Principles & Recommendations. The Board continues to believe that Mr Laurance is the most appropriate person to Chair the Board because of his industry experience, including as former State Minister for Housing, Tourism and Lands, former Chairman of the Midland Redevelopment Authority, former chair of rare earths company, Arafura Resources Limited and current director a number of not-for-profit boards. The Board (in the absence of Mr Laurance) believes that Mr Laurance makes decisions that are in the best interests of the Company. Mr Howe has been appointed lead independent director to take the role of Chair when Mr Laurance is unable to act as Chair due to any conflict of interest.

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

Independent professional advice
(Recommendation: 2.6)

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval from the Chair for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice.

Selection and (Re) Appointment of Directors
(Recommendation: 2.6)

In determining candidates for the Board, the Nomination Committee (or equivalent) follows a prescribed process whereby it evaluates the mix of skills, experience, expertise and diversity of the existing Board. In particular, the Nomination Committee (or equivalent) is to identify the particular skills and diversity that will best increase the Board's effectiveness. Consideration is also given to the balance of independent directors. Potential candidates are identified and, if relevant, the Nomination Committee (or equivalent) recommends an appropriate candidate for appointment to the Board. Any appointment made by the Board is subject to ratification by shareholders at the next general meeting.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. An election of directors is held each year. Each director other than the Managing Director, must not hold office (without re-election) past the third annual general meeting of the Company following the director's appointment or three years following that director's last election or appointment (whichever is the longer). However, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. At each annual general meeting a minimum of one director or one third of the total number of directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting. Re-appointment of directors is not automatic.

The Company's Policy and Procedure for the Selection and Re (Appointment) of Directors is disclosed on the Company's website.

Board committees

Nomination Committee
(Recommendations: 2.4, 2.6)

The Board has not established a separate Nomination Committee. The role of the Nomination Committee is carried out by the full Board in accordance with the Company's Nomination Committee Charter. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Nomination Committee. Items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required.

CORPORATE GOVERNANCE STATEMENT (continued)

When the Board convenes as the Nomination Committee it carries out those functions which are delegated to it in the Company's Nomination Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Nomination Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

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

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

Audit Committee
(Recommendations: 4.1, 4.2, 4.3, 4.4)

The Board has not established a separate Audit Committee and accordingly, it is not structured in accordance with Recommendation 4.2. Given the size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Audit Committee. Items that are usually required to be discussed by an Audit Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Audit Committee it carries out those functions which are delegated to it in the Company's Audit Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Audit Committee by ensuring that the director with conflicting interests is not party to the relevant discussions. Mr Howe chairs the meeting when the full Board meets in its capacity as the Audit Committee.

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

Details of director attendance at Audit Committee meetings during the Reporting Period are set out in a table in the Directors' Report on page 19. The full Board in its capacity as the Audit Committee held two meetings during the Reporting Period.

Details of each of the director's qualifications are set out in the Directors' Report on page 6. Each of the Board members considers themselves to be financially literate and have industry knowledge. Furthermore, Board members may seek external advice from the Company's auditors to assist with financial matters, if required. It should also be noted that the Company's Chief Financial Officer attends meetings if required to assist the full Board in its capacity as the Audit Committee.

The Company has established a Procedure for the Selection, Appointment and Rotation of its External Auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

The Company's Audit Committee Charter and Procedure for Selection, Appointment and Rotation of External Auditor are disclosed on the Company's website.

Remuneration Committee
(Recommendations: 8.1, 8.2, 8.3, 8.4)

The Board has not established a separate Remuneration Committee. Accordingly, the Remuneration Committee is not structured in accordance with Recommendation 8.2. Given the size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Remuneration Committee. Accordingly, the Board performs the role of Remuneration Committee.

CORPORATE GOVERNANCE STATEMENT (continued)

Items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Remuneration Committee it carries out those functions which are delegated to it in the Company's Remuneration Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Remuneration Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

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

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report and commences on page 13. The Company's policy on remuneration clearly distinguishes the structure of non-executive directors' remuneration from that of executive directors and senior executives.

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

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

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

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

Performance evaluation

Senior executives
(Recommendations: 1.2, 1.3)

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

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

CORPORATE GOVERNANCE STATEMENT (continued)

Board, its committees and individual directors
(Recommendations: 2.5, 2.6)

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

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

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

During the Reporting Period an evaluation of the Board, individual directors and the Managing Director took place in accordance with the process disclosed.

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

Ethical and responsible decision making

Code of Conduct
(Recommendations: 3.1, 3.5)

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

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

Diversity
(Recommendations: 3.2, 3.3, 3.4, 3.5)

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

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

There are no women in the organisation. The proportion of women employees in the whole organisation, women in senior executive positions and women on the Board as at the date of this statement are set out in the following table:

CORPORATE GOVERNANCE STATEMENT (continued)

	Proportion of women
Whole organisation	0 out of 3 (0%)
Senior Executive positions	0 out of 2 (0%)
Board	0 out of 3 (0%)

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

Continuous Disclosure
(Recommendations: 5.1, 5.2)

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

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

Shareholder Communication
(Recommendations: 6.1, 6.2)

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

The Company's Shareholder Communication Policy is disclosed on the Company's website.

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

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

Under the policy, the Board delegates day-to-day management of risk to the Managing Director, who is responsible for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

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

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

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

The Company has formalised its approach to risk management by documenting all material business risks in a risk map and allocating ownership for material business risks to the Managing Director and management of individual material business risks to senior management and individuals within the organisation. The risk map is reviewed by management and updated on a quarterly basis and presented to the Board. All risks identified in the risk map are reviewed and assessed by management and the Board at least annually.

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

CORPORATE GOVERNANCE STATEMENT (continued)

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

The Managing Director and the Chief Financial Officer have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

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

ASX Corporate Governance Council recommendations checklist

The following table sets out the Company's position with regard to adoption of the Principles & Recommendations as at the date of this statement:

Recommendation		Comply
Principle 1:	**Lay solid foundations for management and oversight**	
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	☑
1.2	Companies should disclose the process for evaluating the performance of senior executives.	☑
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	☑
Principle 2:	**Structure the board to add value**	
2.1	A majority of the board should be independent directors.	☒
2.2	The chair should be an independent director.	☒
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	☑
2.4	The board should establish a nomination committee.	☒
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	☑
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	☑
Principle 3:	**Promote ethical and responsible decision-making**	
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the company's integrity; • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	☑
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	☒
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	☒
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	☑
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3.	☑
Principle 4:	**Safeguard integrity in financial reporting**	
4.1	The board should establish an audit committee.	☒
4.2	The audit committee should be structured so that it: consists only of non-executive directors; consists of a majority of independent directors; is chaired by an independent chair, who is not chair of the board; and has at least three members.	☒
4.3	The audit committee should have a formal charter.	☑
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	☑
Principle 5:	**Make timely and balanced disclosure**	
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	☑
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	☑
Principle 6:	**Respect the rights of shareholders**	
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of the policy.	☑
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	☑

CORPORATE GOVERNANCE STATEMENT (continued)

Principle 7:	**Recognise and manage risk**	
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	☑
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	☑
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks..	☑
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	☑
Principle 8:	**Remunerate fairly and responsibly**	
8.1	The board should establish a remuneration committee.	☒
8.2	The remuneration committee should be structured so that it: consists of a majority of independent directors; is chaired by an independent chair; and has at least three members.	☒
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	☑
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8.	☑

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Axiom Properties Limited for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
26 September 2014

L Di Giallonardo
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	Notes	Consolidated 2014 $'000	Consolidated 2013 $'000
Revenue from continuing operations	2	1,126	1,747
Other income	2	4,615	5,468
Loss on sale of investment property		-	(88)
Employee benefits expense		(1,700)	(1,599)
Depreciation and amortisation expense		(25)	(80)
Finance costs		(8)	(885)
Other expenses	2	(1,162)	(2,189)
Profit before income tax benefit		2,846	2,374
Income tax expense	3	-	-
Profit for the year		2,846	2,374
Other comprehensive income for the year		-	-
Total comprehensive income for the year		2,846	2,374
Basic earnings per share (cents per share)	5	0.64 cents	0.54 cents
Diluted earnings per share (cents per share)		0.64 cents	0.54 cents

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Notes	Consolidated 2014 $'000	Consolidated 2013 $'000
Current Assets			
Cash and cash equivalents	6	9,890	3,851
Trade and other receivables	7	613	844
Other assets	9	51	44
Total Current Assets		10,554	4,739
Non-Current Assets			
Property, plant and equipment	8	47	62
Other assets	9	9,011	11,795
Investment Properties	10	33,505	-
Total Non-Current Assets		42,563	11,857
Total Assets		53,117	16,596
Current Liabilities			
Trade and other payables	11	5,313	820
Deferred revenue	12	198	-
Interest-bearing loans and borrowings	14	19,155	29
Provisions	13	238	198
Total Current Liabilities		24,904	1,047
Non-Current Liabilities			
Deferred revenue	12	9,661	-
Total Non-Current Liabilities		9,661	-
Total Liabilities		34,565	1,047
Net Assets		18,552	15,549
Equity			
Issued capital	15	63,559	63,499
Reserves	16	97	-
Accumulated losses	16	(45,104)	(47,950)
Parent entity interest		18,552	15,549
Non-controlling interest		-	-
Total Equity		18,552	15,549

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

Consolidated	Issued Capital	Accumulated losses	Reserves	Total	Non-controlling Interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 July 2013	**63,499**	**(47,950)**	**-**	**15,549**	**-**	**15,549**
Profit for the year	-	2,846	-	2,846	-	2,846
Total comprehensive income for the year	-	2,846	-	2,846	-	2,846
Share-based payments expense	-	-	157	157	-	157
Reserves transfer - exercise of performance rights	60	-	(60)	-	-	-
Balance at 30 June 2014	**63,559**	**(45,104)**	**97**	**18,552**	**-**	**18,552**
Balance as at 1 July 2012	**63,267**	**(50,324)**	**230**	**13,173**	**5**	**13,178**
Profit for the year	-	2,374	-	2,374	-	2,374
Total comprehensive income for the year	-	2,374	-	2,374	-	2,374
Units redeemed during the year	-	-	-	-	(5)	(5)
Share-based payments expensed (net of expired performance rights)	-	-	2	2	-	2
Reserves transfer – exercise of performance rights	232	-	(232)	-	-	-
Balance at 30 June 2013	**63,499**	**(47,950)**	**-**	**15,549**	**-**	**15,549**

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Notes	Consolidated 2014 $'000	Consolidated 2013 $'000
		Inflows/(Outflows)	
Cash flows from operating activities			
Receipts from customers		10,733	1,663
Payments to suppliers and employees		(1,544)	(3,720)
Payment of project development costs		(23,227)	(2,651)
Interest received		94	99
Finance costs		(9)	(507)
Income tax received		-	14
Proceeds from sale of development property & investment property		-	1,600
Net cash used in operating activities	6	(13,953)	(3,502)
Cash flows from investing activities			
Proceeds from sale of investment property		-	30,700
Cash acquired in joint venture arrangement		875	3,748
Purchase of non-current assets		(9)	(6)
Net cash provided by investing activities		866	34,442
Cash flows from financing activities			
Proceeds from borrowings		22,626	356
Repayment of borrowings		(3,500)	(29,495)
Net cash provided by/(used in) financing activities		19,126	(29,139)
Net increase in cash and cash equivalents		6,039	1,801
Cash and cash equivalents at beginning of year		3,851	2,050
Cash and cash equivalents at end of year		9,890	3,851

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT 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 Company is a for profit entity.

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

The financial report has also been prepared on a historical cost basis, except for available-for-sale investments and derivative financial instruments, which are measured at fair value. 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 Class Order 98/100. The Company is an entity to which the class order applies.

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

(b) Adoption of new and revised standards

Standards and Interpretations applicable to 30 June 2014

In the year ended 30 June 2014, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period.

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

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2013. Information on these new standards is presented below.

AASB 13 Fair Value Measurement

AASB 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. The scope of AASB 13 is broad and it applies for both financial and non-financial items for which other Australian Accounting Standards require or permit fair value measurements or disclosures about fair value measurements except in certain circumstances.

No material adjustments to the carrying amounts of any of the the group's assets or liabilities were required as a consequence of AASB 13. Nevertheless, AASB 13 requires enhanced disclosures regarding assets and liabilities that are measured at fair value and fair values disclosed in the group's financial statements.

AASB 13 applies prospectively for annual periods beginning on or after 1 January 2013. Its disclosure requirements need not be applied to comparative information in the first year of application. The Group has however included as comparative information the AASB 13 disclosures that were required previously by AASB 7 Financial Instruments: Disclosures.

The Group has applied AASB 13 for the first time in the current year, see Note 10.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AASB 11 Joint Arrangements

AASB 11 Joint Arrangements replaces AASB 131 Interests in Joint Ventures. The standard requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations in accordance with that type of joint arrangement.

The Directors do not believe that any change to Group accounting policies will be necessary.

AASB 119 Employee Benefits

AASB 119 (September 2011) defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. In accordance with AASB 119 (September 2011), provisions for short-term employee benefits are measured at the (undiscounted) amounts expected to be paid to employees when the obligation is settled, whereas provisions that do not meet the criteria for classification as short term (other long-term employees benefits) are measured at the present value of the expected future payments to be made to employees. Previously, the Group had separated provisions for benefits with similar characteristics, such as annual leave and sick leave, into short term and long-term portions, and applied the relevant measurements under AASB 119 to the respective portions.

As the Group expects that all of its employees would use all their annual leave entitlements during a reporting period before 12 months after the end of the reporting period, adoption of AASB 119 (September 2011) did not have a material impact on the amounts recognised in respect of the group’s employee provisions. Note also that adoption of AASB 119 (September 2011) did not impact the classification of leave of leave entitlements between current and non-current liabilities in the group’s financial statements.

AASB 119 (September 2011) also introduced changes to the recognition and measurement requirements applicable to termination benefits and defined benefit plans. As the group did not have any of these types of obligations in the current or previous reporting periods, these changes did not impact the group’s financial statements. The group has applied AASB 119 (September 2011) for the first time in the current year.

AASB 10 Consolidated Financial Statements

AASB 10 introduces a single consolidation model for all entities based on control, irrespective of the nature of the investee. The Standard identifies the principles of control, determines how to identify control and whether or not the investee should be consolidated and the principles for the preparation of consolidated financial statements. The group has applied AASB 10 in the current year.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all other new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2014. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

(c) Statement of compliance

The financial report was authorised for issue on 26 September 2014.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Basis of consolidation

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

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

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

When the Company has less than a majority of the voting rights if 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.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the controlling interest having a deficit balance.

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.

Changes in the Group's ownership interest in existing subsidiaries

Changes in the Group's ownership interest in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in subsidiaries. Any difference between the amount paid by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Basis of consolidation (continued)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between:

- The aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit and loss or transferred to another category of equity as specified/permitted by the applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(e) Critical 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 following are areas where assumptions and estimates are significant to the financial statements:

Share-based payment transactions:

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using whatever model the valuer deems appropriate in the circumstances.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that sufficient future tax profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits over the next two years together with future tax planning strategies.

Recoverability of Capitalised Development Costs

The Group estimates the recoverability of its capitalised development costs by reference to its project feasibilities and supporting independent valuations. Judgement is required in estimating forecast profitability of projects and market assumptions.

Valuation of Rights

The Group estimates the expense incurred when it issues performance rights to its Directors and Employees under its PRP (refer Note 16).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Critical accounting estimates and judgements (continued)

Valuation of Investment Properties

Investment properties are measured at fair value at each balance date 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.

(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 note that current liabilities exceed current assets as at balance date. This is due to the classification of the construction loan for the Churchill Centre development of $18.109 million being current as at balance date. The Directors advise that subsequent to 30 June 2014, the construction loan was converted to a long-term investment loan, and as such will be treated as non-current in the following financial year (refer note 24).

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

(g) 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.

(h) Revenue Recognition

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

(i) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

(ii) Rendering of services

Revenue from the rendering of services is recognised by reference to the stage of completion of the contract.

(iii) 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 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Revenue Recognition (continued)

(iv) Dividends

Revenue is recognised when the Group's right to receive the payment is established. This applies even if they are paid out of pre-acquisition profits. However the investment may need to be tested for impairment as a consequence.

(v) Rental income

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

(i) 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.

(j) Leases

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

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

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

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

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

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

(k) Income tax

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Income tax (continued)

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 balance date.

Deferred income tax is provided on all temporary differences at the balance date 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 each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date 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 balance 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) 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.

(m) Impairment of assets

The Group assesses at each balance date 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 each balance date 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Impairment of assets (continued)

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.

(n) Cash and cash equivalents

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.

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.

(o) Trade and other receivables

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

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

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Inventories

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

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

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

(q) Non-current assets held for sale and discontinued operations

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.

Non-current assets classified as held for sale and the assets of the disposal group classified as held for sale are presented separately from the other assets in the Statement of Financial Position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Statement of Financial Position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Derivative financial instruments and hedging

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

Any gains or losses arising from changes in the fair value of derivatives are taken directly to net profit or loss for the year.

The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

For the purposes of hedge accounting, hedges are classified as:

- Fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability; and

- Cash flow hedges when they hedge exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or to a forecast transaction.

Hedges that meet the strict criteria for hedge accounting are accounted for as follows:

(i) Fair value hedges

Fair value hedges are hedges of the Group's exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk that could affect profit or loss. For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged, the derivative is re-measured to fair value and gains and losses from both are taken to profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss. The changes in the fair value of the hedging instrument are also recognised in profit or loss.

The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Group revokes the designation. Any adjustment to the carrying amount of a hedged financial instrument for which the effective interest method is used is amortised to profit or loss. Amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Derivative financial instruments and hedging (continued)

(ii) Cash flow hedges

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and that could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in profit or loss.

Amounts taken to equity are transferred to the statement of comprehensive income when the hedged transaction affects profit or loss, such as when hedged income or expenses are recognised or when a forecast sale or purchase occurs. When the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to profit or loss.

(s) Financial assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category ‘financial assets at fair value through profit or loss’. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Financial assets (continued)

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

(t) Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;

- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay Them in full without material delay to a third party under a 'pass-through' arrangement; or

- The Group has transferred its rights to receive cash flows from the asset and either
  (a) has transferred substantially all the risks and rewards of the asset; or
  (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Derecognition of financial assets and financial liabilities (continued)

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(u) Impairment of financial assets

The Group assesses at each balance date whether a financial asset or group of financial assets is impaired.

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because it's fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Impairment of financial assets (continued)

(iii) Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the statement of comprehensive income.

Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(v) Interests in joint operations

The Group's share of the assets, liabilities, revenue and expenses of jointly controlled operations have been included in the appropriate line item of the consolidated financial statements.

The Group's interest in jointly controlled operations is recorded using the proportionate consolidation method in the consolidated financial statements.

Where the Group contributes assets to the joint arrangement or if the Group purchases assets from the joint arrangement, only the portion of the gain or loss that is not attributable to the Group's share of the joint arrangement shall be recognised. The Group recognises the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

(w) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Land and buildings are measured at fair value less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

- Buildings – over 40 years

Depreciation is calculated on a diminishing balance basis over the estimated useful life of assets as follows:

- Plant and equipment – over 3 to 16 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each balance date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Property, plant and equipment (continued)

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. 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.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to approximate fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of comprehensive income in the cost of sales line item. However, because land and buildings are measured at revalued amounts, impairment losses on land and buildings are treated as a revaluation decrement.

(ii) Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(iii) Revaluations

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and any subsequent accumulated impairment losses.

Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm’s length transaction as at the valuation date.

Any revaluation increment is credited to the asset revaluation reserve included in the equity section of the statement of financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss.

Any revaluation decrease is recognised in profit or loss, except that a decrease offsetting a previous revaluation increase for the same asset is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amounts of the assets and depreciation based on the assets' original costs.

Additionally, any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Property, plant and equipment (continued)

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Independent valuations are performed with sufficient regularity to ensure that the carrying amounts do not differ materially from the assets' fair values at the balance date.

(x) Investment Properties

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 Company 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.

(y) Trade and other payables

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.

(z) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(aa) Provisions

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.

(ab) 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 balance date are recognised in other payables or provisions in respect of employees' services up to the balance date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the balance date. 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 balance date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(ac) Share-based payment transactions

Equity settled transactions:

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

There is currently one plan in place to provide these benefits:

- the Performance Rights Plan ('PRP'), which provides benefits to Directors, key management personnel and senior management.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Axiom Properties Limited (market conditions) if applicable.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ac) Share-based payment transactions (continued)

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

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects:

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

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 5).

(ad) Issued Capital

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.

(ae) 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;

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ae) Earnings per share (continued)

- 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.

(af) Parent entity financial information

The financial information for the parent entity, Axiom Properties Limited, disclosed in Note 23 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

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

NOTE 2: REVENUE AND EXPENSES

	Consolidated	
	2014	**2013**
	$'000	**$'000**
(a) Revenue		
Rental revenue	476	1,649
Development fee income	650	98
	1,126	1,747
(b) Other income		
Interest received	94	99
Profit on sale of leasehold interest	-	1,031
Gains arising from jointly controlled operations	875	4,338
Change in fair value of investment property	3,507	-
Other income	139	-
	4,615	5,468
(c) Other expenses		
Audit and accountancy fees	168	221
Legal and consultancy fees	190	258
Insurances	113	147
Rent and outgoings	360	939
Travel and accommodation	99	55
Other expenses	232	569
	1,162	2,189

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 3: INCOME TAX EXPENSE

	Consolidated 2014 $'000	Consolidated 2013 $'000
a) The prima facie income tax expense on the operating profit is reconciled to the income tax benefit as follows:		
Operating profit before income tax	2,846	2,374
Income tax expense calculated at 30% (2013:30%)	854	712
Adjusted for tax effect of:		
Non-deductible expenses	58	7
Non-assessable income	(263)	(2)
Other assessable income	-	(351)
Utilisation of carried forward prior year tax losses – revenue	(219)	(4,765)
Utilisation of carried forward prior year tax losses – capital	-	(1,796)
Unused tax losses not recognised as deferred tax assets	1,187	114
Other deferred tax assets and tax liabilities not recognised	(1,617)	6,081
Income tax expense applicable to ordinary activities	-	-

b) Unrecognised deferred tax balances

The following deferred tax assets and liabilities have not been brought to account:

	2014 $'000	2013 $'000
Deferred tax assets comprise:		
Losses available for offset against future taxable income – revenue	12,012	10,931
Losses available for offset against future taxable income – capital	1,730	1,773
Impairment of investments in subsidiaries	938	938
Impairment of investment properties	578	578
Share issue expenses	-	71
Depreciation timing differences	48	48
Provisions and accruals	79	60
	15,385	14,399
Deferred tax liabilities comprise:		
Construction expenditure capitalised	967	582
Lease incentives	395	-
Properties	786	-
Other	21	21
	2,169	603

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 3: INCOME TAX EXPENSE (continued)

(c) Tax Consolidation

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 2014.

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 2013 and 30 June 2014.

The basis for the segment reporting of the Group is that used by the Managing Director for monthly reporting to the Board.

	Continuing operations			
	Investment Property	**Development**	**Corporate**	**Consolidated**
	$'000	**$'000**	**$'000**	**$'000**
30 June 2014				
Segment revenue	3,938	1,054	749	5,741
Segment expenditure	(109)	(135)	(2,651)	(2,895)
Results from continuing operations	3,829	919	(1,902)	2,846
Included within segment result:				
Rental revenue	328	111	37	476
Investment property direct operating expenses	107	-	-	107
Depreciation	-	-	(25)	(25)
Interest revenue	13	1	80	94
Segment assets	41,562	9,438	2,117	53,117
Segment liabilities	32,319	1,686	560	34,565
Capital Expenditure	28,101	-	10	28,111

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 4: SEGMENT INFORMATION (continued)

	Continuing operations			
	Investment Property $'000	Development $'000	Corporate $'000	Consolidated $'000
30 June 2013				
Segment revenue	1,164	5,897	154	7,215
Segment expenditure	(571)	(1,365)	(2,905)	(4,841)
Results from continuing operations	593	4,532	(2,751)	2,374
Included within segment result:				
Depreciation	(1)	-	(79)	(80)
Impairment and write off of non-current assets	-	-	-	-
Interest revenue	-	20	79	99
Income tax benefit	-	-	-	-
Segment assets	-	13,451	3,145	16,596
Segment liabilities	-	731	316	1,047
Capital expenditure	-	2,817	6	2,823

NOTE 5: EARNINGS PER SHARE

	Consolidated	
	2014	2013
	Cents per share	Cents per share
Basic earnings per share	0.64	0.54
Diluted earnings per share	0.64	0.54

	2014 Number	2013 Number
The weighted average number of shares on issue used in the calculation of basic earnings per share.	441,478,999	436,611,876

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 6: CASH AND CASH EQUIVALENTS

	2014 $'000	2013 $'000
Cash at bank and on hand	3,377	1,451
Short-term deposits	6,513	2,400
	9,890	3,851

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 Statement of Cash Flows:
For the purposes of the 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 Statement of Cash Flows, is reconciled to the related items in the Statement of Financial Position as follows:

	2014 $'000	2013 $'000
Cash and cash equivalents	9,890	3,851

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 6: CASH AND CASH EQUIVALENTS (continued)

	Consolidated	
	2014	2013
	$'000	$'000
(ii) Reconciliation of profit for the year to net cash used in operating activities		
Operating profit for the year after tax	2,846	2,374
Share of net (gain)/loss of jointly controlled operations	(875)	(4,338)
(Gain)/loss from sale of leasehold interest	-	(1,031)
Measurement in the fair value of interest rate derivative contracts	-	378
Change in fair value of investment property	(3,507)	-
Expenditure on development assets	(27,215)	(2,822)
Proceeds from sale of property	-	1,600
Depreciation and amortisation	25	80
Equity-settled share-based payment	157	(2)
Other expenditure	-	29
(Increase)/decrease in trade and other receivables	231	(273)
(Increase)/decrease in other assets	(7)	(45)
(Decrease)/increase in trade and other payables	4,533	548
(Decrease)/increase in deferred revenue	9,859	-
Net cash used in operating activities	(13,953)	(3,502)

NOTE 7: CURRENT TRADE AND OTHER RECEIVABLES

	Consolidated	
	2014	2013
	$'000	$'000
Trade receivables	555	745
GST recoverable	58	99
	613	844
<u>Aging of past due but not impaired</u>		
30 – 60 days	5	2
60 – 90 days	5	2
90 – 120 days	-	-
Total	10	4

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2014	**2013**
Property, plant and equipment	**$'000**	**$'000**
At cost or fair value	424	414
Accumulated depreciation and impairment	(377)	(352)
Net carrying amount	47	62

	Plant and Equipment $'000
Year ended 30 June 2014	
At 1 July 2013, net of accumulated depreciation and impairment	62
Additions	10
Disposals	-
Depreciation charge for the year	(25)
At 30 June 2014, net of accumulated depreciation and impairment	47
Year ended 30 June 2013	
At 1 July 2012, net of accumulated depreciation and impairment	141
Additions	6
Disposals	(5)
Depreciation charge for the year	(80)
At 30 June 2013, net of accumulated depreciation and impairment	62

The carrying value of plant and equipment held under finance leases and hire purchase contracts at 30 June 2014 is $26,639 (2013: $39,959). Additions during the year did not include any of plant and equipment held under finance leases and hire purchase contracts.

Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase liabilities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 9: OTHER ASSETS

	Consolidated	
	2014	2013
Current	$'000	$'000
Prepayments	51	44
Non-Current		
Land (development) at cost	7,700	7,700
Development cost (capitalised)	1,311	4,095
	9,011	11,795

	Carrying Value 2013 $'000	Additions $'000	Disposals $'000	Transfer $'000	Revaluation	Carrying Value 2014 $'000
Land (development) at cost	7,700	-	-	-	-	7,700
Development cost (capitalised)	4,095	25,376		(28,160)	-	1,311
	11,795	25,376	-	(28,160)	-	9,011

	Carrying Value 2012 $'000	Additions $'000	Disposals $'000	Transfer $'000	Revaluation	Carrying Value 2013 $'000
Land (development) at cost	7,700	-	-	-	-	7,700
Development cost (capitalised)	1,278	2,817	-	-	-	4,095
	8,978	2,817	-	-	-	11,795

NOTE 10: INVESTMENT PROPERTIES

	Consolidated	
	2014	2013
	$'000	$'000
Investment property at fair value	33,505	-

Measurement of fair values

Fair value hierarchy

Investment properties are measured at fair value. Fair value is determined on the basis of either an independent valuation prepared by external valuers as at the date of the statement of financial position, or directors' valuation. Independent valuations of property investments are obtained at intervals of not more than three years. Independent valuations were performed by external, independent property valuers, having appropriate professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement for investment property of $33.505 million has been categorised as a Level 3 fair value based on the inputs to the valuation technique used, as noted below.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 10: INVESTMENT PROPERTIES (continued)

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

		2014 $'000
Balance at 1 July 2013		-
Transfer from other assets		28,160
Lease incentives, net of amortisation		1,317
Lease fees, net of amortisation		521
Change in fair value of investment properties		3,507
Balance at 30 June 2014	(i)	33,505

(i) Axiom has a 50% ownership interest in Churchill North which is situated on land under a 97 year ground lease with the South Australian Government. The independent valuation was effective 30 June 2014.

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of the investment property as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Capitalisation method and discounted cashflow approach: Axiom considers both techniques, and reconciles and weighs the estimates under each technique based on its assessment of the judgement that market participants would apply. The capitalisation method estimates the sustainable net income (where applicable) of any asset held for sale, and then applies a capitalisation (or discount/risk) rate to this sustainable net income to derive the value of asset. The discounted cashflow approach considers the present value of net cash flows to be generated from the property, taking into account the receipt of contractual rentals, expected future market rentals, letting up periods, escalation (of sales and costs), occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location, tenant credit quality and lease terms.	1. Capitalisation (or discount / risk) rate (6% - 7.5%) 2. Market income rates ($240 – $616 per square metre) 3. Terminal yield (7.75%) 4. Escalation rates (rent: 1.65% - 3.43%, costs: 2.15% - 2.93%) 5. Discount rate i.e. 10 year target IRR – (8.75%)	The estimated fair value would increase (decrease) if: 1. Capitalisation (or discount / risk) rate is lower (higher) 2. Market income rates were higher (lower) 3. Terminal yield is higher (lower) 4. Rent escalation is higher (lower) 5. Cost escalation is lower (higher) 6. Discount rate is (higher) lower

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 11: TRADE AND OTHER PAYABLES

	Consolidated	
	2014	2013
Current	$'000	$'000
Trade payables (i)	2,510	312
GST payable	804	-
Accrued expenses	1,167	508
Leasing incentives	832	-
	5,313	820

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

NOTE 12: DEFERRED REVENUE

	Consolidated	
	2014	2013
Current	$'000	$'000
Rent received in advance	198	-
Non Current		
Rent received in advance	9,661	-

Rent received in advance is amortised over the term of the lease to which it relates.

NOTE 13: PROVISIONS

	Consolidated	
	2014	2013
Current	$'000	$'000
Employee benefits	238	198
	238	198

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 in Note 1(ab).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 14: INTEREST-BEARING LOANS AND BORROWINGS

	Consolidated	
	2014	2013
	$'000	$'000
Secured		
CURRENT		
Bank loans	19,133	-
Other loans	22	29
Total current borrowings	19,155	29

The maturity profile of the Group's borrowings is as follows:

	2014	2013
	$'000	$'000
Within one year	19,155	29
In the second year	-	-
In the third year	-	-
In the fourth year	-	-
More than five years	-	-
	19,155	29

Summary of borrowing arrangements

BankSA – Churchill Centre North, Stage 1
The Group along with its JV Partner, Southern Cross Equity Group Pty Ltd, entered into a construction and investment facility of $41.760 million with BankSA in June 2013 to fund the construction costs associated with the development of the Churchill Centre North Shopping Centre. The construction facility was converted into an interest only investment facility for a term of 2 years in July 2014. The guarantee of each party is limited to 50% of the total facility limit, interest, northern ground rent and fees and costs. The base rate of the facility is BBSY (90 days).

BankSA – Churchill South, Stage 2
The Group entered into a construction and investment facility of $5.03 million with BankSA in March 2014 to fund the construction costs associated with the development of the Churchill South Bulky Goods. The construction facility is for 12 months, after which it may be converted into an interest only investment facility. The base rate of the facility is BBSY (90 days).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 14: INTEREST-BEARING LOANS AND BORROWINGS (continued)

	Consolidated 2014 $'000	Consolidated 2013 $'000
Total facilities:		
• Secured bank loans	19,155	29
	19,155	29
Facilities used at balance date		
• bank loans	19,155	29
	19,155	29
Total facilities		
Facilities used at balance date	19,155	29
Facilities unused at balance date	-	-

Assets pledged as security

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

	Consolidated 2014 $'000	Consolidated 2013 $'000
Fixed and floating charge		
Cash at bank	1,391	-
Receivables	445	-
Investment property and other assets	34,816	-
Finance lease		
Plant and equipment	27	40
Total assets pledged as security	36,679	40

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 15: ISSUED CAPITAL

	Consolidated	
	2014	2013
	$'000	$'000
442,240,643 (2013: 440,740,643) Ordinary shares issued and fully paid	63,559	63,499

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.

	2014		2013	
	No.	$'000	No.	$'000
Movement in ordinary shares on issue				
Balance at beginning of financial year	440,740,643	63,499	434,240,643	63,267
Issued on exercise of performance rights	1,500,000	60	6,500,000	232
Transfer to reserves			-	-
Balance at end of financial year	442,240,643	63,559	440,740,643	63,499

Performance rights

The company has a performance rights based payment scheme under which rights to subscribe for the company's shares have been granted to certain Directors and senior executives, refer Note 16.

NOTE 16: ACCUMULATED LOSSES AND RESERVES

Accumulated losses

Movements in accumulated losses were as follows:

	Consolidated	
	2014	2013
	$'000	$'000
Balance at beginning of financial year	(47,950)	(50,324)
Net profit for the year	2,846	2,374
Balance at end of financial year	(45,104)	(47,950)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 16: ACCUMULATED LOSSES AND RESERVES (continued)

Reserves

	Share-based payments reserve	Total
	$'000	$'000
At 1 July 2012	230	230
Performance rights expense	2	2
Transfer from issued capital	-	-
Performance rights exercised	(232)	(232)
At 30 June 2013	-	-
Performance rights expense	157	157
Performance rights exercised	(60)	(60)
At 30 June 2014	97	97

Share-based payments reserve

This reserve is used to record the value of equity benefits provided to employees and Directors as part of their remuneration. Refer to Note 1 (ac) for further details of these plans.

The Company's Performance Rights were issued to employees pursuant to the Company's Performance Rights Plan, approved by the Board on 24 June 2010 and issued to Directors following approval of the Plan by the Shareholders of the Company at the Annual General Meeting on 26 November 2010. The Performance Rights of the Company have a nil exercise price and confer the right to be issued one fully paid ordinary share in the Company ranking pari passu with existing fully paid shares. The Performance Rights constitute a share-based payment, and in accordance with the Company's accounting policy, have been valued at the date they were granted.

	Grant Date	Test Date	Expiry Date	Balance at 1 July 2013	Issued	Exercised	Balance at 30 June 2014
Tranche 1	18 Nov 2013	30/06/2013	18 Nov 2015	-	1,500,000	(1,500,000)	-
Tranche 2	18 Nov 2013	30/06/2014	30 Jun 2016	-	1,500,000	-	1,500,000
Tranche 3	18 Nov 2013	30/06/2015	30 Jun 2017	-	2,000,000	-	2,000,000
Tranche 4	18 Nov 2013	30/06/2016	30 Jun 2018	-	500,000	-	500,000
				-	**5,500,000**	**(1,500,000)**	**4,000,000**

The value assigned to the performance rights was the open market value at date of grant, being 4 cents.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 17: 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 2014 $'000	Consolidated 2013 $'000
Financial Assets		
Cash and cash equivalents	9,890	3,851
Trade and other receivables	613	844
	10,503	4,695
Financial Liabilities		
Trade and other payables	5,313	820
Interest-bearing loans and borrowings	19,155	29
	24,468	849

(c) Capital risk management

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

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

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

The Group's overall strategy remains unchanged from 2013. The gearing ratios as at 30 June 2014 and 2013 were as follows:

	Consolidated 2014 $'000	*Consolidated* 2013 $'000
Loans and other borrowings	24,468	849
Less: cash and cash equivalents	(9,890)	(3,851)
Net debt	14,578	(3,002)
Total equity	18,552	15,549
Total capital	33,130	12,547
Gearing ratio (%)	**44.00%**	**(23.93%)**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 17: FINANCIAL INSTRUMENTS (continued)

(c) Capital risk management (continued)

The increase in the gearing ratio during 2014 resulted from the development of the Churchill Centre. The Board continues to monitor the level of gearing into the next financial year and has taken steps to reduce the overhead liability of the Group going forward.

(d) Interest rate risk

The Group has a 3 month term deposit of $1.5 million and a 6 month term deposit of $5 million with BankSA which both mature in September 2014. The Group is exposed to interest rate risk upon maturity of the term deposits. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

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

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

Interest Rate Sensitivity Analysis

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

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

- Net profit before tax would decrease by $60K (2013: $20K) or increase by $60K (2013: $20K). 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 2014	Balance at 30 June 2014 $'000
Bankwest	AA-	108
Bank of South Australia Limited	AA-	9,782
		9,890

Source: Standard & Poors

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 17: FINANCIAL INSTRUMENTS (continued)

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

(g) Liquidity Risk Management
Liquidity risk is the risk that the Group will be unable to meet its financial commitments. Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate cash reserves and borrowing facilities and by monitoring forecast versus actual cash flows and matching where ever possible the maturity profiles of financial assets and liabilities. Included in Note 14 is a listing of undrawn facilities that the Group has at its disposal.

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

	Weighted Average Interest rate	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	5 + years	Total
2014	**%**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Assets							
Interest Bearing	2.07	3,285	6,582	95	-	-	9,962
Non-interest Bearing	-	613	-	-	-	-	613
		3,898	6,582	95	-	-	10,575
Financial Liabilities							
Non-interest Bearing	-	5,313	-	-	-	-	5,313
Fixed Interest Rate Instrument	4.65	18,110	2	1,086	10	-	19,208
		23,423	2	1,086	10	-	24,521
Net Financial Assets		(19,525)	6,580	(991)	(10)	-	(13,946)

	Weighted Average Interest rate	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	5 + years	Total
2013	**%**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Liabilities							
Non-interest Bearing	-	820	-	-	-	-	820
Fixed Interest Rate Instrument	4.60	1	2	26	-	-	29
		821	2	26	-	-	849

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 17: FINANCIAL INSTRUMENTS (continued)

(h) Net fair value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

NOTE 18: OPERATING LEASES

Leases as lessor

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

	2014 $'000
Less than one year	6,335
Later than one year and not later than five years	26,283
Later than five years	47,965
	80,583

NOTE 19: COMMITMENTS AND CONTINGENCIES

Hire purchase commitments

The Group has entered into a commercial hire purchase on one motor vehicle. This contract has a term of 36 months with a renewal option on the balloon repayment. There are no restrictions placed upon the Group by entering into this contract.

Future minimum rentals payable under the hire purchase contract as at 30 June are as follows:

	Consolidated		Parent	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Within one year	10	29	10	29
After one year but not more than five years	16	-	16	-
More than five years	-	-	-	-
	26	29	26	29

Operating lease commitments

Future Group lease commitments as at 30 June are as follows:	Consolidated		Parent	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Within one year	1,249	1,301	60	135
After one year but not more than five years	5,956	5,981	10	151
More than five years	86,005	85,512	-	-
	93,210	92,794	70	286

The commitments comprise the Islington North and Islington South Ground Rent (which end in 2092) and Sydney and Adelaide Office Leases.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 19: COMMITMENTS AND CONTINGENCIES (continued)

Capital commitments

Future Group capital commitments as at 30 June are as follows:	Consolidated		Parent	
	2014 $'000	**2013 $'000**	**2014 $'000**	**2013 $'000**
Within one year	4,815	37,184	-	-
After one year but not more than five years	-	-	-	-
More than five years	-	-	-	-
	4,815	37,184	-	-

The commitment is in respect of the building contract for development of Churchill South Stage 2 Bulky Goods on the Islington South land.

During the 2013 financial year Axiom Islington North Pty Ltd as trustee for the Axiom Islington Project (Northern) entered into a joint venture arrangement with Southern Cross Equity Pty Ltd as trustee for the Churchill Road Trust for the development of Islington North, which included the sale of 50% interest in the Islington North ground lease. As such, both parties are joint and severally liable for the ground rent and development costs of Islington North. The joint operations are disclosed in Note 20.

Contingent Liabilities
Islington – Churchill Centre North
The Group may be liable to a third party as part of the development agreement on the Islington Railyards, to pay the third party a minority profit distribution should certain hurdles, identified within the development agreement be satisfied.

Islington – Churchill Centre South
The Group may be liable to a third party as part of the development agreement on the Islington Railyards, to pay the third party a minority profit distribution should certain hurdles, identified within the development agreement be satisfied.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 20: INTERESTS IN JOINTLY CONTROLLED OPERATIONS

The Group has interests in the following jointly controlled operations:

Name Of Entity	Principal Activity	Interest in Joint Venture Net Assets at Balance Date 2014 %	Interest in Joint Venture Net Assets at Balance Date 2013 %	Voting Power and Net Profit Entitlement 2014 %	Voting Power and Net Profit Entitlement 2013 %
Churchill North Joint Venture	Development of land at Churchill Road North site.	50	50	50	50

The share of assets, liabilities, revenue and expenses of the jointly controlled operations, which are included in the financial statements, are as follows:

	Consolidated 2014 $'000	Consolidated 2013 $'000
Statement of Financial Position		
Assets		
Current Assets		
Cash and cash equivalents	1,391	912
Trade and other receivables	445	733
Total Current Assets	1,836	1,645
Non Current Assets		
Investment property	33,505	3,518
Total Non Current Assets	33,505	3,518
Total Assets	35,341	5,163
Liabilities		
Current Liabilities		
Trade and other payables	4,460	707
Deferred revenue	198	
Borrowings	18,109	-
Total Current Liabilities	22,767	707
Non Current Liabilities		
Deferred revenue	9,661	-
Total Non Current Liabilities	9,661	-
Total Liabilities	32,428	707
Net Assets	2,913	4,456

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 20: INTERESTS IN JOINTLY CONTROLLED OPERATIONS (continued)

	Consolidated 2014 $'000	Consolidated 2013 $'000
Statement of Comprehensive Income		
Revenue	4,724	4,458
Other expenses	105	2
Profit before Income Tax	4,619	4,456
Income tax expense	-	-
Net Profit for the period	4,619	4,456

There are no contingent liabilities, other than those disclosed in Note 19, of the joint venture for which the Group can be held liable, including guarantees for other ventures.

NOTE 21: RELATED PARTY DISCLOSURE

Transactions with key management personnel

a) Pivot Group Pty Ltd
Pivot Group Pty Ltd, a Director related entity of Mr B P Laurance, was reimbursed for costs relating to the previous Perth office premises on normal market terms and conditions during the year. The total charged to the Company was $14,317 (2013: $70,090).

b) Churchill North Pty Ltd
Axiom Islington North Pty Ltd as trustee for the Axiom Islington Project (Northern) Trust has a 50% interest in Churchill North Pty Ltd (Churchill North). Churchill North is jointly controlled with Southern Cross Equity Pty Ltd as trustee for the Churchill Road Trust. Churchill North forms part of the jointly controlled operation disclosed in Note 20.

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

NOTE 22: DIRECTORS AND EXECUTIVES DISCLOSURES

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

	Consolidated 2014 $	Consolidated 2013 $
Short-term employee benefits	1,111,841	1,098,229
Post-employment benefits	72,292	68,491
Share-based payment	143,193	34,845
	1,327,326	1,201,565

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 23: PARENT ENTITY DISCLOSURES

Financial position

	Consolidated	
	2014 $'000	**2013 $'000**
Assets		
Current assets	7,956	3,082
Non-current assets	18,473	19,043
Total assets	26,429	22,125
Liabilities		
Current liabilities	443	287
Non-current liabilities	17,195	11,608
Total liabilities	17,638	11,895
Net Assets	8,791	10,230
Equity		
Issued capital	63,559	63,499
Accumulated Losses	(54,865)	(53,269)
Reserves	-	-
Performance Rights	97	-
Total Equity	8,791	10,230

Financial performance

	2014 $'000	**2013 $'000**
Loss for the year	1,596	1,035
Other comprehensive income	-	-
Total comprehensive income	1,596	1,035

Contingent liabilities of the parent entity
There are no contingent liabilities of the parent entity at balance date other than those disclosed at Note 19.

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 19.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 24: EVENTS AFTER THE REPORTING DATE

The following events occurred after balance date and have not been brought to account at 30 June 2014:

Churchill North Bank Facility
Churchill North Pty Ltd converted its construction facility into investment facility with BankSA for the Churchill Centre on the Islington North site. The facility is for $41,760,000. This facility is for 2 years from July 2014. The base rate of the facility is the 90 day BBSY rate.

Share buy-back
The Company announced to the ASX on 17 June 2014 that it intended to undertake an on-market share buy-back of up to 10% of the issued capital of the Company, or 44.2m shares. As at the date of signature of this report, the Company had purchased 13,133,030 shares at a cost of $712,603 (refer Appendix 4E's lodged with the ASX).

NOTE 25: AUDITOR'S REMUNERATION

The auditor of Axiom Properties Limited is HLB Mann Judd.

	Consolidated		Parent	
	2014 $	2013 $	2014 $	2013 $
Amounts received or due and receivable by HLB Mann Judd for :				
Audit and review of the financial reports	90,000	112,600	90,000	112,600
Other services	-	-	-	-
	90,000	112,600	90,000	112,600

NOTE 26: PARTICULARS IN RELATION TO SUBSIDIARIES

	Country Incorporation/ Formation	Interest Held	
Parent		**2014 %**	**2013 %**
Axiom Properties Ltd (ultimate parent of the Group)	Australia		
Subsidiaries			
Axiom Resorts Pty Ltd	Australia	100	100
Axiom Resorts Management Pty Ltd	Australia	100	100
Superior Properties Pty Ltd	Australia	100	100
Axiom Property Funds Ltd	Australia	100	100
AOF Gepps Cross Pty Ltd	Australia	100	100
Axiom Worldpark Trust	Australia	100	100
Axiom Worldpark Adelaide Pty Ltd	Australia	100	100
Axiom Worldpark Adelaide Trust	Australia	100	100
Axiom Islington South Pty Ltd	Australia	100	100
Axiom Islington Project (Southern) Trust	Australia	100	100
Axiom Islington North Pty Ltd	Australia	100	100
Axiom Islington Project (Northern) Trust	Australia	100	100
Axiom Resources Pty Ltd	Australia	100	100

DIRECTORS' DECLARATION

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

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

        i) giving a true and fair view of the Group's financial position as at 30 June 2014 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 2014.

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

Ben Laurance
MANAGING DIRECTOR

Adelaide, South Australia
Dated: 26 September 2014

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Axiom Properties Limited

Report on the Financial Report

We have audited the accompanying financial report of Axiom Properties Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2014, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation 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 is free from material misstatement, whether due to fraud or error.

In Note 1(c), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

Auditor's responsibility

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

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

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

Accountants | Business and Financial Advisers

Auditor's opinion

In our opinion:

(a) the financial report of Axiom Properties Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(c).

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2014. 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.

Auditor's opinion

In our opinion the remuneration report of Axiom Properties Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

L DI GIALLONARDO
Partner

Perth, Western Australia
26 September 2014

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 12 September 2014 is 73.84% (2013: 70.93%) and the names and number of shares are as follows:

NAME	NUMBER	PERCENTAGE OF TOTAL SHAREHOLDINGS
PIVOT GROUP PTY LTD	165,389,380	38.21%
STARTREND INVESTMENTS PTY LTD	34,000,000	7.86%
ADVENT CAPITAL LIMITED	17,990,000	4.16%
STARTREND INVESTMENTS PTY LTD	14,000,000	3.23%
B & D SUPER PTY LTD <THE PHOENIX SUPER FUND A/C>	9,568,714	2.21%
SILVERLAKE NOMINEES PTY LTD <D'ESPEISSIS SUPER A/C>	8,501,300	1.96%
BELL POTTER NOMINEES LTD <BB NOMINEES A/C>	8,262,471	1.91%
WEATHERED HOWE & ASSOCIATES PTY LTD <WEATHERED HOWE PENSION A/C>	7,290,450	1.68%
HAMILTON CORPORATION PTY LTD <PHOENIX FUND A/C>	5,631,286	1.30%
INGLEWOOD LODGE PTY LTD	5,393,118	1.25%
BARTON & BARTON PTY LTD	5,295,000	1.22%
GDM SERVICES PTY LTD	5,000,000	1.16%
BEEJAYEL PTY LTD <BEEJAYEL SUPERFUND A/C>	4,800,000	1.11%
COBBADAH PTY LTD <KENSINGTON A/C>	4,636,105	1.07%
BERNVILLE PTY LTD	4,620,000	1.07%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,423,661	1.02%
FLUE HOLDINGS PTY LTD <BROMLEY SUPERANNUATION A/C>	4,082,870	0.94%
BEEJAYEL PTY LTD <BEEJAYEL SUPER FUND A/C>	4,000,000	0.92%
TEEPEE INVESTMENTS PTY LTD	3,500,000	0.81%
JOHANNA INVESTMENT PTY LTD	3,189,170	0.74%
	319,573,525	**73.84%**

The substantial shareholders notices received by the Company as at 12 September 2014 are:

SHAREHOLDER	No. of Shares advised
Peter Laurance	165,389,380
Ben Laurance	58,841,834

DISTRIBUTION OF SHAREHOLDERS AS AT 12 SEPTEMBER 2014

There were 773 shareholders holding issued ordinary shares in the Company which were distributed among shareholders as follows:

CATEGORY	No. of Shareholders
1-1,000	25
1,001-5,000	115
5,001 – 10,000	93
10,001-100,000	356
100,001- and over	184
	773

There were 189 shareholders with less than the marketable parcel (8,772 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.