

Appendix 4D

Half year report

Half-year ended 31 December 2015

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

Name of entity

AXIOM PROPERTIES LIMITED

ABN

40 009 063 834

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

31 DECEMBER 2015

31 DECEMBER 2014

2. Results for announcement to the market

\$A'000

2.1	Revenue from ordinary activities	up/ down	48%	To 2,789
2.2	Profit from ordinary activities after tax attributable to members	up /down	111%	To (469)
2.3	Profit for the period attributable to members	up /down	111%	To (469)

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

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

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

3. NTA backing

	Current reporting period	Previous corresponding period
3.1 Net tangible assets per security	4.84 cents	5.12 cents

4. Control gained over entities having material effect

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

Loss of control of entities having material effect

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

5. Dividends / distributions

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

Total dividends / distributions

Ordinary securities	N/A
Preference securities	N/A

6. Dividend / distribution plans

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

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

Name of associate / joint venture:	MB Estate Pty Ltd	
Holding in entities	50% holding in Associate	
Group's aggregate share of associates' and joint venture entities':	Current reporting period \$A'000	Previous corresponding period \$A'000
Profit (loss) from ordinary activities before tax	(113)	-
Income tax on ordinary activities	-	-
Profit (loss) from ordinary activities after tax	(113)	-
Extraordinary items net of tax	-	-
Net profit (loss)	(113)	-
Adjustments	-	-
Share of net profit (loss) of associates and joint venture entities	(113)	-

8. Foreign entities

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

A description of accounts subject to audit dispute or qualification:	N/A
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INTERIM FINANCIAL REPORT
31 December 2015

CONTENTS	PAGE
Directors' Report	6
Auditor's Independence Declaration	12
Condensed Consolidated Statement of Comprehensive Income	13
Condensed Consolidated Statement of Financial Position	14
Condensed Consolidated Statement of Changes in Equity	15
Condensed Consolidated Statement of Cash Flows	16
Notes to the Condensed Consolidated Financial Statements	17
Directors' Declaration	23
Independent Auditor's Review Report	24

DIRECTORS' REPORT

Your Directors submit the financial report of the consolidated entity, Axiom Properties Limited, ("Axiom" or "the Company") for the half-year ended 31 December 2015 ("the half-year"). In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

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

Ian James Laurance AM	Non-executive Chairman
Benjamin Peter Laurance	Managing Director
John Sylvester Howe	Non-executive Director
Liu Ying Chun	Non-executive Director (appointed 25 November 2015)
Doris Chung Gim Lian	Non-executive Director (alternate director) (appointed 25 November 2015)

REVIEW OF OPERATIONS

Churchill Centre (formerly "Islington Railyards")

The Churchill Centre project 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 incorporates 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 continues to consider 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.

REVIEW OF OPERATIONS (continued)



Churchill Centre project looking south towards Adelaide CBD

Churchill Centre North:

Background:

The Churchill Centre North component of this project sits on 18 hectares of land, and comprises South Australia's first and currently only Costco store as well as a major sub-regional shopping centre, consisting of a 5,500 sq.m. Coles supermarket, a 5,400 sq.m. Kmart Discount Department Store, 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.

Axiom's intention is to continue to own its 50% share of the Churchill Centre North to provide a stable and sustainable cashflow for the Company through rental revenue received. The Centre also contributes substantially to the Group's balance sheet through its net equity investment in the Centre.



Churchill Centre North

REVIEW OF OPERATIONS (continued)

Stage 2, Churchill Centre North:

The Group previously announced it had agreed and documented a 10-year lease agreement with German retailer Aldi to construct one of their first South Australian supermarkets, which will commence trade on 30 March 2016. The balance of the 2,500 sq.m extension is to be occupied by a 350 sq.m medical facility and a 400 sq.m retail space occupied by Miniso, a Japanese fast fashion brand.



Churchill Centre North still has another (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 national and international retailers and other groups to anchor subsequent stages of the Centre and occupy space in the development.

Ben Laurance (Managing Director), Mr. Hua Seng Chew (Chairman OUC Corporation) and Paul Santinon (CFO) inspect construction progress of the Aldi store at Churchill Centre

Churchill Centre South:

Since the successful development and sale of Bunnings in 2010, the Group has continued to hold a 100% interest in the balance of the 3-hectare parcel of land which has an approval to develop up to 7,000 sq.m. of mixed use retail. The first stage was fully let to US retailer Savers, Auto barn and Pet Barn and opened for trade in December 2014 with Beacon Lighting subsequently opening in March 2015.

The following Stage of the project comprised another 2,000 sq.m (approx.) of mixed use retail as well as a 2,000 sq.m (approximately) pad site which was pre-committed and completed in September 2015. Major tenants in this precinct include national playcentre operator “Croc’s PlayCafe”, German power tools manufacturer Stihl and Hungry Jack’s.

One pad site adjacent to Hungry Jack’s of approximately 2,000 sq.m remains which the Group is actively marketing. The Company intends to retain ownership of its 100% share of this development to generate a stable, recurring income stream through rental income.

REVIEW OF OPERATIONS (continued)



Churchill Centre South

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.

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



World Park

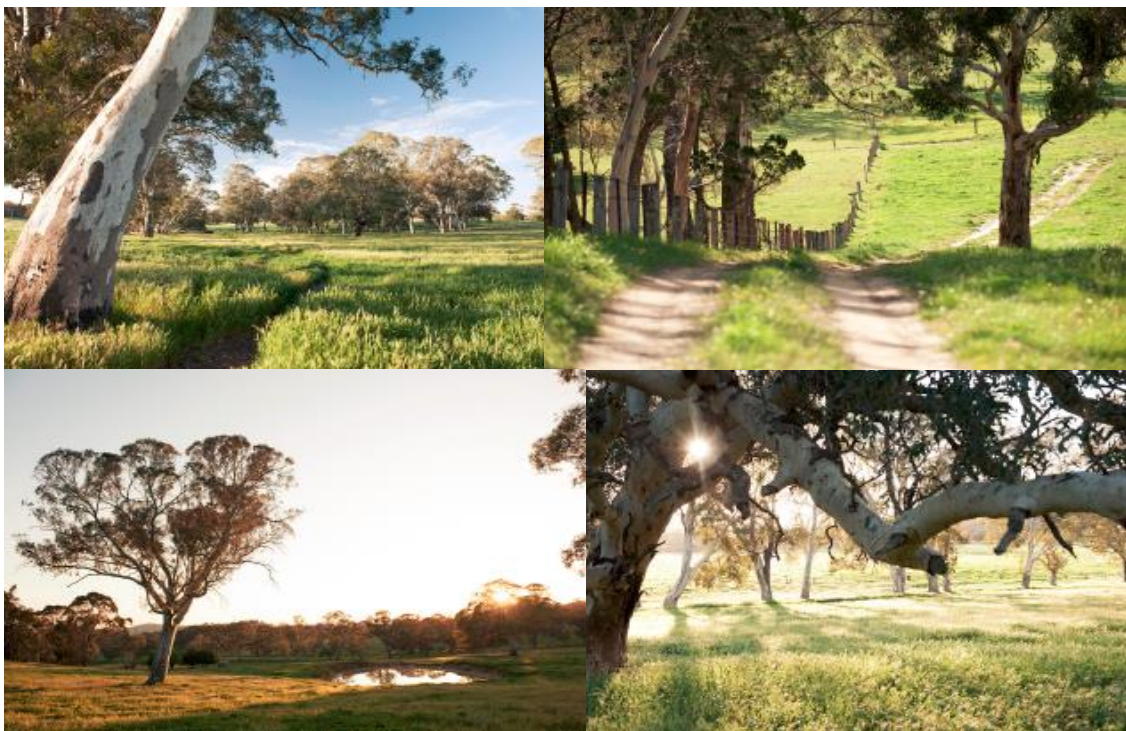
REVIEW OF OPERATIONS (continued)

MT BARKER

In May 2015, the Company announced it had entered into a 50/50 Joint Venture Agreement with the landowners of a large parcel of land in Mount Barker, South Australia to develop a major residential sub-division.

Mt Barker is one of SA's fastest growing regions as well as being one of the nation's fastest growing inland towns. The Company has been working with the land owners to develop a circa 500 allotment scheme that is in keeping with the natural and majestic environment of the area. The scheme was lodged with Mount Barker Council for Development Approval during the half year. Approval for the scheme is expected by the end of the current financial year.

This broad acre subdivision opportunity gives the Company exposure to the residential sector, and is expected to start contributing to earnings in FY 17. Under the terms of the Joint Venture Agreement, Axiom is responsible for the delivery and management of the entire project, and will be entitled to share in the net proceeds of the residential sales.



DARWIN

Subsequent to half year end, the Company announced in February 2016 that it had entered into a 50/50 Joint Venture Agreement with a local Northern Territory family to develop a major retail project on Bagot Rd, Ludmilla. Under the terms of the deal, Axiom is responsible for delivering on the expected \$100 million, multi-stage project that will incorporate a sub-regional, supermarket-based shopping centre and specialty tenancies as well as associated fast-food pad sites and convenience retail outlets. The proposed scheme also allows for some substantial large format retail. Discussions are well advanced with the proposed supermarket operator and discount department store.

The land enjoys a high profile location on Bagot Rd, a major arterial link between Darwin's northern suburbs and the CBD. The 17.1 hectares of land has a full retail zoning and is capable of incorporating in excess of 50,000 sq.m of retail areas. The land is secured by a Long Term Ground Lease from Gwalwa Daraniki Association Inc. (administers of the area) who hold a Crown Lease in Perpetuity with the NT Government.

The Project is expected to commence following satisfaction of Axiom's Due Diligence period ending on 8 May 2016.

REVIEW OF OPERATIONS (continued)

NEW OPPORTUNITIES

Given the Company is now in a much stronger financial position, it has the resources and capability to replenish its development pipeline with new projects. To that end, the Company is reviewing a number of exciting new property opportunities around Australia. The Company remains optimistic that several of these projects will provide the Company with a future development pipeline that will provide the Company with strong earnings and growth.

STRATEGIC PARTNERSHIP

During the half year, one of Axiom's major shareholders announced it had purchased an additional 5% of the issued capital of Axiom. The on-market purchase by Oriental University City Holdings (OUC) meant that Axiom's previously announced agreement to place up to 5% of its capital to OUC was no longer valid, and OUC now owns 19.9% of Axiom's capital. OUC also have appointed a Director to the Company's Board.

The strategic relationship formed between the two groups now gives Axiom an entry point into the education and student accommodation sectors, and the two groups are jointly exploring various opportunities in that space.

END OF REVIEW OF OPERATIONS

ROUNDING OF AMOUNTS

The Company has applied the relief available to it in ASIC Class Order 98/100, and accordingly certain amounts in the interim financial report and the Directors' report have been rounded off to the nearest \$1,000, unless otherwise indicated.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 11 and forms part of this Directors' Report for the half year ended 31 December 2015.

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



Ben Laurance


Managing Director

Dated this 24th day of February 2015

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Axiom Properties Limited for the half-year ended 31 December 2015, 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
24 February 2016

D I Buckley
Partner

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Notes	31 December 2015 \$'000	31 December 2014 \$'000
Continuing Operations			
Revenue	2	2,789	1,885
Other income	2	403	5,223
Employee benefits expense		(1,007)	(863)
Depreciation and amortisation expense		(12)	(9)
Finance costs		(602)	(485)
Other expenses	2	(2,040)	(1,514)
Profit/(loss) before income tax		(469)	4,237
Income tax benefit / (expense)		-	-
Net Profit/(loss) for the period		(469)	4,237
Total comprehensive income/(loss) for the period		(469)	4,237
Basic earnings / (loss) per share (cents per share)		(0.11) cents	0.97 cents
Diluted earnings / (loss) per share (cents per share)		(0.11) cents	0.97 cents

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Notes	31 December 2015 \$'000	30 June 2015 \$'000
Assets			
Current Assets			
Cash and cash equivalents		3,579	5,830
Trade and other receivables		327	211
Other assets		78	48
Total Current Assets		3,984	6,089
Non-Current Assets			
Property, plant and equipment		26	31
Other assets		8,976	8,502
Investment properties	5	52,065	45,465
Investments accounted for using the equity method		145	31
Total Non-Current Assets		61,212	54,029
Total Assets		65,196	60,118
Liabilities			
Current Liabilities			
Trade and other payables		1,202	1,068
Deferred revenue		410	429
Interest-bearing loans and borrowings	6	1,477	191
Provisions		264	241
Total Current Liabilities		3,353	1,929
Non-Current Liabilities			
Deferred revenue		9,365	9,464
Interest-bearing loans and borrowings	6	32,454	28,287
Total Non-Current Liabilities		41,819	37,751
Total Liabilities		45,172	39,680
Net Assets		20,024	20,438
Equity			
Issued capital	3	61,915	61,833
Reserves		67	94
Accumulated losses		(41,958)	(41,489)
Total Equity		20,024	20,438

The accompanying notes form part of these financial statements

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Issued Capital \$'000	Accumulated Losses \$'000	Reserves \$'000	Total Equity \$'000
Balance at 1 July 2014	63,559	(45,104)	97	18,552
Profit for the period	-	4,237	-	4,237
Total comprehensive income for the period	-	4,237	-	4,237
Share-based payments expense (net of expired performance rights)	-	-	29	29
Shares brought back during period	(1,354)			(1,354)
Reserve transfer – exercise of performance rights	60	-	(60)	-
Balance at 31 December 2014	62,265	(40,867)	66	21,464
Balance at 1 July 2015	61,833	(41,489)	94	20,438
Loss for the period	-	(469)	-	(469)
Total comprehensive loss for the period	-	(469)	-	(469)
Share-based payments expense (net of expired performance rights)	-	-	55	55
Reserve transfer – exercise of performance rights	82	-	(82)	-
Balance at 31 December 2015	61,915	(41,958)	67	20,024

The accompanying notes form part of these financial statements

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	31 December 2015 \$'000	31 December 2014 \$'000
Cash flows from operating activities		
Receipts from customers	1,790	2,370
Payments to suppliers and employees	(2,354)	(2,753)
Payment of project development costs	(6,462)	(9,320)
Interest received	44	104
Finance costs	(603)	(485)
Net cash (outflow) from operating activities	<u>(7,585)</u>	<u>(10,084)</u>
Cash flows from investing activities		
Investment in joint venture	(113)	-
Purchase of non-current assets	(7)	(3)
Net cash (outflow) from investing activities	<u>(120)</u>	<u>(3)</u>
Cash flows from financing activities		
Proceeds from borrowings	5,454	8,485
Payments for share buy-back	-	(1,354)
Net cash inflow from financing activities	<u>5,454</u>	<u>7,131</u>
Net (decrease) in cash held	(2,251)	(2,956)
Cash and cash equivalents at the beginning of the period	5,830	9,890
Cash and cash equivalents at the end of the period	<u><u>3,579</u></u>	<u><u>6,934</u></u>

The accompanying notes form part of these financial statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

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

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2015 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

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

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

The Company is of a kind referred to in ASIC Class Order 98/100, and accordingly, certain amounts in the Directors' Report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Accounting policies and methods of computation

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

Adoption of new and revised Accounting Standards

The Group has reviewed all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current half-year. As a result of this review, the directors have determined that there is no material impact on the Group and, therefore, no material change is necessary to Group accounting policies.

Significant accounting judgments and key estimates

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

In preparing this interim report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual financial statements for the year ended 30 June 2015.

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.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Going concern (continued)

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.

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

	31 December 2015 \$'000	31 December 2014 \$'000
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The following revenue and expense items are relevant in explaining the financial performance for the half-year:

Rental Revenue	2,738	1,960
Amortisation of lease incentives and costs	(196)	(179)
Interest income	44	104
Change in fair value of investment properties	359	5,223
Losses arising from jointly controlled operations	(113)	-
Rental outgoings	(1,242)	(858)
Audit and accountancy fees	(121)	(119)

NOTE 3: ISSUED CAPITAL

	31 December 2015 \$'000	30 June 2015 \$'000
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Ordinary shares

Issued and fully paid	61,915	61,833
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	Six months to 31 Dec 2015		12 months to 30 June 2015	
	No.	\$'000	No.	\$'000
<i>Movements in ordinary shares on issue</i>				
At start of period	411,332,396	61,833	442,240,643	63,559
Issue on exercise of performance rights	2,000,000	82	1,500,000	60
Shares bought back during the period	-	-	(32,408,247)	(1,786)
At end of period	413,332,396	61,915	411,332,396	61,833

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

NOTE 4: SEGMENT REPORTING

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

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

The following tables are an analysis of the Group's revenue, results from continuing operations and the Group's assets and liabilities by reportable segment provided to the Board for the half-year ended 31 December 2015 and 31 December 2014.

	Continuing operations			
	Investment Property \$'000	Development \$'000	Corporate \$'000	Consolidated \$'000
31 December 2015				
Segment revenue	3,045	104	43	3,192
Segment result	1,077	(90)	(1,456)	(469)
Results from continuing operations	1,077	(90)	(1,456)	(469)

31 December 2015				
Segment assets	52,642	9,220	3,334	65,196
Segment liabilities	43,058	1,470	644	45,172

	Continuing operations			
	Investment Property \$'000	Development \$'000	Corporate \$'000	Consolidated \$'000
31 December 2014				
Segment revenue	6,953	56	99	7,108
Segment result	5,492	(15)	(1,240)	4,237
Results from continuing operations	5,492	(15)	(1,240)	4,237

31 December 2014				
Segment assets	45,827	7,864	6,316	60,007
Segment liabilities	38,059	12	472	38,543

NOTE 5: INVESTMENT PROPERTIES

	31 December 2015 \$'000	30 June 2015 \$'000
Investment property at fair value	52,065	45,465

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

NOTE 5: INVESTMENT PROPERTIES (continued)

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 \$52.065 million has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

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

	Churchill North \$'000	Churchill South \$'000	2016 \$'000
Balance at 1 July 2015	33,965	11,500	45,465
Additions	1,522	600	2,122
Transfer from other assets	-	4,169	4,169
Lease incentives, net of amortisation	(128)	122	(6)
Lease fees, net of amortisation	(33)	(11)	(44)
Change in fair value of investment properties	(1,361)	1,720	359
Closing balance at 31 December 2015	(i) 33,965	(ii) 18,100	52,065

- (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.
- (ii) Axiom has a 100% ownership interest in Churchill South which is situated on land under a 97 year ground lease with the South Australian Government. During the period, Stage 3 and the Hungry Jacks site were completed and transferred from other assets to investment properties, independent valuations were obtained for these properties.

NOTE 6: BORROWINGS

	31 December 2015 \$'000	30 June 2015 \$'000
Current Liability		
Bank loans	1,468	182
Other loans	9	9
	<u>1,477</u>	<u>191</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

NOTE 6: BORROWINGS (continued)

	31 December 2015 \$'000	30 June 2015 \$'000
Non -Current Liability		
Bank loans	32,450	28,280
Other loans	4	7
	32,454	28,287

During the half year, the Group obtained additional bank loan finance amounting to \$5.45m. \$4.17m relates to the finalisation of the Churchill Centre South mixed use retail precinct and the Hungry Jacks pad site. This investment loan bears interest at market interest rates and is repayable in October 2017. A construction loan of \$1.28m was also drawn for the development of the Churchill Centre North stage 3 Aldi extension. Upon completion, the Group may convert this loan to an interest only investment facility.

Summary of borrowing arrangements

BankSA – Churchill Centre North

The Group along with its JV Partner, Southern Cross Equity Group Pty Ltd, has two facilities with BankSA:

1. An interest only investment facility of \$41.760 million relating to stage 1 of the asset for a period of 2 years to September 2017. The guarantee of each party is limited to 50% of the total facility limit, interest, northern ground rent and fees and costs. In February 2016 the joint venture entered into a 4-year interest rate swap for \$25 million with an interest rate of 2.18% (not including bank margin). The base rate of the balance of the facility is BBSY (30 days); and
2. A construction facility of \$7.920 million for the construction of the under construction Aldi extension Stage 2. The guarantee of each party is limited to cost overruns and interest costs associated with the construction funding. The base rate of the facility is BBSY (30 days). The construction facility will convert to an investment facility subject to certain conditions being met. The investment facility will have the same terms as noted above.

BankSA – Churchill South

The Group has two facilities with BankSA:

1. An investment facility of \$8.700 million associated with the development of the Churchill South Bulky Goods as well as the construction of Hungry Jacks pad site. The guarantee is limited the total facility limit, interest, northern ground rent and fees and costs. The base rate of the facility is BBSY (30 days) with a term to October 2017; and
2. An investment facility of \$2.870 million associated with the development of the Churchill South Mixed Retail Precinct. The guarantee is limited the total facility limit, interest, northern ground rent and fees and costs. The base rate of the facility is BBSY (30 days) with a term to October 2017.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

NOTE 7: FINANCIAL INSTRUMENTS

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

NOTE 8: PERFORMANCE RIGHTS

Movement in performance rights over ordinary shares on issue:

	Six months to 31 December 2015 No. (thousands)	12 months to 30 June 2015 No. (thousands)
At start of period	2,500	4,000
Performance rights issued	20,000	-
Performance rights exercised	(2,000)	(1,500)
At end of period	20,500	2,500

NOTE 9: EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the year end the Group has entered into a 50/50 joint venture for an opportunity in Darwin. Refer to the ASX release dated the 15th February 2016.

NOTE 10: CONTINGENT LIABILITIES

Islington – Churchill Centre North and Churchill Centre South

The Group terminated its development agreement with a third party during the period and no longer has an obligation to pay the third party a minority profit distribution.

DIRECTORS' DECLARATION

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

1. The financial statements and notes thereto, as set out on pages 13 to 22, are in accordance with the Corporations Act 2001 including:
 - a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year then ended.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Ben Laurance
Managing Director

Dated this 24th day of February 2015

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Axiom Properties Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Axiom Properties Limited ("the company") which comprises the condensed statement of financial position as at 31 December 2015, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the group's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- a) giving a true and fair view of the group's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



HLB Mann Judd
Chartered Accountants



D I Buckley
Partner

Perth, Western Australia
24 February 2016