ASX CODE

AXI

ISSUED CAPITAL

Ordinary Shares
438.7 M

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AXIOM PROPERTIES LIMITED

ASX ANNOUNCEMENT

30 August 2012

APPENDIX 4E
PRELIMINARY FINAL REPORT

Please find attached the 30 June 2012 Preliminary Final Report from the Company, and related Appendix 4E.

ENDS

Yours Sincerely

For and on behalf of Axiom Properties Limited

Ben Laurance

Managing Director

MANAGING DIRECTOR'S REVIEW

This past financial year has been another extremely challenging year, representing arguably a tougher year for business than in previous years, particularly for development companies. This year's loss of $6.8m relates almost entirely to impairment charges relating to some of the Group's property portfolio which is reflective of the current state of the market. The result also reflects the termination and subsequent write off of capitalised project costs associated with the Group's long term lease liability at Gepps Trade Centre. Both of these initiatives undertaken by the Company go a long way to returning the Group to a stronger footing and to re-focus efforts on projects that will deliver sustainable earnings.

Additionally, the Group has undertaken further initiatives in its strategy of building a more sustainable business model, one that will provide a recurring income stream to complement the property development revenues which tend to be more lumpy in nature. To this end, the Group implemented a number of capital management initiatives over the past year, resulting in the closure of the Perth office and a consequential slimming down of the overhead structure. With the Group's main projects being in Adelaide, the decision was taken for Adelaide to become the Group's new head office; a transition that is currently underway and expected to be finalised by 1st October this year.

The Company's flagship project "Churchill Centre", on the site of the former Islington Railyards, 6kms north of Adelaide's CBD continues to progress exceptionally well. Exciting major leasing deals have been agreed and documented, and are due to be announced shortly. Some 13,000 sq.m. of anchor tenants have committed to Stage 1, a sub-regional shopping centre incorporating a Supermarket, Discount Department Store, Discount Variety Store and 50 specialty shops. This shopping centre will add substantially to the retail landscape of the area having been established by the successful completion during the year of the Bunnings Centre which was completed in December 2011.

Additionally, extensive work has been done on attracting a 50% equity partner, and we are hopeful of being in a position shortly to announce a major agreement on this front as well.

The Churchill Centre is an exciting development for the Company, and one that your Board sees as being capable of delivering significant returns for the Group over the medium and long terms. The Company remains focused on delivering on the many facets of this project, and your Company believes that this project, together with the other development opportunities it currently has and is currently evaluating, will provide a solid foundation for the Group to re-build in this post GFC environment.

I wish to add my thanks to all shareholders who have stuck by the Company in these difficult times, and I am grateful also to our Chairman and our Directors for their invaluable advice and experience in navigating our way through these times. I also wish to add my thanks to our dedicated team for their commitment and loyalty to the Group, its strategy and its projects, and in particular I would like to express my sincerest thanks and appreciation to Bert Gianotti for his guidance and support over the past 6 years.

Ben Laurance
Managing Director

Appendix 4E
PRELIMINARY FINAL REPORT

Name of entity:

AXIOM PROPERTIES LIMITED

ABN or equivalent company reference:	Reporting period:	Previous corresponding period:
40 0090 63834	Year ended 30 June 2012	Year ended 30 June 2011

Results for announcement to the market

				$A'000
Revenues from ordinary activities	~~up~~/down	45%	to	25,744
Loss from ordinary activities after tax attributable to members	up/~~down~~	564%	to	(6,876)
Net Loss for the period attributable to members	up/~~down~~	564%	to	(6,876)

Dividends
It is not proposed to pay dividends.

This report does not include all the notes of the type normally included in an Annual Report. Accordingly, this report is to be read in conjunction with the most recent Annual Report and any public announcements made by the Company during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Appendix 4E
PRELIMINARY FINAL REPORT

Consolidated Statement of Comprehensive Income

	Note	2012 $'000	2011 $'000
Revenues	1	25,744	57,525
Expenses	2	(29,689)	(54,984)
Borrowing costs	3	(2,957)	(3,762)
Loss before income tax expense		**(6,902)**	**(1,221)**
Income tax benefit	4	26	1
Loss after income tax expense		**(6,876)**	**(1,220)**
Net loss for the period attributable to members		**(6,876)**	**(1,220)**

Appendix 4E

PRELIMINARY FINAL REPORT

Consolidated Statement of Financial Position

	Note	2012	2011
Current Assets		**$'000**	**$'000**
Cash and cash equivalents	14	2,050	3,406
Receivables	5	574	925
Assets classified as held for sale	10	30,700	35,583
Total Current Assets		**33,324**	**39,914**
Non-Current Assets			
Property, plant and equipment	7	141	222
Other	6	8,978	14,915
Total Non-Current Assets		**9,119**	**15,137**
Total Assets		**42,443**	**55,051**
Current Liabilities			
Payables	8	458	2,043
Interest - bearing liabilities	9	167	27
Other	11	17	79
Liabilities directly associated with assets held for sale	10	28,592	31,687
Total Current Liabilities		**29,234**	**33,836**
Non-Current Liabilities			
Interest -bearing liabilities	9	31	1,321
Total Non-Current Liabilities		**31**	**1,321**
Total Liabilities		**29,265**	**35,157**
Net Assets		**13,178**	**19,894**
Equity			
Issued capital	12	63,272	63,319
Reserves	13	230	23
Accumulated losses		(50,324)	(43,448)
Total Equity		**13,178**	**19,894**

Appendix 4E
PRELIMINARY FINAL REPORT

Consolidated Statement of Cash Flows

	Note	2012	2011
Cash flows related to operating activities		**$'000**	**$'000**
Receipts from customers		3,919	7,342
Payments to suppliers and employees		(6,195)	(5,452)
Interest and other items of similar nature received		132	249
Interest and other costs of finance paid		(3,586)	(3,762)
Capitalised development costs paid		(13,269)	(18,521)
Proceeds from sale of development property		18,656	-
Other		32	(22)
Net operating cash flows	14(b)	**(311)**	**(20,166)**
Cash flows related to investing activities			
Proceeds sale of non-current assets		-	78,294
Purchase of non-current assets		(9)	(8)
Net investing cash flows		**(9)**	**78,286**
Cash flows related to financing activities			
Proceeds from borrowings		38,637	12,586
Repayment of borrowings		(39,673)	(74,313)
Net financing cash flows		**(1,036)**	**(61,727)**
Net decrease in cash held		**(1,356)**	**(3,607)**
Cash at beginning of period		3,406	7,013
Cash at end of period	14(a)	**2,050**	**3,406**

Appendix 4E
PRELIMINARY FINAL REPORT

Dividends

No dividend was paid or declared during the period.

Consolidated accumulated losses

	Current period - $A'000	Previous corresponding period - $A'000
Accumulated losses at the beginning of the financial period	(43,448)	(42,228)
Net loss attributable to members (*item 1.11*)	(6,876)	(1,220)
Net transfers from (to) reserves *(details if material)*	-	-
Net effect of changes in accounting policies	-	-
Dividends and other equity distributions paid or payable	-	-
Accumulated losses at end of financial period	**(50,324)**	**(43,448)**

NTA backing	**Current period**	**Previous corresponding Period**
Net tangible asset backing per +ordinary security	3.03 cents	4.59 cents

Earnings per Share	**Current period**	**Previous corresponding Period**
Basic Earnings per share	(1.58) cents	(0.28) cents
Diluted Earnings per share	N/A	N/A
Weighted average number of shares on issue used in the calculation of diluted earnings per share	N/A	N/A

Appendix 4E
PRELIMINARY FINAL REPORT

Review of Operations

Islington Railyards

The Islington Railyards site consists of two separate large tracts of land of 6 hectares (south) and 18 hectares (north) for a total of 24 hectares, strategically located in the inner northwest suburbs of Adelaide, 5kms from the CBD. Axiom has "ownership" of the land under a 97 year 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 bulky goods and hardware tenancies, alongside a major supermarket, shopping centre 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 South and Churchill Centre North:

Churchill Centre South

During the year the Company successfully delivered the 12,600 sq.m Bunnings Outdoor and Hardware Store, which was completed and opened for trading in December 2011. Following a strongly contested sales campaign, the centre was sold for $18.8 million which settled in March 2012.

The balance of the southern site still held by the Group consists of a 3 hectare parcel of land which has an approval to develop up to 7,000 sq.m. of mixed use retail. This stage of the development was put on hold by the Group so that the company's resources can be refocused on the northern allotment.

Churchill Centre North

The northern component of this project sits on 18 hectares of land, and will comprise a major supermarket, shopping centre, service station and other mixed-use retail offering. Several pad sites will incorporate fast food outlets as well as other strategic retailing uses. This northern stage is designed to incorporate in excess of 40,000 sq.m of quality, destination retail. Stage one of the northern precinct received development approval subsequent to year end.

During the year, the Company has focused its attention on pre-leasing and de-risking this Centre. Major leasing deals have been agreed for in excess of 14,000 sq.m. of retail space, covering a supermarket, a Discount Department Store, a Discount Variety Store, pharmacy, service station and other retail users.

Subsequent to year end, a conditional Letter of Intent has been executed with a group to purchase a 50% share in the development which will provide the required equity for the project. Axiom will act as the Development Manager on behalf of the Joint Venture.

Review of Operations (continued)

Gepps Cross Bulky Goods Centre, Gepps Cross SA

The Company manages a 50% interest in one-half of The Gepps Cross Centre, one of Australia's largest bulky goods retail centres comprising 62,000 sq.m. of bulky goods retail space located at Gepps Cross SA, which Axiom developed and completed in June 2009 on behalf of its joint venture partners, Harvey Norman and Charter Hall.

The Centre spreads over 2 (approximately equal) sites, with Axiom having an ownership interest in one of the sites. The Axiom interest incorporates such national tenants as The Good Guys, Toys'R'Us, JB Hi-Fi, Super Amart, Mountain Design, Rebel Sport and Beacon Lighting.

Subsequent to year end, the Group has received an offer for its remaining interest in the Centre, which it has accepted. Sale documents are currently being prepared, exchange of which is expected to occur at the end of August 2012. Settlement of the sale is expected at the end of September 2012.

World Park 01, Keswick SA

Worldpark:01 is a campus-style, green office park on the fringe of the Adelaide CBD with an approval to construct 3 boutique office buildings. The first of these buildings was successfully developed and completed by Axiom, and subsequently sold.

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.

Gepps Cross Industrial

The Company and its partners, Harvey Norman and Charter Hall, continued to assess development options during the year for the leasehold interest over 6.5 hectares of vacant land adjacent to the Gepps Cross Bulky Goods Centre in Gepps Cross SA.

The Company had a one third interest in this long term ground lease, but due to lack of current interest in the pre-commitment industrial market, the Company and its partners managed to negotiate a termination of its leasehold interest which was subsequently relinquished on 29 June 2012.

Port Geographe, Busselton, WA

The Company held a 40% interest in the Port Geographe Joint Venture, an oceanfront, residential subdivision at Port Geographe, 1km north of the city of Busselton, WA. During the year, the Company and its 60% partner, MacSea (a 50/50 Joint Venture between Macquarie Bank and private developer Saracen Properties) appointed PPB Advisory as Administrators to the project's respective ownership entities.

During the year, the Company assisted PPB in fulfilling their duties as Administrator. Subsequent to year end, the Administrator recommended that Tallwood Nominees (Axiom's subsidiary which owns the 40% stake in Port Geographe) be placed into liquidation which was approved by stakeholders. As a consequence, Tallwood is currently being liquidated and eventually the subsidiary will be wound up.

Other

The Company is also evaluating a number of other strategic corporate, investment and development opportunities in the property and other sectors.

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.

Appendix 4E
PRELIMINARY FINAL REPORT

Compliance statement

This report is based on accounts to which one of the following applies.
(Tick one)

☐	The accounts have been audited.	☐	The accounts have been subject to review.
☑	The accounts are in the process of being audited or subject to review.	☐	The accounts have not yet been audited or reviewed.

If the accounts have not yet been audited or subject to audit review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:

Not Applicable

If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:

Not Applicable

Sign here: .... **Date: 30 August 2012**
Managing Director

Name: Ben Laurance

Notes to Appendix 4E
For the year ended 30 June 2012

	2012	2011
	$'000	**$'000**
NOTE 1 - REVENUES FROM ORDINARY ACTIVITIES		
Revenue from Operating Activities		
Rental Income	4,079	5,438
Fair value adjustment – unsecured loan	2,709	-
Revenue from sale of development project	18,803	46,497
Other Income	23	5,343
	25,614	57,278
Revenue from Non-Operating Activities		
Interest received	130	247
	130	247
Total Revenue	25,744	57,525
NOTE 2 - EXPENSES FROM ORDINARY ACTIVITIES		
Cost of inventories – development project	(17,087)	(46,996)
Employee benefits expense	(1,754)	(1,755)
Depreciation and amortisation expense	(90)	(1,872)
Write off of capitalised project costs	(2,236)	(1,752)
Impairment of non-current assets	(5,105)	-
Other Expense	(3,417)	(2,609)
	(29,689)	(54,984)

Notes to Appendix 4E
For the year ended 30 June 2012

	2012	2011
	$'000	$'000
NOTE 3 - BORROWING COSTS		
Interest		
Other Borrowing Costs	(2,957)	(3,762)
	(2,957)	(3,762)
NOTE 4 - INCOME TAX ON ORDINARY ACTIVITIES		
The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:		
Operating loss before income tax	(6,902)	(1,221)
Income tax (benefit)/expense calculated at 30% (2011:30%) of operating loss	(2,071)	(366)
Adjusted for tax effect of:		
Non-deductible expenses	56	1,015
Non-assessable income	(1,327)	(1,481)
Other assessable income	75	5,905
Utilisation of carried forward prior year tax losses – revenue	(167)	(5,878)
Utilisation of carried forward prior year tax losses – capital	-	(27)
Unused tax losses not recognised as deferred tax assets	1,817	738
Other deferred tax assets and tax liabilities not recognised	1,617	94
Adjustment in respect of current income tax of previous years	26	1
	26	1
NOTE 5 - RECEIVABLES		
Current		
Trade Debtors	67	145
Other Debtors	507	780
	574	925

Notes to Appendix 4E
For the year ended 30 June 2012

	2012 $'000	2011 $'000
NOTE 6 - OTHER ASSETS		
Non-Current Assets		
Capitalised Project Costs	8,978	14,915
	8,978	14,915
NOTE 7 - PROPERTY, PLANT & EQUIPMENT		
Plant and Equipment at Cost	492	560
Accumulated Depreciation	(351)	(338)
	141	222
NOTE 8 - PAYABLES		
Current		
Trade creditors	313	1,655
Accrued expenses	40	311
Other payables	105	77
	458	2,043
NOTE 9 - INTEREST BEARING LIABILITIES		
Current		
Bank Loans – Secured	136	-
Premium Funding	23	27
Finance Lease	8	-
	167	27
Non-Current		
Bank Loans – Secured	-	1,282
Finance Lease	31	39
	31	1,321

Notes to Appendix 4E
For the year ended 30 June 2012

	2012 $'000	2011 $'000
NOTE 10 – ASSETS AND LIABILITIES HELD FOR SALE		
Assets		
Investment Properties	30,700	35,583
	30,700	35,583
Liabilities		
Interest bearing liabilities	24,313	24,677
Interest rate derivative contracts	620	492
Other liabilities	3,659	6,518
	28,592	31,687
Net assets classified as held for sale	**2,108**	**3,896**
NOTE 11 – OTHER LIABILITIES		
Current		
Leave entitlements	31	99
Provision for income tax	(14)	(20)
Interest rate hedge liability	-	492
Transfer to liabilities directly associated with assets held for sale	-	(492)
	17	79
NOTE 12 - ISSUED CAPITAL		
Issued Share Capital		
434,240,643 (2011: 433,240,643) fully paid ordinary shares	64,000	64,052
Non-controlling interest	5	-
Issue Costs	(733)	(733)
	63,272	63,319
NOTE 13 – RESERVES		
Balance at beginning of financial year	23	-
Performance rights expense	155	416
Transfer from issued capital	75	-
Performance rights exercised	(23)	(393)
	230	23

Notes to Appendix 4E
For the year ended 30 June 2012

	2012 $'000	2011 $'000
NOTE 14 - NOTES TO THE STATEMENT OF CASH FLOWS		
a) Reconciliation of Cash For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of bank overdrafts. Cash as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash	2,050	3,406
b) Reconciliation of loss for the year to net cash used in operating activities		
Operating loss for the year after tax	(6,876)	(1,220)
Share of net (gain)/loss of jointly controlled entities	0	38
Measurement in the fair value of interest rate derivative contracts	129	(552)
Profit/(loss) from disposal of property	(1,716)	(21)
Depreciation and amortisation	90	1,872
Net deficit on revaluation of property portfolio	5,105	1,752
Equity settled share based payment	230	416
Fair value adjustments – unsecured loan	2,709	(4,079)
Other expenditure	1,341	21
(Increase)/decrease in trade and other receivables	79	22,167
(Decrease)/increase in trade and other payables	(1,676)	4,144
(Decrease)/increase in other assets	274	(44,704)
Net cash used in Operating Activities	(311)	(20,166)

Notes to Appendix 4E
For the year ended 30 June 2012

NOTE 15 - SEGMENT INFORMATION

30-Jun-12	**Investment Property**	**Development**	**Corporate**	**Consolidated**
	$'000	**$'000**	**$'000**	**$'000**
Segment revenue	5,865	19,777	102	25,744
Segment expenditure	(7,484)	(21,621)	(3,515)	(32,620)
Results from continuing operations	(1,619)	(1,844)	(3,413)	(6,876)
Included within segment result:				
Depreciation	(3)	-	(87)	(90)
Impairment and write off of non-current assets	(4,928)	(177)	-	(5,105)
Profit on sale of development properties	-	1,716	-	1,716
Interest revenue	7	21	102	130
Income tax expense	26	-	-	26
Segment assets	31,034	9,720	1,689	42,443
Segment liabilities	28,626	436	203	29,265
30-Jun-11	**Investment Property**	**Development**	**Corporate**	**Consolidated**
Segment revenue	10,781	46,497	247	57,525
Segment expenditure	(1,752)	(52,630)	(4,364)	(58,746)
Results from continuing operations	9,029	(6,133)	(4,117)	(1,221)
Included within segment result:				
Depreciation	(1,798)	-	(74)	(1,872)
Impairment and write off of non-current assets	-	(1,752)	-	(1,752)
Interest revenue	14	-	235	249
Loss on sale of investment property	(106)	-	-	(106)
Income tax expense	1	-	-	1
Segment assets	35,583	15,221	4,247	55,051
Segment liabilities	31,195	1,360	2,602	35,157

Notes to Appendix 4E
For the year ended 30 June 2012

NOTE 16 - INTERESTS IN JOINTLY CONTROLLED ENTITIES

Name of Entity	Principal Activity	INTEREST IN JOINT VENTURE NET ASSETS AT BALANCE DATE		VOTING POWER AND NET PROFIT ENTITLEMENT	
		2012 %	**2011 %**	**2012 %**	**2011 %**
Port Geographe Joint Venture	Development and sale of land at Port Geographe WA. The company is entitled to 40% of the net profits of this Joint Venture.	40	40	-	-

	2012 $'000	**2011 $'000**
i) Retained Earnings attributable to interests in jointly controlled entities:		
Balance at the beginning of the financial year	-	-
Balance at the end of the financial year	-	-
ii) Carrying Amount of investment of jointly controlled entities:		
Balance at the beginning of the financial year	-	-
- reversal of share of net liabilities on jointly controlled entities	-	-
- sale of interest	-	-
Balance at the end of the financial year	-	-
The group's share of net assets employed in the jointly controlled entities:		
Current assets	-	19
Non current assets	-	11,732
Total assets	-	11,751
Current liabilities	-	1,047
Non current liabilities	-	33,400
Total liabilities	-	34,447
Revenues	-	3
Expenses	-	(3,813)
Share of loss of jointly controlled entity not booked	-	3,810
Profit/(Loss) Before Income Tax	-	-
Income Tax Expense	-	-
Profit /(Loss) After Income Tax	-	-