ASX CODE

AXI

ISSUED CAPITAL

Ordinary Shares
440.7 M

CONTACT

South Australia

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AXIOM PROPERTIES LIMITED

27 August 2013

ASX RELEASE

APPENDIX 4E AND ANNUAL REPORT – 30 JUNE 2013

Adelaide, Australia, Tuesday 27 August 2013: Axiom Properties Limited (ASX:AXI) lodges the attached Appendix 4E Preliminary Final Report along with Audited Annual Report for the financial year ended 30 June 2013.

About Axiom Properties Ltd

Axiom Properties Ltd is a property development and investment business focused on developing and delivering quality property solutions. Axiom's principal objective is to create long term value for shareholders through creating a well-respected property development and investment company that consistently delivers above industry returns on capital.

For more information, please contact:
Paul Santinon
Company Secretary
+61 8 8120 2400

Appendix 4E
PRELIMINARY FINAL REPORT

Name of entity:

AXIOM PROPERTIES LIMITED

ABN or equivalent company reference:	Reporting period:	Previous corresponding period:
40 0090 63834	Year ended 30 June 2013	Year ended 30 June 2012

Results for announcement to the market

				$A'000
Revenues from ordinary activities	~~up~~/down	72%	to	7,215
Profit from ordinary activities after tax attributable to members	up/~~down~~	135%	to	2,374
Net Profit for the period attributable to members	up/~~down~~	135%	to	2,374

Dividends
It is not proposed to pay dividends.

This report includes and is to be read in conjunction with the Annual Report and any public announcements made by the Company during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

AXIOM
PROPERTIES LIMITED

ABN 40 009 063 834

ANNUAL FINANCIAL REPORT

30 JUNE 2013

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CHAIRMAN'S LETTER

Dear Shareholder,

It is very pleasing to be able to report that the Company recorded a profit of $2.374 million dollars for the 2012 / 2013 financial year.

This result reflects a very significant turnaround year for Axiom Properties.

The improvement has been brought about by a number of factors: the property market is steadily improving, the Company is starting to realise the very significant value created by its land holding at Islington in Adelaide where the new Churchill Centre is being created, and finally by a concerted effort to reduce overhead costs.

Overhead costs have been slashed by reducing the size of the Board, by relocating the Head office to Adelaide and by the diligent work of new Company Secretary, Paul Santinon.

I wish to pay tribute to Managing Director, Ben Laurance and General Manager, Paul Rouvray for their excellent efforts in producing this turnaround in the Company's fortunes.

I also wish to acknowledge the very considerable contribution of Non-Executive Director, Michael Blakiston, who resigned from the Board during the year as part of our drive to reduce costs. Michael has been an inspiration to us all over the years that he has helped direct the Company.

I also acknowledge the outstanding contribution of the continuing Non-Executive Director, John Howe.

Ian Laurance AM
NON-EXECUTIVE CHAIRMAN

MANAGING DIRECTOR'S REVIEW

This past financial year has been a remarkable year for the Group; significant for a variety of reasons, none more important or more pleasing than the fact that it appears the strategies put in place during the GFC are starting to deliver results for the Company. Axiom this past year has built on the foundation laid over the last few years to develop the Company's flagship project, the 97 year leasehold land known as Churchill Centre, in Adelaide. The headline result of a profit of $2.374 million represents a strong turnaround from the past few years, and the Company is now looking forward to a (cautiously) optimistic future.

During the year the Group attracted a very strong and competent joint venture partner in Southern Cross Equity Group, who has invested $11.25m in the Group's flagship project, the Churchill Centre North development for a 50% interest. Attracting this investment was pivotal for the Company – not only did it provide a total capital solution for the equity component of the project requiring no further equity contributions from the Company, but it confirmed the significance of this project in enhancing the retail landscape of the Adelaide retail market.

Churchill Centre North, on the site of the former Islington Railyards, 6kms north of Adelaide's CBD, continues to progress exceptionally well. Subsequent to year end, construction of the Shopping Centre has commenced, which has attracted such retailers as Coles, Kmart, Liquorland, Priceline, McDonalds, Australia Post and many other national and international tenants. Perhaps the most exciting development during the year was the execution of a conditional Heads of Agreement with US giant Costco to take a long term ground lease over 5 hectares of land adjoining the Shopping Centre, for the construction of a 14,000 sq.m. retail warehouse. The agreement is conditional on (amongst other things) an extensive Due Diligence period, which the Group expects to conclude by the end of this calendar year. Costco adds a very exciting dimension to this already significant retail Centre.

The Churchill Centre is a major 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. As I said in last year's report, we believe that this project, together with the other development opportunities we currently have and are currently evaluating, will continue to provide a solid foundation for the Group to re-build in the current environment.

The Company has been focused on building a more sustainable business model over the past few years, one that will provide a recurring income stream to complement the property development revenues which tend to be lumpier in nature. To this end, the Group continued to implement a number of capital management initiatives over the past year, resulting in the 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 was finalised during the year.

I wish to add my thanks to all shareholders who have stuck by the Company through these last few years, and I am grateful also to our Chairman and our Directors for their invaluable advice and experience. I also wish to add my thanks to our dedicated team for their commitment and loyalty to the Group, its strategy and its projects.

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
Paul Santinon

Registered Office
Level 3, Stafford House
25 Leigh Street
ADELAIDE SA 5000

Principal Place of Business
Level 3, Stafford House
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 2013. 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 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

Michael Gerrard Blakiston (Non-Executive Director)

Mr Blakiston is a practicing solicitor with legal experience in the resources sector. Mr Blakiston holds the degrees of Bachelor of Jurisprudence and Bachelor of Laws from the University of Western Australia and is a partner of the national firm, Gilbert & Tobin. Mr Blakiston has been practicing law for over 30 years. Mr Blakiston has extensive commercial experience both in advisory and directorial capacities having been involved in project assessment, structuring and financing, joint ventures and strategic alliances in the resource industry. In addition, Mr Blakiston has experience in initial public offerings, takeovers and mergers, corporate and project fundraisings (either with debt or equity), construction, off take and sales contracts.

Mr Blakiston resigned as a director of the Company on 28 September 2012 and also stepped down from his various committee appointments for the Company on that date.

Other Public Company Directorships
Platinum Australia Ltd and Sundance Resources Limited

Former Public Company Directorships in the last three years.
Vulcan Resources Limited, Aurora Oil & Gas Limited and Rox Resources Limited

Umberto Bruno Gianotti (Non-Executive Director)

Mr Gianotti is a property and construction lawyer. He is a former partner of a national law firm and has specialised in property law for 33 years.

Mr Gianotti resigned as a director of the Company on 12 July 2012 and also stepped down from his various committee appointments for the Company on that date.

Other Public Company Directorships
None

Former Public Company Directorships in the last three years
None

DIRECTORS' REPORT (continued)

Company Secretary

Paul Santinon	Mr Santinon was appointed as Company Secretary of Axiom Properties Limited on 18 September 2012.
Edita Nuic	Ms Nuic resigned as Company Secretary of Axiom Properties Limited on 18 September 2012.

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	-	58,641,834	-	-
J S Howe	500,000	6,790,450	-	-

The following performance rights of Axiom Properties Limited were granted to Directors and to the most highly remunerated officers of the Company during the financial year as part of their remuneration:

Directors and officers	Number of performance rights granted (at the date of this report)	
	Directly	Indirectly
I J Laurance AM	-	-
B P Laurance	-	-
J S Howe	-	-
P Rouvray	-	-

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*
2,000,000	Nil

At the date of this report there were no unissued shares of the Company under option or performance rights.

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 site 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 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 North:

The Churchill Centre North component of this project sits on 18 hectares of land, and will comprise a major 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 45 specialty shops. The Centre will also incorporate 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.

Construction commenced in May 2013, with a completion date scheduled for May 2014.

In October 2012, Axiom agreed a strategic tie-up with Southern Cross Equity Group, a syndicate of Adelaide based investors who have purchased a 50% share in the Centre by providing an equity investment of $11.25m to the development.

During the year the JV entered also into a conditional Heads of Agreement with US retail giant, Costco, for a long term ground lease on approximately 5 hectares of land adjoining the shopping centre. Costco intends to construct a 14,000 sq.m retail warehouse on the land which will be its first South Australian store.

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

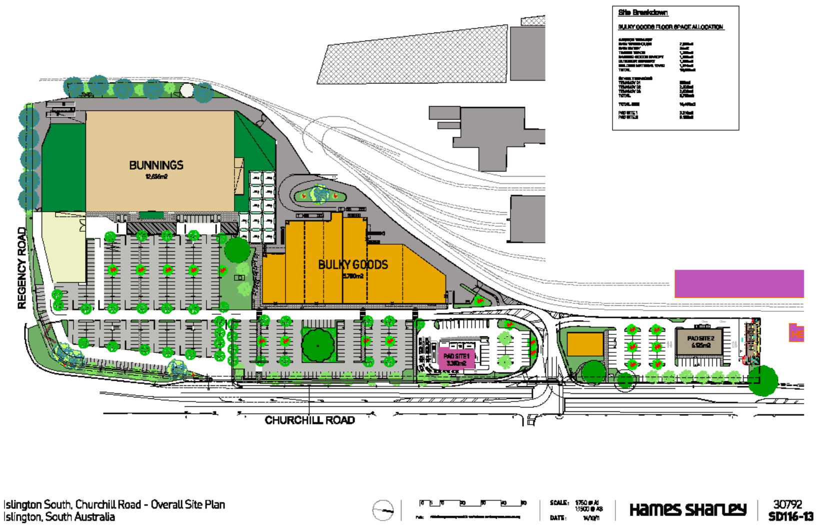
DIRECTORS' REPORT (continued)

REVIEW OF OPERATIONS (continued)

Churchill Centre South:

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. The Company has recently re-focused its efforts and resources on this site in an effort to gain sufficient pre-commitments from major tenants to commence the development.

Subsequent to year end, the Company has entered into a long term lease with US retailer Savers, to anchor the bulky goods precinct with a commitment that covers almost half of the available space.
Construction is expected to commence by the end of the year.



World Park 01, Keswick SA

Worldpark:01 is a campus-style, green office park on the fringe of the Adelaide CBD with an 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.

DIRECTORS' REPORT (continued)

REVIEW OF OPERATIONS (continued)

Gepps Cross Bulky Goods Centre, Gepps Cross SA

During the year, the Company sold its remaining 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 sale price was $30.7m, and the sale marks the end of a long association the Company had with the asset.

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 Group 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.

END OF REVIEW OF OPERATIONS

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 2013. 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)
Michael Blakiston (resigned 28 September 2012)
John Howe (Non-Executive Director)
Umberto Gianotti (resigned 12 July 2012)

(ii) Executives
Paul Rouvray (General Manager)
Paul Santinon (Company Secretary appointed 18 September 2012)
Edita Nuic (resigned 18 September 2012)

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. 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 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 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 is declared bankrupt.

B P Laurance – Managing Director

The terms and conditions of the service agreement dated 24 November 2006 (amended effective 1 January 2008) are:

- Mr Laurance is to provide managing directorial services as required for Axiom Properties Limited;
- In exchange for Mr Laurance's services, an annual remuneration package of $360,000 plus benefits is payable;
- The Company may terminate this contract at any time with one month's notice if Mr Laurance defaults in the performance and observance of his obligations under the agreement or is declared bankrupt.

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 $284,280 plus benefits is payable;
- The Company may terminate this contract at any time with one month's notice if Mr Rouvray defaults in the performance and observance of his obligations under the agreement or is declared bankrupt.

U B Gianotti – Non Executive Director (Executive Director 1 July 2008 to 30 June 2009)

The terms and conditions of the service agreement dated 4 August 2008 were:

- Mr Gianotti provided executive directorial services primarily as in-house legal counsel for Axiom Properties Limited;
- In exchange for Mr Gianotti's services an annual package of $300,000 plus a short term incentive (based upon in-house legal counsel hours achieved) plus other benefits was payable;
- The Company and Mr Gianotti mutually terminated the Agreement for nil consideration as a part of the Company's cost saving measures on 30 June 2009. As of 1st July 2009 Mr Gianotti was engaged as a consultant for Axiom Properties Limited pursuant to a Consulting Agreement for $30,000 per month. The Company and Mr Gianotti mutually terminated the Agreement on 15 December 2012.
- Mr Gianotti resigned as a director of the Company effective 12 July 2012.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

Remuneration of Directors and other KMP

Table 1: Directors' remuneration for the years ended 30 June 2013 and 30 June 2012

		Primary Benefits			Post-Employment		Equity	Total	
		Salary and Fees	Bonuses	Non-Monetary Benefits	Superannuation	Prescribed Benefits	Performance Rights		Performance Related
I Laurance AM	2013	55,939	5,000	22,031	5,035	-	8,711	96,716	5,17%
	2012	76,745	-	13,336	20,275	-	18,328	128,684	-
B P Laurance	2013	359,999	(i) 50,000	13,032	32,400	-	17,423	472,854	10.57%
	2012	328,153	50,000	14,548	34,034	-	36,655	463,390	7.9%
M G Blakiston	2013	15,192	-	-	1,367	-	-	16,559	-
	2012	38,910	-	-	3,502	-	18,328	60,740	-
J S Howe	2013	50,000	-	-	4,500	-	8,711	63,211	-
	2012	38,535	-	-	3,877	-	18,328	60,740	-
U B Gianotti	2013	(ii)165,000	-	-	-	-	-	165,000	-
	2012	390,000	-	-	2,700	-	36,655	429,355	-

(i) Performance criteria reached in attracting a capital partner for Churchill Centre North and other measures.
(ii) Mr Gianotti remained as a consultant post resignation as a Non-Executive Director.

Table 2: Remuneration of the other KMP for the financial years ended 30 June 2013 and 30 June 2012

Name		Primary Benefits			Post-Employment		Equity	Total	%
		Salary and Fees	Bonuses	Non-Monetary Benefits	Superannuation	Prescribed Benefits	Performance Rights		Performance Related
P J Rouvray	2013	279,880	(i) 50,000	32,156	25,189	-	-	387,225	12.9%
	2012	251,584	50,000	18,772	27,143	-	27,190	374,689	13.3%

(i) Performance criteria reached in attracting a capital partner for Churchill Centre North and other measures.

No key management personnel appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

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 4: 26 November 2010	30 June 2013	$0.040	3,500,000	30 June 2012
Tranche 5: 26 November 2010	30 June 2014	$0.039	3,500,000	30 June 2013
Tranche 6: 18 July 2011	30 June 2014	$0.027	1,000,000	30 June 2012

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

Remuneration of Directors and other KMP (continued)

For details on the valuation of the performance rights, including models and assumptions used, please refer to note 15. There were no alterations to the terms and conditions of performance rights granted as remuneration since their grant date.

Table 4: Performance rights exercised during the year by 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 P Laurance (Tranche 4)	$40,000	1,000,000	$Nil	1,000,000
I J Laurance (Tranche 4)	$20,000	500,000	$Nil	500,000
J S Howe (Tranche 4)	$20,000	500,000	$Nil	500,000
U B Gianottti Laurance (Tranche 4)	$40,000	1,000,000	$Nil	1,000,000
M G Blackiston (Tranche 4)	$20,000	500,000	$Nil	500,000
B P Laurance (Tranche 5)	$39,000	1,000,000 (i)	$Nil	1,000,000
I J Laurance (Tranche 5)	$19,500	500,000 (i)	$Nil	500,000
J S Howe (Tranche 5)	$19,500	500,000 (i)	$Nil	500,000
P J Rouvray (Tranche 6)	$27,000	1,000,000	$Nil	1,000,000

(i) Shares were not issued until 25 July 2013.

There was no share-based compensation granted to Directors or other key management personnel during the year.

Table 5: Performance rights expired during the year previously granted to Directors and other KMP

Name	Value of performance rights exercised at the grant and exercise date	Number of performance rights expired	Amount paid	No. shares issued
U B Gianotti (Tranche 5)	$40,000	1,000,000 (i)	$Nil	Nil
M G Blakiston (Tranche 5)	$20,000	500,000 (i)	$Nil	Nil

(i) The performance rights were cancelled during the year as vesting conditions were not met. A total of $33,079 was derecognised during the year.

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 were as follows:

	Directors' Meetings	***Audit Committee***	***Remuneration Committee***	***Nomination Committee***
Number of meetings held	12	3	0	0
Attended:				
I J Laurance AM	11	3	0	0
B P Laurance	12	1(i)	0	0
M G Blakiston	3(ii)	2(ii)	0(ii)	0(ii)
J S Howe	11	3	0	0
U B Gianotti	0 (iii)	0(iii)	0(iii)	0(iii)

(i) - Appointed to the Audit Committee 23 January 2013
(ii)- Resigned as director and from committees 28 September 2012
(iii)- Resigned as director and from the committees 12 July 2012

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 25 and forms part of the Directors' Report for the year ended 30 June 2013.

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 22 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: 27 August 2013

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 2012/2013 financial year (**Reporting Period**). The information in this statement is current at 27 August 2013.

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 5.

The Board reviews the competencies of the existing Board regularly 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 sills 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 and size. The Company considers that each of its directors possess the right combination of skills and experience suitable for building the Company and delivering shareholder value. 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.

CORPORATE GOVERNANCE STATEMENT (continued)

The independent directors of the Company during the Reporting Period were Michael Blakiston (deemed independent and resigned 28 September 2012) and John Howe. These directors were independent as they are non-executive directors who are not members of management and who are 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 their judgment.

Mr Blakiston is a partner of the firm Gilbert + Tobin. Gilbert + Tobin have provided legal services to the Company. The Company pays legal fees on a normal commercial basis to Gilbert + Tobin. The Board notes the fees paid to Gilbert + Tobin are not material to the Company, and are not material to Mr Blakiston or the firm Gilbert + Tobin.
The Board (in the absence of Mr Blakiston) considered he was capable of and demonstrated that he consistently made decisions and took actions which were designed to be for the best interests of the Company. Therefore the Board considered Mr Blakiston to be independent.

The non-independent directors of the Company during the Reporting Period were Mr Ian Laurance (Chair), Mr Ben Laurance (Managing Director) and Mr Umberto Gianotti (resigned 12 July 2012).

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. 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.

CORPORATE GOVERNANCE STATEMENT (continued)

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.

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 had a separate Audit Committee for the period 1 July 2012 to 28 September 2012, which was structured in compliance with Recommendation 4.2. The Audit Committee comprised:

Mr Michael Blakiston (Chair)	Independent non-executive
Mr John Howe	Independent non-executive
Mr Umberto Gianotti (resigned 12 July 2012)	Non-independent non-executive
Mr Ian Laurance (appointed 12 July 2012)	Executive

Since Mr Blakiston's resignation from the Board, the function of the Audit Committee has been performed by the full Board and accordingly, is not structured in compliance 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.

CORPORATE GOVERNANCE STATEMENT (continued)

Details of director attendance at Audit Committee meetings during the Reporting Period are set out in a table in the Directors' Report on page 13. The separate Audit Committee held two meetings during the Reporting Period, and one meetings of the full Board in its capacity as the Audit Committee were held during the Reporting Period.

Details of each of the director's qualifications are set out in the Directors' Report on page 5. 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 Company, 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. 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 full Board did not officially convene in its capacity as a 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 10. 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 or other equity based instruments to non-executive directors. The grant of options or other equity based instruments 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 or other equity based instruments granted at the discretion of the Board and subject to obtaining the relevant approvals. The grant of options or other equity based instruments 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.

CORPORATE GOVERNANCE STATEMENT (continued)

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 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.

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.

CORPORATE GOVERNANCE STATEMENT (continued)

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

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, which includes requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress towards achieving them.

The Board has not set measurable objectives for achieving gender diversity given the nature and size of the Company's current operations. 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:

	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.

CORPORATE GOVERNANCE STATEMENT (continued)

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.

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.

CORPORATE GOVERNANCE STATEMENT (continued)

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.	☑

CORPORATE GOVERNANCE STATEMENT (continued)

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.	☑
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 2013, 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.

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

Perth, Western Australia	**L Di Giallonardo**
27 August 2013	**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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	Notes	Consolidated 2013 $'000	Consolidated 2012 $'000
Revenue from continuing operations	2	1,747	22,882
Other income	2	5,468	2,862
Cost of inventories – development project		-	(17,087)
Loss on sale of investment property		(88)	-
Employee benefits expense		(1,599)	(1,754)
Depreciation and amortisation expense		(80)	(90)
Impairment of non-current assets		-	(5,105)
Finance costs		(885)	(2,957)
Other expenses	2	(2,189)	(3,417)
Write off of capitalised project costs		-	(2,236)
Profit (loss) before income tax benefit		2,374	(6,902)
Income tax benefit	3	-	26
Profit (loss) for the year		2,374	(6,876)
Total comprehensive profit (loss) for the year		2,374	(6,876)
Basic profit (loss) per share (cents per share)	6	0.54 cents	(1.58) cents

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Notes	Consolidated 2013 $'000	Consolidated 2012 $'000
Current Assets			
Cash and cash equivalents	7	3,851	2,050
Trade and other receivables	8	844	574
Other assets	10	44	-
		4,739	2,624
Assets classified as held-for-sale	5	-	30,700
Total Current Assets		4,739	33,324
Non-Current Assets			
Property, plant and equipment	9	62	141
Other assets	10	11,795	8,978
Total Non-Current Assets		11,857	9,119
Total Assets		16,596	42,443
Current Liabilities			
Trade and other payables	11	820	458
Interest-bearing loans and borrowings	13	29	167
Other liabilities	12	198	17
		1,047	642
Liabilities directly associated with assets held-for-sale	5	-	28,592
Total Current Liabilities		1047	29,234
Non-Current Liabilities			
Interest-bearing loans and borrowings	13	-	31
Total Non-Current Liabilities		-	31
Total Liabilities		1,047	29,265
Net Assets		15,549	13,178
Equity			
Issued capital	14	63,499	63,267
Reserves	15	-	230
Accumulated losses	15	(47,950)	(50,324)
Parent entity interest		15,549	13,173
Non-controlling interest		-	5
Total Equity		15,549	13,178

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

Consolidated	Issued Capital	Accumulated losses	Reserves	Sub-total	Non-controlling Interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000
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 expense (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**
Balance as at 1 July 2011	**63,319**	**(43,448)**	**23**	**19,894**	**-**	**19,894**
Loss for the year	-	(6,876)	-	(6,876)	-	(6,876)
Total comprehensive loss for the year	-	(6,876)	-	(6,876)	-	(6,876)
Units issued during the year	-	-	-	-	5	5
Performance rights issued during the year	-	-	155	155	-	155
Reserves transfer – exercise of performance rights	(52)	-	52	-	-	-
Balance at 30 June 2012	**63,267**	**(50,324)**	**230**	**13,173**	**5**	**13,178**

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

	Notes	Consolidated 2013 $'000	Consolidated 2012 $'000
		Inflows/(Outflows)	
Cash flows from operating activities			
Receipts from customers		1,663	3,919
Payments to suppliers and employees		(3,720)	(4,773)
Payment of project development costs		(2,651)	(14,691)
Interest received		99	132
Finance costs		(507)	(3,586)
Other costs		-	32
Income tax received		14	-
Proceeds from sale of development property		1,600	18,656
Net cash (used) in operating activities	7	(3,502)	(311)
Cash flows from investing activities			
Proceeds from sale of investment property		30,700	-
Cash acquired in joint venture arrangement		3,748	-
Purchase of plant & equipment		(6)	(9)
Net cash provided by/(used in) investing activities		34,442	(9)
Cash flows from financing activities			
Proceeds from borrowings		356	38,637
Repayment of borrowings		(29,495)	(39,673)
Net cash (used in) financing activities		(29,139)	(1,036)
Net increase/(decrease) in cash and cash equivalents		1,801	(1,356)
Cash and cash equivalents at beginning of year		2,050	3,406
Cash and cash equivalents at end of year		3,851	2,050

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

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 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 of 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 adopted with no effect on the financial statements applicable to 30 June 2013

In the year ended 30 June 2013, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for the current annual reporting period.

It has been determined by the Directors that there is no impact, material or otherwise, of any new and revised Standards and Interpretations on the Group's business and, therefore, no change is necessary to the Group accounting policies.

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 2013. 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.

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.

(c) Statement of compliance

The financial report was authorised for issue on 27 August 2013.

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 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Axiom Properties Limited ('Company') as at 30 June 2013 and the results of all subsidiaries for the year then ended. Axiom Properties Limited and its subsidiaries are referred to in this financial report as the Group or the Consolidated Entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company, using consistent accounting policies.

In preparing the consolidated financial statements, all intra-group balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the portion of the profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to the non-controlling interests and any consideration paid or received is recognised within equity attributable to the owners of Axiom Properties Limited.

When the Group ceases to have control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards).

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 'Financial Instruments: Recognition and Measurement' or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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 Performance Rights Plan (PRP) (refer Note 15). The Group uses independent valuers who utilise the Monte Carlo simulation technique to estimate the expense 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 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:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Revenue Recognition (continued)

(i) Sale of goods and other assets

Revenue is recognised when the significant risks and rewards of ownership of the goods and other assets 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 and other assets 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.

(iv) 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 an integral part of the total rental income.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Income tax (continued)

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.

(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 2013

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 profit or loss and other 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 profit or loss and other comprehensive income.

(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 profit and loss or other 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 profit or loss and other comprehensive income.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Derivative financial instruments and hedging (continued)

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.

(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 profit or loss and other 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Financial assets (continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

(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 2013

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 profit and loss or other 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) Investment in Joint Ventures

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 venture or if the Group purchases assets from the joint venture , only the portion of the gain or loss that is not attributable to the Group’s share of the joint venture 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Property, plant and equipment (continued)

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 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 and key management personnel.

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. The fair value is determined by an external valuer using a Monte Carlo simulation technique, further details of which are given in Note 15.

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.

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 profit or loss and other 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ac) Share-based payment transactions (continued)

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 rights is reflected as additional share dilution in the computation of earnings per share (see Note 6).

(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 is calculated as net profit/loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses;
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; and
- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(af) Parent entity financial information

The financial information for the parent entity, Axiom Properties Limited, disclosed in Note 20 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 2: REVENUE AND EXPENSES

	Consolidated	
	2013	**2012**
	$'000	**$'000**
(a) Revenue		
Sales revenue		
Rental revenue	1,649	4,079
Development fee income	98	-
Revenue from sale of development project	-	18,803
	1,747	22,882
(b) Other income		
Interest received	99	130
Profit on sale of leasehold interest	1,031	-
Gains arising from jointly controlled operations	4,338	-
Fair value adjustment – unsecured loan	-	2,709
Other income	-	23
	5,468	2,862
(c) Other expenses		
Audit and accountancy fees	221	229
Legal and consultancy fees	258	560
Insurances	147	197
Rent and outgoings	939	1,623
Travel and accommodation	55	139
Other expenses	569	669
	2,189	3,417

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 3: INCOME TAX EXPENSE

	Consolidated 2013 $'000	2012 $'000
a) The prima facie income tax expense on the operating loss is reconciled to the income tax benefit as follows:		
Operating profit/(loss) before income tax	2,374	(6,902)
Income tax expense/(benefit) calculated at 30% (2012:30%) of operating loss	712	(2,071)
Adjusted for tax effect of:		
Non-deductible expenses	7	56
Non-assessable income	(2)	(1,327)
Other assessable income	(351)	75
Utilisation of carried forward prior year tax losses – revenue	(4,765)	(167)
Utilisation of carried forward prior year tax losses – capital	(1,796)	-
Unused tax losses not recognised as deferred tax assets	114	1,817
Other deferred tax assets and tax liabilities not recognised	6,081	1,617
Adjustment in respect of current income tax of previous years	-	(26)
Income tax expense/(benefit) applicable to ordinary activities	-	(26)

	2013 $'000	2012 $'000
b) The components of tax expense/(benefit) comprise:		
Current tax benefit	-	(3,434)
Deferred tax assets and liabilities not recognised/ written off	-	3,408
Total income tax benefit	-	(26)

c) Unrecognised deferred tax balances

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

	2013 $'000	2012 $'000
Deferred tax assets comprise:		
Losses available for offset against future taxable income – revenue	10,931	14,999
Losses available for offset against future taxable income – capital	1,773	3,569
Properties	938	-
Impairment of investment properties	578	2,057
Share issue expenses	71	212
Depreciation timing differences	48	47
Provisions and accruals	60	233
Unrealised loss on hedge	-	186
Prepayments and other	-	10
	14,399	21,313

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the group can utilise the benefits therefrom.

	2013 $'000	2012 $'000
Deferred tax liabilities comprise:		
Construction expenditure capitalised	582	7,596
Other	21	21
	603	7,617

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 3: INCOME TAX (continued)

(d) 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 2013.

NOTE 4: SEGMENT INFORMATION

The following table represents revenue and results on an aggregated basis provided to the chief operating decision maker.

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 $'000	**Development Property $'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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 4: SEGMENT INFORMATION (continued)

	Continuing operations			
	Investment Property	**Development**	**Corporate**	**Consolidated**
	$'000	**$'000**	**$'000**	**$'000**
30 June 2012				
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)
Interest revenue	7	21	102	130
Income tax benefit	26	-	-	26
Segment assets	31,034	9,720	1,689	42,443
Segment liabilities	28,626	436	203	29,265
Capital expenditure	45	13,024	9	13,078

NOTE 5: ASSETS AND LIABILITIES HELD-FOR-SALE

The major classes of assets and liabilities comprising the operations classified as held- for- sale at balance date are as follows:

	2013 $'000	**2012 $'000**
ASSETS		
Investment properties	-	30,700
	-	30,700
LIABILITIES		
Interest-bearing liabilities	-	24,313
Interest rate derivative contracts	-	620
Other liabilities	-	3,659
	-	28,592
Net assets classified as held-for-sale	-	2,108

At the reporting date there are no separate assets classified as held-for sale however the following transaction occurred during the year:

GEPPS CROSS BULKY GOODS CENTRE, SOUTH AUSTRALIA
The Group's remaining interest in the Gepps Cross Bulky Goods Centre was disposed of during the year ended 30 June 2013. The disposal realised proceeds of $30.7m less selling costs. The carrying value of this asset had been impaired down to this value at 30 June 2012. Proceeds from the sale were used to extinguish liabilities classified as held-for-sale associated with the investment property.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 6: EARNINGS PER SHARE

	Consolidated	
	2013	**2012**
	Cents per share	**Cents per share**
Basic earnings/(loss) per share	0.54	(1.58)

	2013 Number	**2012 Number**
The weighted average number of shares on issue used in the calculation of basic earnings per share.	436,611,876	433,536,533

There are no reconciling items between the net result attributable to members of the parent entity as shown in the Statement of Profit or Loss and Other Comprehensive Income and the amount used to calculate basic loss per share.

NOTE 7: CASH AND CASH EQUIVALENTS

	2013 $'000	**2012 $'000**
Cash at bank and on hand	1,451	2,050
Short-term deposits	2,400	-
	3,851	2,050

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:

	2013 $'000	**2012 $'000**
Cash and cash equivalents	3,851	2,050

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 7: CASH AND CASH EQUIVALENTS (continued)

	Consolidated	
	2013	**2012**
	$'000	**$'000**
(ii) Reconciliation of Profit/(loss) for the year to net cash (used in) operating activities		
Operating profit/(loss) for the year after tax	2,374	(6,876)
Share of net (gain)/loss in joint venture	(4,338)	-
(Gain)/loss from sale of leasehold interest	(1,031)	-
Measurement in the fair value of interest rate derivative contracts	378	129
Profit/(loss) from disposal of property	-	(1,716)
Proceeds from sale of leasehold interest	1,600	-
Depreciation and amortisation	80	90
Expenditure on development assets	(2,822)	-
Net deficit on revaluation of property portfolio	-	7,341
Equity-settled share based payment	(2)	230
Fair value adjustment – unsecured loan	-	(2,709)
Other expenditure	29	-
(Increase)/decrease in trade and other receivables	(273)	352
(Decrease)/increase in trade and other payables	548	(1,676)
(Decrease)/increase in other assets	(45)	4,524
Net cash provided by/(used) in operating activities	(3,502)	(311)

NOTE 8: TRADE AND OTHER RECEIVABLES

	Consolidated	
	2013	**2012**
	$'000	**$'000**
Trade receivables	745	63
GST recoverable	99	155
Other receivables	-	356
	844	574
<u>Aging of past due but not impaired</u>		
30 – 60 days	2	-
60 – 90 days	2	-
90 – 120 days	-	5
Total	4	5

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 2013

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2013	**2012**
Property, plant and equipment	**$'000**	**$'000**
At cost or fair value	414	569
Accumulated depreciation and impairment	(352)	(428)
Net carrying amount	62	141

	Plant and Equipment $'000
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
Year ended 30 June 2012	
At 1 July 2011, net of accumulated depreciation and impairment	222
Additions	9
Depreciation charge for the year	(90)
At 30 June 2012, net of accumulated depreciation and impairment	141

The useful life of the assets was estimated as follows for both 2012 and 2013:

Buildings (including investment properties)	40 years
Plant and equipment	3 to 16 years

The carrying value of plant and equipment held under finance leases and hire purchase contracts at 30 June 2013 is $39,959 (2012: $53,279). 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 2013

NOTE 10: OTHER ASSETS

	Consolidated	
	2013	2012
Current	$'000	$'000
Prepayments	44	-
Non-Current		
Development Costs	11,795	8,978

	Carrying Value 2012 $'000	Additions $'000	Disposals $'000	Impairment $'000	Carrying Value 2013 $'000
Development costs (capitalised)	8,978	2,817	-	-	11,795

	Carrying Value 2011 $'000	Additions $'000	Disposals $'000	Impairment $'000	Carrying Value 2012 $'000
Development costs (capitalised)	14,915	13,024	(16,953)	(2,008)	8,978

(i) During the 2013 financial year, the Company commenced Stage One of its Churchill Centre North project in Adelaide. This development includes a major shopping centre precinct, comprising a 5,500 sq.m. Coles supermarket, a 5,400 sq.m. Kmart Discount Department Store, several other mini-major retailers and approximately 45 specialty shops. The carrying value of Development costs at reporting date represents the Company's remaining Worldpark and Churchill Centre South sites together with the expenditure incurred to date on the Churchill Centre North site, as follows:

	2013 $'000	2012 $'000
World Park: 01	7,700	7,700
Churchill Centre North	4,072	1,255
Churchill Centre South	23	23
	11,795	8,978

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 11: TRADE AND OTHER PAYABLES

	Consolidated	
	2013	**2012**
	$'000	**$'000**
Trade payables (i)	312	312
Accrued expenses	508	40
Other payables	-	106
	820	458

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

NOTE 12: OTHER LIABILITIES

	Consolidated	
	2013	**2012**
	$'000	**$'000**
Employee benefits	198	31
Income Tax Liability	-	(14)
	198	17

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 long service leave, the probability of long service 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 2013

NOTE 13: INTEREST-BEARING LOANS AND BORROWINGS

	Consolidated	
	2013	**2012**
	$'000	**$'000**
Secured		
Bank loans	-	136
Other loans	29	62
Total secured borrowings	29	198
Total borrowings	29	198
Total current liabilities	29	167
Total non-current liabilities	-	31
	29	198

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

	2013	**2012**
	$'000	**$'000**
Within one year	29	167
In the second year	-	31
In the third year	-	-
In the fourth year	-	-
In the fifth year	-	-
	29	198

Summary of borrowing arrangements

BankSA – Churchill Centre North, Stage 1
The Group entered into an interest only commercial loan with BankSA in April 2012 to fund the preliminary costs associated with the development of the Churchill Centre North Shopping Centre. The facility was repaid in full in November 2012 following the sale of 50% of the Group's leasehold interest in the Islington North land.

The following facilities were included in liabilities directly associated with held-for-sale as at 30 June 2012 (refer note 5):

National Australia Bank Limited – Gepps Cross Bulky Goods Centre Project
The Group's commercial bill facility with National Australia Bank Limited which financed its portion of the land and building costs required to develop the Gepps Cross bulky goods centre at Gepps Cross in South Australia. The facility was repaid in full in November 2012 following the sale of the Group's remaining interest in the Gepps Cross Bulky Goods Centre.

Quantum Funds Management Ltd
The Group entered into an unsecured mezzanine debt facility for $10.6m with Quantum Funds Management Ltd (previously da Vinci Funds Management Ltd) to provide the equity component for the Gepps Cross project. The facility was subordinated to the senior debt on the project and was repayable out of any surplus sale proceeds once the senior debt and other costs had been repaid. No interest was payable on the facility. The facility was repaid in final settlement in November 2012 following the sale of the Group's remaining interest in the Gepps Cross Bulky Goods Centre.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 13: INTEREST-BEARING LOANS AND BORROWINGS (continued)

	Consolidated 2013 $'000	Consolidated 2012 $'000
Total facilities:		
• unsecured loans	-	-
• bank loans	29	2,462
	29	2,462
Facilities used at balance date		
• unsecured loans	-	-
• bank loans	29	198
	29	198
Total facilities		
Facilities used at balance date	29	198
Facilities unused at balance date	-	2,264

Assets pledged as security

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

	Consolidated 2013 $'000	Consolidated 2012 $'000
Current		
Mortgage		
Investment property (Note 5)	-	30,700
Total current assets pledged as security	-	30,700
Non-Current		
Fixed and floating charge		
Other assets	-	1,256
Finance lease		
Plant and equipment	40	53
Total non-current assets pledged as security	40	1,309
Total assets pledged as security	40	32,009

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 14: ISSUED CAPITAL

	Consolidated	
	2013	2012
	$'000	$'000
440,740,643 (2012: 434,240,643) Ordinary shares issued and fully paid	63,499	63,267

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.

	2013		2012	
	No.	$'000	No.	$'000
Movement in ordinary shares on issue				
Balance at beginning of financial year	434,240,643	63,267	433,240,643	63,319
Issued on 12 March 2012	-		1,000,000	-
Issued on exercise of performance rights	6,500,000 (i)	232	-	23
Transfer to reserves	-	-	-	(75)
Balance at end of financial year	440,740,643	63,499	434,240,643	63,267

(i) 2,000,000 shares were issued on 25 July 2013 relating to 2,000,000 performance rights (tranche 5) exercised on 30 June 2013

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 15.

NOTE 15: ACCUMULATED LOSSES AND RESERVES

Accumulated losses

Movements in accumulated losses were as follows:

	Consolidated	
	2013	2012
	$'000	$'000
Balance at beginning of financial year	(50,324)	(43,448)
Net profit/(loss) for the year	2,374	(6,876)
Balance at end of financial year	(47,950)	(50,324)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 15: ACCUMULATED LOSSES AND RESERVES (continued)

Nature and purpose of reserves

Reserves

	Share-based payments reserve	Total
	$'000	**$'000**
At 1 July 2011	23	23
Performance rights expense	155	155
Transfer from issued capital	75	75
Performance rights exercised	(23)	(23)
At 30 June 2012	230	230
Performance rights expense (i)	2	2
Performance rights exercised	(232)	(232)
At 30 June 2013	-	-

(i) During the year 1,500,000 performance rights were cancelled as vesting conditions were not met. The expense derecognised during the year, a portion of which related to prior reporting periods was $33,079.

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(ad) 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. The independent valuer has chosen the Monte Carlo simulation technique to value the Performance Rights.

	Grant Date	Test Date	Expiry Date	Balance at 1 July 2012	Exercised	Expired	Balance at 30 June 2013
Tranche 4	26 Nov 2010	30/06/2012	30/11/2012	3,500,000	(3,500,000)	-	-
Tranche 5	26 Nov 2010	30/06/2013	30/11/2013	3,500,000	(2,000,000)	(1,500,000)	-
Tranche 6	18 July 2011	30/06/2012	30/06/2014	1,000,000	(1,000,000)	-	-
				8,000,000	**(6,500,000)**	**(1,500,000)**	**-**
		Management personnel		1,000,000	(1,000,000)	-	-
		Directors		7,000,000	(5,500,000)	(1,500,000)	-
				8,000,000	**(6,500,000)**	**(1,500,000)**	**-**

The Company's Performance Rights were issued to key management and Directors pursuant to the Company's Performance Rights Plan approved by the Board on 24 June 2010. The performance rights were issued to Directors following approval of the plan by the Shareholders of the Company at the Annual General Meeting on 26 November 2010.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 15: ACCUMULATED LOSSES AND RESERVES (continued)

Share-based payments reserve (continued)

The key assumptions used by the independent valuer to value the performance rights are as follows:

Performance rights granted 1 September 2010 and 26 November 2010:	**Range (from valuation report)**
Share price at grant dates	2.9 cents to 4.1 cents
Risk-free interest rate	4.5% to 5.15%
Volatility	80% to 90%
Discount for lack of marketability	0% to 15%

Performance rights granted 18 July 2011:	**Range (from valuation report)**
Share price at grant dates	3 cents
Risk-free interest rate	4.75%
Volatility	90%
Discount for lack of marketability	0% to 10%

NOTE 16: 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.

	Consolidated	
(b) Categories of financial assets and liabilities	**2013 $'000**	**2012 $'000**
Financial Assets		
Cash and cash equivalents	3,851	2,050
Trade and other receivables	844	574
	4,695	2,624
Financial Liabilities		
Trade and other payables	820	458
Derivative financial instruments	-	621
Interest-bearing loans and borrowings	29	28,169
	849	29,248

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 16: FINANCIAL INSTRUMENTS (continued)

(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 2012. The gearing ratios as at 30 June 2013 and 2012 were as follows:

	Consolidated	
	2013 $'000	**2012 $'000**
Financial liabilities	849	29,248
Less: cash and cash equivalents	(3,851)	(2,050)
Net debt	(3,002)	27,198
Total equity	15,549	13,178
Total capital	12,547	40,376
Gearing ratio (%)	**(23.93%)**	**67.36%**

The decrease in the gearing ratio during 2013 resulted from the repayment of all debt primarily due to the sale of the Group's remaining interest in the Gepps Cross Bulky 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 Group going forward.

(d) Interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group is however 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 16: FINANCIAL INSTRUMENTS (continued)

(d) Interest rate risk (continued)

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 loss before tax would decrease by $20K (2012: $43K) or increase by $20K (2012: $43K). This is due to the Group's exposure to variable interest rates on its finance facilities.

(e) Interest rate swaps – cash flow hedges

Under the interest rate swap contracts, the Group agreed to exchange the difference between fixed and floating interest amounts calculated on agreed notional principal amounts. Such contracts enabled the Group to mitigate the risk of changing interest rates on the fair values of issued variable rate debt held. In March 2012 a swap contract was entered into by the Group fixing the floating interest rate on the facility at 4.58%. The contract was settled subsequent to the sale of the Gepps Cross Bulky Centre.

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding at reporting date.

	Average Contracted fixed Interest rate		Notional Principal Amount		Fair Value	
Outstanding floating for fixed Contracts	**2013 %**	**2012 %**	**2013 $'000**	**2012 $'000**	**2013 $'000**	**2012 $'000**
Consolidated						
Less than 1 year	-	4.58	-	24,313	-	621
1 to 2 years	-	-	-	-	-	-
2 to 5 years	-	-	-	-	-	-
5 years +	-	-	-	-	-	-
			-	24,313	-	621

Interest rate swaps settle on a monthly basis. The floating rate on the interest swaps is the Australian BBSW. The Group settled the difference between the fixed and floating interest rate on a net basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 16: FINANCIAL INSTRUMENTS (continued)

(f) 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, derivative financial instruments held with National Australia Bank Limited for interest rate swaps, 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 2013	Balance at 30 June 2013 $'000
Bank of Western Australia Ltd	AA-	104
Bank of South Australia Limited	AA-	3747
		3,851

Source: Standard & Poors

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

(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 13 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 liabilities. These are based upon the undiscounted cash flows of financial liabilities based upon the earliest date on which the Group can be required to pay.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 16: FINANCIAL INSTRUMENTS (continued)

(g) Liquidity Risk Management (continued)

	Weighted Average Interest rate %	Less than 1 month $'000	1-3 months $'000	3 months - 1 year $'000	1-5 years $'000	5 + years $'000	Total $'000
2012							
Financial Assets							
Variable Interest Rate Instruments	2.37	2,050	-	-	-	-	2,050
		2,050	-	-	-	-	2,050
Financial Liabilities							
Non-interest Bearing Instrument	-	-	-	3,659	-	-	3,659
Fixed Interest Rate Instrument	4.60	24	2	24,938	31	-	24,995
Variable Interest Rate Instrument	4.46	-	-	136	-	-	136
		24	2	28,733	31	-	28,790

(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 17: 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	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Within one year	29	8	29	8
After one year but not more than five years	-	31	-	31
More than five years	-	-	-	-
	29	39	29	39

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 17: COMMITMENTS AND CONTINGENCIES (continued)

Commitments

Future Group lease commitments as at 30 June are as follows:	Consolidated		Parent	
	2013 **$'000**	**2012** **$'000**	**2013** **$'000**	**2012** **$'000**
Within one year	1,301	1,236	135	70
After one year but not more than five years	5,981	5,835	151	4
More than five years	85,512	86,678	-	-
	92,794	93,749	286	74

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

Future Group capital commitments as at 30 June are as follows:	Consolidated		Parent	
	2013 **$'000**	**2012** **$'000**	**2013** **$'000**	**2012** **$'000**
Within one year	37,184	-	-	-
After one year but not more than five year	-	-	-	-
More than five years	-	-	-	-
	37,184	-	-	-

The commitment is the building contract for development of Churchill North on the Islington North land.

During the 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 venture is disclosed in Note 18.

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.

Tallwood Nominees Pty Ltd and Port Geographe

Tallwood was placed into Voluntary Administration on 4 August 2011 and was subsequently placed into liquidation on 9 August 2012 and Mr Mark Robinson, Mr Brett Lord and Mr Jeffrey Herbert were appointed as Joint Liquidators. To date, the liquidators have made no claim against the Company and the Directors do not believe any future claims will be forthcoming.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 18: INTERESTS IN JOINT VENTURES

The Group has interests in the following joint ventures:

		Interest in Joint Venture		Voting Power	
Name Of Entity	**Principal Activity**	**2013 %**	**2012 %**	**2013 %**	**2012 %**
Churchill North Joint Venture	Development of land at Churchill Road North site.	50	-	50	-

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

	Consolidated	
	2013 $'000	**2012 $'000**
Statement of Financial Position		
Assets		
Current Assets		
Cash and cash equivalents	912	-
Trade and other receivables	733	-
Total Current Assets	1,645	-
Non Current Assets		
Development assets	3,518	-
Total Non Current Assets	3,518	-
Total Assets	5,163	-
Liabilities		
Current Liabilities		
Trade and other payables	707	-
Total Current Liabilities	707	-
Total Liabilities	707	-
Net Assets	4,456	-
Statement of Comprehensive Income		
Revenue and other income	4,458	-
Other expenses	2	-
Profit before Income Tax	4,456	-
Income tax expense	-	-
Net Profit for the period	4,456	-

There are no contingent liabilities, other than those disclosed in note 17, of the joint venture for which the Group can be held liable, including guarantees for other ventures.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 19: RELATED PARTY DISCLOSURE

Transactions with Directors

a) Gilbert & Tobin

Gilbert & Tobin, a firm in which Mr M G Blakiston is a partner, provided legal services to the company on normal terms and conditions during the financial year. Total fees charged to the Company were $5,915 (2012: $25,446).

b) Pivot Group Pty Ltd

Pivot Group Pty Ltd, a Director related entity of Mr B P Laurance, provided the Perth office premises on normal market terms and conditions during the year. The total charged to the Company was $70,090 (2012: $209,212).

c) Umberto Gianotti Solicitor

Umberto Gianotti – Solicitor, a Director related entity of Mr U B Gianotti (resigned as Non-Executive Director 12 July 2012), provided legal services on normal terms and conditions to the Group pursuant to a Consulting Agreement during the year, which was mutually terminated on the 15th December 2012. The total charged to the Company was $165,000 (2012: $360,000).

d) 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 18.

Ultimate Parent Entity

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 20: PARENT ENTITY DISCLOSURES

Financial position

	Consolidated	
	2013 $'000	**2012 $'000**
Assets		
Current assets	3,082	1,334
Non-current assets	19,043	20,292
Total assets	22,125	21,626
Liabilities		
Current liabilities	287	233
Non-current liabilities	11,608	12,200
Total liabilities	11,895	12,433
Net Assets	10,230	9,193
Equity		
Issued capital	63,499	63,267
Accumulated Losses	(53,269)	(54,304)
Reserves		
Performance Rights	-	230
Total Reserves	-	230
Total Equity	10,230	9,193

Financial performance

	2013 $'000	**2012 $'000**
Profit (Loss) for the year	1,035	(4,757)
Other comprehensive income	-	-
Total comprehensive income	1,035	(4,757)

Contingent liabilities of the parent entity
There are no contingent liabilities of the parent entity at balance date other than those disclosed at Note 17.

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 17.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 21: EVENTS AFTER THE REPORTING DATE

The following events occurred after balance date and have not been brought to account at 30 June 2013:

Churchill North Bank Facility
Churchill North Pty Ltd has executed a finance facility with BankSA for the development of Churchill Centre on the Islington North site, the project facility is for $46,760,000. This facility is a construction facility and is available for 12 months after first drawn, after which it will convert to an investment facility. The base rate of the facility is the 90 day BBSY rate.

NOTE 22: AUDITOR REMUNERATION

The auditors of Axiom Properties Limited are HLB Mann Judd.

	Consolidated		Parent	
	2013 $'000	**2012 $'000**	**2013 $'000**	**2012 $'000**
Amounts received or due and receivable by HLB Mann Judd for :				
Audit and review of the financial reports	124	114	124	59
Tax compliance	-	24	-	19
Other services	-	-	-	-
	124	138	124	78

NOTE 23: DIRECTORS' AND EXECUTIVES DISCLOSURES

(a) Details of Key Management Personnel
(i) Directors

Mr I J Laurance	Non-Executive Chairman
Mr B P Laurance	Managing Director
Mr M G Blakiston	Non-Executive Director (resigned 28 September 2012)
Mr J S Howe	Non-Executive Director
Mr U B Gianotti	Non-Executive Director (resigned 12 July 2012)

(ii) Executives

Mr P J Rouvray	General Manager

(b) Compensation of Key Management Personnel
Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

	Consolidated	
	2013 $	**2012 $**
Aggregate remuneration:		
Short-term	1,098,229	1,270,583
Post-employment	68,491	91,531
Share-based payment	34,845	155,484
Total	1,201,565	1,517,598

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 23: DIRECTORS' AND EXECUTIVES DISCLOSURES (continued)

(c) Rights holdings of Key Management Personnel

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 (resigned 28 September 2012)	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)	-	-

2012	Balance 1 July 2011	Granted as Remuneration	Rights Exercised	Net Change Other	Balance 30 June 2012
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	-	-	-	1,000,000
J S Howe	1,000,000	-	-	-	1,000,000
U B Gianotti (resigned 12 July 2012)	2,000,000	-	-	-	2,000,000
	7,000,000	-	-	-	7,000,000
Executives					
P J Rouvray	1,000,000	1,000,000	(1,000,000)	-	1,000,000
	1,000,000	1,000,000	(1,000,000)	-	1,000,000

(d) Shareholdings of Key Management Personnel

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

Name 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	(i)	-	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	(ii)	(5,114,029)	-
M G Blakiston	2,400,000	-	500,000		(2,900,000)	-
J S Howe	6,290,450	-	1,000,000	(i)	-	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

(i) 500,000 shares were issued 25 July 2013 relating to rights exercised 30 June 2013.
(ii) 1,000,000 shares were issued 25 July 2013 relating to rights exercised 30 June 2013.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 23: DIRECTORS' AND EXECUTIVES DISCLOSURES (continued)

2012	Balance 1 July 2011	Received as Remuneration	Rights Exercised	Net Change Other	Balance 30 June 2012
Directors					
I J Laurance	1,250,000	-	-	-	1,250,000
B P Laurance	54,400,081	-	-	1,333,845	55,733,926
U B Gianotti (resigned 12 July 2012)	4,114,029	-	-	-	4,114,029
M G Blakiston	2,400,000	-	-	-	2,400,000
J S Howe	5,315,900	-	-	974,550	6,290,450
	67,480,010	-	-	2,308,395	69,788,405
Executives					
P Rouvray	1,000,000	-	1,000,000	-	2,000,000
	1,000,000	-	1,000,000	-	2,000,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 24: PARTICULARS IN RELATION TO SUBSIDIARIES

	Country Incorporation/ Formation	Interest Held	
Parent		**2013 %**	**2012 %**
Axiom Properties Ltd (ultimate parent of the Group)	Australia		
Subsidiaries			
Axiom Resorts Pty Ltd	Australia	100	100
Southern Development Unit Trust (i)	Australia	-	100
Oakford Enterprises Pty Ltd (i)	Australia	-	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 Properties Property Fund (ii)	Australia	-	100
Axiom Opportunity Fund No2 (ii)	Australia	-	100
Axiom Worldpark Trust	Australia	100	100
Axiom Worldpark Adelaide Pty Ltd	Australia	100	100
Axiom Diversified Fund (ii)	Australia	-	100
Axiom Gepps Cross Trust (ii)	Australia	-	100
Axiom Sub Trust (ii)	Australia	-	100
Axiom Worldpark Adelaide Trust	Australia	100	100
Axiom Worldpark Melbourne Pty Ltd (ii)	Australia	-	100
Axiom Worldpark Melbourne Trust (ii)	Australia	-	100
Axiom Worldpark Adelaide Trust No1 (ii)	Australia	-	100
Axiom Properties Funds Management (No2) Pty Ltd (ii)	Australia	-	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	-
Tallwood Nominees Pty Ltd (i)	Australia	-	100
No 59 Unit Trust (i)	Australia	-	100

(i) In liquidation
(ii) Struck off

DIRECTORS' DECLARATION

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

   a. the accompanying financial statements and notes of the Consolidated Entity are 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 2013 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 2013.

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

Ben Laurance
MANAGING DIRECTOR

Adelaide, South Australia
Dated: 27 August 2013

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 2013, the consolidated statement of profit or loss and other 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 (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

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 2013 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 2013. 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 2013 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

Giallonardo.

HLB Mann Judd
Chartered Accountants

L Di Giallonardo
Partner

Perth, Western Australia
27 August 2013

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 27 August 2013 is 71.38% (2012: 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	37.53
STARTREND INVESTMENTS PTY LTD	35,000,000	7.94
ADVENT CAPITAL LIMITED	17,990,000	4.08
STARTREND INVESTMENTS PTY LTD	14,000,000	3.18
B & D SUPER PTY LTD <THE PHOENIX SUPER FUND A/C>	9,568,714	2.17
SILVERLAKE NOMINEES PTY LTD <D'ESPEISSIS SUPER A/C>	8,501,300	1.93
AUSTRALIAN HERITAGE GROUP PTY LTD <AUSTRALIAN HERITAGE A/C>	7,677,651	1.74
WEATHERED HOWE & ASSOCIATES PTY LTD <WEATHERED HOWE PENSION A/C>	6,790,450	1.54
COBBADAH PTY LTD <KENSINGTON A/C>	5,686,105	1.29
HAMILTON CORPORATION PTY LTD <PHOENIX FUND A/C>	5,631,286	1.28
BARTON & BARTON PTY LTD	5,295,000	1.20
BERNVILLE PTY LTD	4,620,000	1.05
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,423,661	1.00
FLUE HOLDINGS PTY LTD <BROMLEY SUPERANNUATION A/C>	4,200,000	0.95
BEEJAYEL PTY LTD <BEEJAYEL SUPER FUND A/C>	4,000,000	0.91
BEEJAYEL PTY LTD <BEEJAYEL SUPERFUND A/C>	3,600,000	0.82
TEEPEE INVESTMENTS PTY LTD	3,500,000	0.79
JOHANNA INVESTMENT PTY LTD	3,189,170	0.72
MS LEANNE ROUVRAY <THE ROUVRAY FAMILY A/C>	3,000,000	0.68
CORPORATE PROPERTY SERVICES PTY LTD <K W SHARE A/C>	2,554,631	0.58
	314,617,348	**71.38%**

The substantial shareholders notices received by the Company as at 27 August 2013 are:

SHAREHOLDER	No. of Shares advised
Peter Laurance	167,709,380
Ben Laurance	58,641,834

DISTRIBUTION OF SHAREHOLDERS AS AT 27 AUGUST 2013

There were 829 shareholders holding issued ordinary shares in the Company which were distributed among shareholders as follows:

CATEGORY	No. of Shareholders
1-1,000	26
1,001-5,000	113
5,001 – 10,000	99
10,001-100,000	397
100,001- and over	194
	829

There were 327 shareholders with less than the marketable parcel (16,130 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.