



A.B.N. 40 009 063 834

# **INTERIM FINANCIAL REPORT**

31 December 2008

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## DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half year ended 31 December 2008. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

### Directors

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

Ian James Laurance AM	Executive Chairman
Ben Peter Laurance	Managing Director
Umberto Bruno Gianotti	Executive Director
Michael Gerrard Blakiston	Non Executive Director
John Sylvester Howe	Non Executive Director

### Review of Operations

During the Half Year to 31 December 2008 the following occurred:

#### **Port Geographe, Busselton, WA**

The Port Geographe Joint Venture, in which the Company has a 40% interest, continued development works at Port Geographe and reached practical completion on Stages 3 and 4. Titles for these lots are expected during the half year period to 30 June 2009. A total of 55 lots settled in Stages 1 and 2 (gross sales of \$21.4m) during the period.

#### **250 Spencer St Joint Venture, Melbourne VIC**

The Company and ISPT, its 50% Joint Venture partner on the site, continued to master plan the redevelopment of the site whilst earning rental income from the tenant, the Age newspaper.

#### **World Park 01, Keswick SA**

As previously announced the Company has executed an Agreement for Lease with ASX Top 300 company, Coffey International, who will anchor the first of three stages of "new generation" office space at 1 Richmond Rd, Keswick SA. The Company has completed forward works on the site and is continuing its negotiations with a financier for the construction phase of the green office development.

#### **Home HQ Gepps Cross, Gepps Cross SA**

The Company has a 50% interest in the land and the development and together with its partners on the site, Harvey Norman Limited and Charter Hall Limited have progressed in the construction of the 60,000 m<sup>2</sup> bulky goods homemaker centre. Completion of the development is expected in June 2009 and leasing take up on the site at the date of this report is 78%.

#### **Melbourne Airport Leases – Sites 1 and 2**

The Company completed the acquisition of the leases over these sites during the half year ended 31 December 2008 and is planning the development of the sites in accordance with the approved Master Development Plan.

### Other

The Company is also evaluating a number of other development opportunities.

### Rounding of Amounts

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

**Auditor's Independence Declaration**

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 5 and forms part of this directors' report for the half-year ended 31 December 2008.

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



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Ben Laurance

Managing Director

Dated this 26th day of February 2009



Accountants | Business and Financial Advisers

### **Auditor's Independence Declaration**

As lead auditor for the review of the financial report of Axiom Properties Limited for the half-year ended 31 December 2008, 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 review; and
- b) any applicable code of professional conduct in relation to the review.

This declaration is in respect of Axiom Properties Limited.

A handwritten signature in blue ink, appearing to read 'W M Clark'.

**Perth, Western Australia**  
**26 February 2009**

**W M Clark**  
**Partner, HLB Mann Judd**

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

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**CONDENSED INCOME STATEMENT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

	Note	Consolidated	
		2008 \$'000	2007 \$'000
Revenue	2	471	2,994
Cost of sales		-	(1,797)
Gross profit		471	1,197
Interest income		197	96
Share of net profits of jointly controlled entities accounted for using the equity method		2,801	320
Consulting		(553)	-
Depreciation		(34)	(9)
Rates and taxes		-	(6)
Rent		(527)	(201)
Employee benefits expense		(1,619)	(592)
Shared based payment expense		-	(166)
Write off of capitalised costs		(921)	-
Other expenses		(785)	(615)
		(970)	24
Borrowing costs		(3)	(439)
Loss before income tax benefit		(973)	(415)
Income tax benefit		40	115
Loss after tax for the period		(933)	(300)
Basic loss per share		(0.26) cents	(0.09) cents
Diluted loss per share		(0.26) cents	(0.07) cents

The accompanying notes form part of these financial statements

**CONDENSED BALANCE SHEET  
AS AT 31 DECEMBER 2008**

	Note	Consolidated	
		31 Dec 2008 \$'000	30 June 2008 \$'000
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		12,140	3,159
Trade and other receivables		1,329	2,336
<b>Total Current Assets</b>		<b>13,469</b>	<b>5,495</b>
<b>Non-Current Assets</b>			
Investments accounted for using the equity method		8,327	23,175
Other assets		67,815	47,548
Property, plant and equipment		314	59
Intangible assets		198	198
<b>Total Non-Current Assets</b>		<b>76,654</b>	<b>70,980</b>
<b>Total Assets</b>		<b>90,123</b>	<b>76,475</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables		433	1,768
Interest bearing liabilities		6,875	35,127
Other		44	42
<b>Total Current Liabilities</b>		<b>7,352</b>	<b>36,937</b>
<b>Non-Current Liabilities</b>			
Interest Bearing Liabilities		43,601	9,032
Other		1,474	676
<b>Total Non-Current Liabilities</b>		<b>45,075</b>	<b>9,708</b>
<b>Total Liabilities</b>		<b>52,427</b>	<b>46,645</b>
<b>Net Assets</b>		<b>37,696</b>	<b>29,830</b>
<b>Equity</b>			
Issued capital	3	64,776	55,430
Reserves		(381)	795
Accumulated losses		(26,699)	(26,395)
<b>Total Equity</b>		<b>37,696</b>	<b>29,830</b>

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

	Consolidated			
	Issued Capital	Accumulated Losses	Reserves	Total
	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2007</b>	55,430	(30,534)	770	25,666
Loss attributable to members of the parent entity	-	(300)	-	(300)
Net gains revaluation – listed shares		-	50	50
Recognition of share based payments	-	-	166	166
<b>Balance at 31 December 2007</b>	55,430	(30,834)	986	25,582
<b>Balance at 1 July 2008</b>	55,430	(26,395)	795	29,830
Shares issued during the half year	9,346	-	-	9,346
Loss attributable to members of the parent entity	-	(933)	-	(933)
Reserves transfer – option expiry	-	629	(629)	-
Share of hedge reserve in jointly controlled entity	-	-	(547)	(547)
<b>Balance at 31 December 2008</b>	64,776	(26,699)	(381)	37,696

The accompanying notes form part of these financial statements

**CONDENSED CASH FLOW STATEMENT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

	Consolidated	
	2008 \$'000	2007 \$'000
	Inflows/(Outflows)	
<b>Cash flows from operating activities</b>		
Receipts from customers	1,863	1,143
Payments to suppliers and employees	(4,740)	(1,448)
Interest received	197	96
Finance costs	(3)	(439)
Distribution from jointly controlled entity	7,600	-
Payments for development costs	(17,111)	-
Net cash provided by/(used in) operating activities	(12,194)	(648)
<b>Cash flows from investing activities</b>		
Purchase of non-current assets	(287)	(34,308)
Payment for acquisition of equity investments	-	(200)
Return of capital from jointly controlled entity	-	3,305
Net cash provided by/(used in) investing activities	(287)	(31,203)
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	5,646	-
Proceeds from borrowings	15,823	30,568
Reduction in lease and hire purchase liabilities	(7)	(8)
Net cash provided by/(used in) financing activities	21,462	30,560
Net increase/(decrease) in cash held	8,981	(1,291)
Cash and cash equivalents at 1 July	3,159	4,767
<b>Cash and cash equivalents at 31 December</b>	<b>12,140</b>	<b>3,476</b>

The accompanying notes form part of these financial statements

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

### **NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Statement of compliance**

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

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2008 and any public announcements made by Axiom Properties Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

#### **Basis of preparation**

The half-year report has been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale financial assets which are measured at fair value. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the half-year report, the half-year has been treated as a discrete reporting period. The company is of a kind referred to in ASIC Class Order 98/100, and accordingly, amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

#### **Significant accounting judgements and key estimates**

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

In preparing this half-year report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2008.

#### **Adoption of new and revised Accounting Standards**

In the half-year ended 31 December 2008, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2008.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2008

### NOTE 2: REVENUE

	Consolidated	
	31 December 2008 \$'000	31 December 2007 \$'000
<i>Operating Revenue</i>		
Sale of Development Property	-	2,652
Project Management Fee Income	677	320
Funds Management Income	218	-
Other	(424)	22
	<u>471</u>	<u>2,994</u>

### NOTE 3: ISSUED CAPITAL

#### *Ordinary shares*

Issued and fully paid	64,776	55,430
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#### *Movements in ordinary shares on issue*

	No.	\$'000
At 1 July 2008	335,370,532	55,430
25 July 2008 – Payment for acquisition of Melbourne Airport Site 1 and 2 leases	18,500,000	3,700
15 September 2008 – Rights Issue	71,370,111	5,646
At 31 December 2008	<u>425,240,643</u>	<u>64,776</u>

#### *Options*

	31 December 2008 No.	31 December 2007 No.
Exercisable at 10 cents each prior to 31 December 2008	-	10,000,000
Exercisable at 20 cents each from 11 May 2007 to 15 January 2009	140,000,000	140,000,000
Exercisable at 45 cents each prior to 14 December 2008	-	8,000,000
Exercisable at 45 cents each prior to 20 December 2008	-	1,000,000
Exercisable at 45 cents each prior to 15 June 2009	-	2,000,000
Exercisable at 65 cents each prior to 3 December 2009	2,000,000	2,000,000
	<u>142,000,000</u>	<u>163,000,000</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

**NOTE 4: SEGMENT REPORTING**

The Group operates in one business and geographical segment being property development within Australia.

**NOTE 5: CONTINGENT LIABILITIES**

There has been no change in contingent liabilities since the last annual reporting date.

## **DIRECTORS' DECLARATION**

In the opinion of the directors of Axiom Properties Limited ('the company'):

1. The financial statements and notes thereto, as set out on pages 6 to 12, are in accordance with the Corporations Act 2001 including:
  - a. complying with Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Regulations; and
  - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year then ended.
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



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Ben Laurance  
Managing Director

Dated this 26th day of February 2009



Accountants | Business and Financial Advisers

**INDEPENDENT AUDITOR'S REVIEW REPORT**

**To the members of  
AXIOM PROPERTIES LIMITED**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report, which comprises the condensed balance sheet as at 31 December 2008, the condensed income statement, condensed statement of changes in equity, condensed cash flow statement and notes to the financial statements for the half-year ended on that date, and the directors' declaration, of Axiom Properties Limited and the entities it controlled during the half-year ended 31 December 2008 ("consolidated entity").

*Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001*, including giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Axiom Properties Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* has been provided to the directors of Axiom Properties Limited on 26 February 2009.

*Conclusion*

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



**HLB MANN JUDD**  
Chartered Accountants



**Perth, Western Australia**  
**26 February 2009**

**W M CLARK**  
Partner