



A.B.N. 40 009 063 834

Half Year Report

31 December 2006

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DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half year ended 31 December 2006. 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	Executive Director
Umberto Bruno Gianotti	Non Executive Director
Michael Gerrard Blakiston	Non Executive Director

Review of Operations

During the Half Year to 31 December 2006 the following occurred:

- Mr Ben Laurance was appointed as an Executive Director from 1 July 2006
- Mr Peter Laurance A.O. was appointed as a Consultant to the company.
- On 1 July 2006 the first tranche (\$1 million) and on 29 December 2006 the second tranche (\$1 million) was paid to Industry Superannuation Trust for Axiom's participation in the office building being constructed at 100 St George's Terrace, Perth WA
- On 29 September 2006, the Company signed a Strategic Alliance Agreement with Pivot Group Pty Ltd whereby Pivot will, over the next three years, provide Axiom with the first right to acquire each development project within the Pivot pipeline of Projects throughout Australia
- On 5 October 2006, Axiom announced the completion of a 15% placement in the Company to raise the gross sum of \$13,083,900 via the issue of 43.613 million shares at 30 cents each.
- In December 2006 the Company announced that the Port Geographe Joint Venture, in which Axiom Properties Limited has a 40% interest, had sold 29 Canal lots in less than a week, in the latest stage of its canal subdivision near Busselton WA for \$14.8 million.

At that stage, sales contracts had been exchanged for 157 lots for nearly \$70 million.

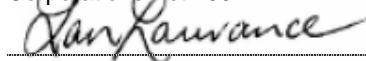
Rounding of Amounts

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 4 and forms part of this directors' report for the half-year ended 31 December 2006.

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.



Ian James Laurance AM

Executive Chairman

Dated this 26th day of February 2007.

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 2006, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Axiom Properties Limited.



Perth, Western Australia
26 February 2007

W M Clark
Partner, HLB Mann Judd

**CONDENSED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2006**

		Consolidated	
	Note	2006 \$'000	2005 \$'000
Revenue		750	1,051
Cost of Sales		-	(719)
Gross Profit		750	332
Other Income		242	9
Share of Loss Of Jointly Controlled Entity	3	(16)	-
Depreciation		(11)	(16)
Rates and Taxes		(4)	(8)
Rent		(19)	(11)
Employee Benefits Expense		(171)	(163)
Shared Based Payment Expense		(376)	-
Other Expenses		(299)	(144)
		96	(1)
Borrowing Costs		(443)	(468)
Loss before Income tax benefit		(347)	(469)
Income tax Benefit		145	-
Loss after tax from continuing operations		(202)	(469)
Basic Loss per share (cents per share)		(0.07) cents	(0.28) cents
Basic Loss per share from continuing operations (cents per share)		(0.07) cents	(0.28) cents

The accompanying notes form part of these financial statements

**CONDENSED BALANCE SHEET
AS AT 31 DECEMBER 2006**

	Note	Consolidated	
		31 Dec 2006 \$'000	30 June 2006 \$'000
Assets			
Current Assets			
Cash and cash equivalents		15,339	2,004
Trade and other receivables		180	250
Other financial assets		59	-
Other		114	-
Total Current Assets		15,692	2,254
Non-Current Assets			
Investments accounted for using the equity method		10,432	10,448
Other financial assets		2,018	-
Property, plant and equipment		51	62
Deferred tax assets		3,977	3,830
Total Non-Current Assets		16,478	14,340
Total Assets		32,170	16,594
Liabilities			
Current Liabilities			
Trade and other payables		68	381
Borrowings		11	11
Total Current Liabilities		79	392
Non-Current Liabilities			
Borrowings		9,549	9,555
Total Non-Current Liabilities		9,549	9,555
Total Liabilities		9,628	9,947
Net Assets		22,542	6,647
Equity			
Issued capital	2	55,148	39,427
Reserves		376	-
Retained earnings		(32,982)	(32,780)
Total Equity		22,542	6,647

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2006**

	Consolidated			
	Issued Capital	Retained Earnings	Share Based Payment Reserve	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2005	37,650	(35,959)	-	1,691
Loss attributable to members of the parent entity	-	(469)	-	(469)
Balance at 31 December 2005	37,650	(36,428)	-	1,222
Balance at 1 July 2006	39,427	(32,780)	-	6,647
Shares issued during the half year	15,721	-	-	15,721
Loss attributable to members of the parent entity	-	(202)	-	(202)
Recognition of share based payments	-	-	376	376
Balance at 31 December 2006	55,148	(32,982)	376	22,542

The accompanying notes form part of these financial statements

**CONDENSED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2006**

	Consolidated	
	2006	2005
	\$'000	\$'000
	Inflows/(Outflows)	
Cash flows from operating activities		
Receipts from customers	690	1,117
Payments to suppliers and employees	(773)	(700)
Interest received	182	1
Finance costs	(426)	(408)
Other	4	(33)
Net cash provided by/(used in) operating activities	(323)	(23)
Cash flows from investing activities		
Purchase of non-current assets	-	(5)
Payment for acquisition of equity Investments	(2,006)	-
Net cash provided by/(used in) investing activities	(2,006)	(5)
Cash flows from financing activities		
Proceeds from issue of shares	16,384	-
Payment for share issue costs	(720)	-
Proceeds from related party borrowings	-	350
Repayment of related party borrowings	-	(350)
Reduction in lease and hire purchase liabilities	-	(2)
Net cash provided by/(used in) financing activities	15,664	(2)
Net increase/(decrease) in cash held	13,335	(30)
Cash and cash equivalents at 1 July	2,004	358
Cash at 31 December	15,339	328

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2006

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

The half-year report has been prepared on a historical cost basis, except for land and buildings, 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. All amounts are presented in Australian dollars, unless otherwise noted.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2006 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.

The 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.

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

The company is a company of a kind referred to in ASIC Class Order 98/0100 and accordingly amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2006 annual financial report for the financial year ended 30 June 2006.

In the half-year ended 31 December 2006, 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 2006.

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 2006**

NOTE 2: ISSUED CAPITAL

	Consolidated	
	31 December 2006 \$'000	30 June 2006 \$'000
<i>Ordinary shares</i>		
Issued and fully paid	55,148	39,427
<hr/>		
	No.	\$'000
<i>Ordinary Shares</i>		
<i>Movements in ordinary shares on issue</i>		
At 1 July 2006	190,757,532	38,605
27 September 2006 – Conversion of partly paid shares	100,000,000	3,822
6 October 2006 – Placement	43,613,000	13,083
28 November 2006 - Placement	1,000,000	300
Share Issue Expenses	-	(662)
At 31 December 2006	335,370,532	55,148
<hr/>		
<i>Partly Paid Shares</i>		
<i>Movements in partly paid shares on issue</i>		
At 1 July 2006	100,000,000	822
28 July 2006 – Part Payment	-	320
27 September 2006 – Final Payment	-	2,680
27 September 2006 – Conversion to Fully Paid	(100,000,000)	(3,822)
At 31 December 2006	-	-
<hr/>		
	31 December 2006 No	30 June 2006 No
<i>Options</i>		
Exercisable at 10 cents each prior to 31 December 2008	10,000,000	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	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2006

NOTE 3: INTERESTS IN JOINTLY CONTROLLED ENTITY

The group has an interest in the Port Geographe Joint Venture which is involved in the development and sale of land at Port Geographe.

The voting power held by the group is 40% (30 June 2006:40%) and at 31 December 2006 the group held a 32% (30 June 2006:49%) interest in the asset and liabilities of the jointly controlled entity.

	Consolidated	
	31 December 2006 \$'000	30 June 2006 \$'000
(i) Retained earnings attributable to interest in jointly controlled entity:		
Balance at beginning of the financial year	-	-
- share of jointly controlled entity's loss from ordinary activities after income tax	(16)	-
Balance at the end of the financial year	(16)	-
(ii) Carrying amount of investment in jointly controlled entity:		
Balance at beginning of the financial year	10,448	10,448
- share of loss from ordinary activities after income tax	(16)	-
Balance at the end of the financial year	10,432	10,448
(iii) Share of jointly controlled entity's results and financial position:		
Current assets	277	278
Non-current assets	10,653	10,604
Total Assets	10,930	10,882
Current liabilities	498	434
Non-current liabilities	-	-
Total Liabilities	498	434
Revenues	1	-
Expenses	(17)	-
Loss from ordinary activities before income tax	(16)	-
Income tax expense	-	-
Loss from ordinary activities after income tax	(16)	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2006**

NOTE 3: INTERESTS IN JOINTLY CONTROLLED ENTITY (Continued)

As at 31 December 2006, the Group was not liable for any expenditure commitments of the Jointly Controlled Entity. There are no contingent liabilities of the Jointly Controlled Entity for which the group can be held liable, including guarantees for other venturers.

NOTE 4: CONTINGENT LIABILITIES

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

NOTE 5: POST BALANCE DATE EVENTS

On 22 February 2007 the Company announced that it formed a Joint Venture with Industry Superannuation Property Trust No. 3 to acquire "The Age" newspaper's Melbourne headquarters at 250 Spencer St Melbourne Victoria, for \$66.1 million.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes thereto, as set out on pages 5 to 12:
 - a. comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and
 - b. give a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance for the half-year then ended.
2. In the directors' opinion 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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Ian James Laurance AM

Executive Chairman

Dated this 26th day of February 2007

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 2006, the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration, of Axiom Properties Limited and the entities it controlled during the half-year ended 31 December 2006 ("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 an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001*, including giving a true and fair view of the company's financial position as at 31 December 2006 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.

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 2007.

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 at 31 December 2006 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



W M CLARK
Partner

Perth, Western Australia
26 February 2007