

ASX CODE

AXI

ISSUED CAPITAL

Ordinary Shares
432.7 M

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19 February 2020

ASX ANNOUNCEMENT

APPENDIX 4D – HALF YEAR REPORT – DECEMBER 2019

Adelaide, Australia, Wednesday 19 February 2020: Axiom Properties Limited (ASX:AXI) lodges the attached Appendix 4D Half Year Report for the half year ended 31 December 2019.

Authorised and approved for release by the Board.

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. Axiom's current portfolio of development opportunities include a major mixed-use residential, retail and carparking complex in Sydney's Double Bay, a mixed-use hotel and office development in Adelaide's CBD and a 600-lot residential subdivision in Mt Barker in the Adelaide Hills. The end value of the current pipeline exceeds \$800m.

For more information, please contact:

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Appendix 4D

Half year report Half-year ended 31 December 2019

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

Name of entity

AXIOM PROPERTIES LIMITED

ABN

40 009 063 834

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

31 DECEMBER 2019

31 DECEMBER 2018

2. Results for announcement to the market

				\$A'000
2.1	Revenue from ordinary activities	up/down	51%	To 136
2.2	Profit from ordinary activities after tax attributable to members	up/down	167%	To 997
2.3	Profit for the period attributable to members	up/down	167%	To 997

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

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

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

3. NTA backing

	Current reporting period	Previous corresponding period
3.1 Net tangible assets per security	5.77 cents	5.96 cents

4. Control gained over entities having material effect

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

Loss of control of entities having material effect

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

5. Dividends / distributions

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

Total dividends / distributions

Ordinary securities	N/A
Preference securities	N/A

6. Dividend / distribution plans

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

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

Name of associate / joint venture:	MB Estate Pty Ltd	
Holding in entities	50% holding in Joint Venture	
Group's aggregate share of associates' and joint venture entities':	Current reporting period \$A'000	Previous corresponding period \$A'000
Profit (loss) from ordinary activities before tax	43	(481)
Income tax on ordinary activities	-	-
Profit (loss) from ordinary activities after tax	-	-
Extraordinary items net of tax	-	-
Net profit (loss)	43	(481)
Adjustments	-	-
Share of net profit (loss) of associates and joint venture entities	43	(481)

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

Name of associate / joint venture:	Churchill North Centre Investment Trust 1	
Holding in entities	24% holding in Associate	
Group's aggregate share of associates' and joint venture entities':	Current reporting period \$A'000	Previous corresponding period \$A'000
Profit (loss) from ordinary activities before tax	209	382
Income tax on ordinary activities	-	-
Profit (loss) from ordinary activities after tax	-	-
Extraordinary items net of tax	-	-
Net profit (loss)	209	382
Adjustments	-	-
Share of net profit (loss) of associates and joint venture entities	209	382

8. Foreign entities

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

A description of accounts subject to audit dispute or qualification:	N/A
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**INTERIM FINANCIAL REPORT
31 December 2019**

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DIRECTORS' REPORT

Your Directors submit the financial report of the consolidated entity, Axiom Properties Limited, ("Axiom" or "the Company") for the half-year ended 31 December 2019 ("the half-year"). In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

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

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

Review of Operations

Double Bay, Sydney NSW (40% Interest)

The Company continues to work collaboratively with Council on this project to deliver an exceptional outcome for Council, the development partners and the broader community.

Mt Barker (50% Interest)

During the half-year, the Company and its partner commenced Stage 1b construction which includes forty-three allotments and associated beautification and reserves. The parties continue to secure sales contracts on stage 1b allotments, which are expected to settle once titles are issued post practical completion. Practical completion of stage 1b is programmed to occur in May 2019.

The Company and its partner continue to sell the balance of allotments available in stage 1a which are ready for immediate settlement as well as continue to receive contracted allotment settlements on stage 1a, the proceeds of which are being used to progressively pay back the BankSA development finance facility.

Churchill Centre North (24.2% Interest in Churchill North Centre Investment Trust 1):

As at 31 December 2019, the Company holds 4,680,000 of 19,320,000 units within the Trust and received its share of distributable income for quarter one during the half year, with quarter two income being received subsequently in January 2020. During the half year the Company sold 1,970,000 units of its units in the trust at \$1 per unit. The Directors believe the time is appropriate for the Company to commence deploying its passive capital into other pipeline development assets, and is therefore continuing to sell down its units in this investment

Practical completion of the Supercheap Auto development occurred in May 2019, for which the Company performed its role as Development Manager and received its entitlement to a Development Management fee in August 2019. The total gross assets held within the Trust is \$46,220,130.

Currie St, Adelaide SA (50% Interest)

The Company and its partner continue to work with QT Hotels on the design of the hotel. Negotiations with prospective commercial users for the office component of the mixed-use project are continuing. Discussion with a multi-floor potential tenant are at an advanced stage.

DIRECTORS' REPORT (continued)**Review of Operations (continued)***World Park 01: SAFECOM, Keswick SA (100% Interest)*

As announced in November 2019, the Company has secured a commitment from the South Australian State Government which will see the South Australian Fire and Emergency Services Commission (SAFECOM) re-locate into a bespoke building and precinct on a long term lease to be developed by Axiom on the Company's Worldpark site it owns at 33 Richmond Rd, Keswick.

The Company continues to generate income from the site through temporary car-parking revenue, enough to minimise holding costs on the site during design and prior to commencement of construction.

Francis Street, Richmond NSW (100% Interest)

During the half-year, the Company continued to develop the design and progress the planning approval process. Settlement of the land purchase is still subject to all development approvals being secured and financial close for a hotel operator being achieved.

Butler, WA (100% Interest)

As announced in July 2019, the Company has entered into a conditional agreement with Woolworths to purchase a strategic, 3-hectare retail site in Butler, WA for \$9.6m. The Company is preparing to lodge a development application on the 3-hectare site for a large format retail development incorporating approximately 15,000 sq.m of showroom tenancies. A formal pre-leasing campaign has commenced with strong interest from retailers, several non-binding heads of agreement have been executed and the Company is working towards achieving financial close.

End of Review of Operations**Rounding of Amounts**

The Company has applied the relief available to it in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, and accordingly certain amounts in the interim financial report and the Directors' report have been rounded off to the nearest \$1,000, unless otherwise indicated.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, BDO Audit (SA) Pty Ltd, 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 9 and forms part of this Directors' Report for the half year ended 31 December 2019.

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



Ben Laurance

Managing Director

Dated this 19th day of February 2020

**DECLARATION OF INDEPENDENCE
BY PAUL GOSNOLD
TO THE DIRECTORS OF AXIOM PROPERTIES LIMITED**

As lead auditor for the review of Axiom Properties Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



Paul Gosnold
Director

BDO Audit (SA) Pty Ltd

Adelaide, 19 February 2020

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

	Notes	31 December 2019 \$'000	31 December 2018 \$'000
Continuing Operations			
Revenue	2 (a)	136	281
Other income	2 (b)	2,573	138
Employee benefits expense		(1,454)	(1,162)
Depreciation and amortisation expense		(116)	(1)
Finance costs		(28)	(1)
Share of profit/(loss) from equity accounted investments	2 (c)	252	(99)
Other expenses	2 (d)	(366)	(638)
Profit/(loss) before income tax		997	(1,482)
Income tax benefit / (expense)		-	-
Net Profit/(loss) for the period		997	(1,482)
Total comprehensive income for the period		997	(1,482)
Basic earnings / (loss) per share (cents per share)		0.23 cents	(0.34) cents
Diluted earnings / (loss) per share (cents per share)		0.23 cents	(0.34) cents

The accompanying notes form part of these financial statements

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	Notes	31 December 2019 \$'000	30 June 2019 \$'000
Assets			
Current Assets			
Cash and cash equivalents		3,407	9,207
Trade and other receivables		456	480
Other financial assets		5,538	-
Other assets	6	77	33
Total Current Assets		9,478	9,720
Non-Current Assets			
Inventory	5	10,102	7,200
Other assets	6	910	339
Investment properties	7	249	233
Investments accounted for using the equity method	8	5,990	7,860
Right -of-use assets	9	939	-
Total Non-Current Assets		18,190	15,632
Total Assets		27,668	25,352
Liabilities			
Current Liabilities			
Trade and other payables		576	216
Lease Liabilities	10	199	-
Provisions		227	228
Total Current Liabilities		1,002	444
Non-Current Liabilities			
Lease Liabilities	10	761	-
Total Non-Current Liabilities		761	-
Total Liabilities		1,763	444
Net Assets		25,905	24,908
Equity			
Issued capital	3	54,440	54,440
Reserves		-	-
Accumulated losses		(28,535)	(29,532)
Total Equity		25,905	24,908

The accompanying notes form part of these financial statements

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

	Issued Capital	Accumulated Losses	Reserves	Total Equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2018	54,118	(27,155)	367	27,330
Loss for the period	-	(1,482)	-	(1,482)
Total comprehensive income for the period	-	(1,482)	-	(1,482)
Reserve transfer – exercise of performance rights	367	-	(367)	-
Balance at 31 December 2018	54,485	(28,637)	-	25,848
Balance at 1 July 2019	54,440	(29,532)	-	24,908
Profit for the period	-	997	-	997
Total comprehensive income for the period	-	997	-	997
Balance at 31 December 2019	54,440	(28,535)	-	25,905

The accompanying notes form part of these financial statements

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

	31 December 2019 \$'000	31 December 2018 \$'000
Cash flows from operating activities		
Receipts from customers	177	227
Payments to suppliers and employees	(1,530)	(1,741)
Payment of project development costs	(964)	-
Distributions received	211	268
Interest received	54	226
Finance costs	(28)	-
Net cash (outflow) from operating activities	<u>(2,080)</u>	<u>(1,020)</u>
Cash flows from investing activities		
Investment in joint venture	(57)	(168)
Proceeds from sale of units in investment trust	1,970	250
Proceeds from disposal of fixed interest securities	-	10,565
Purchase of fixed interest securities	* (5,538)	-
Net cash (outflow)/inflow from investing activities	<u>(3,625)</u>	<u>10,647</u>
Cash flows from financing activities		
Proceeds from borrowings	-	-
Repayments of borrowings	(95)	-
Repayments to joint venture	-	(335)
Net cash (outflow)/inflow from financing activities	<u>(95)</u>	<u>(335)</u>
Net increase/(decrease) in cash held	(5,800)	9,292
Cash and cash equivalents at the beginning of the period	9,207	1,472
Cash and cash equivalents at the end of the period	<u>3,407</u>	<u>10,764</u>

*Cash now sitting in 6-month term deposits and classified as other financial assets in accordance with AASB 9 Financial Instruments.

The accompanying notes form part of these financial statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying notes form part of these financial statements

Statement of compliance

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

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

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2019 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

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

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

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, and accordingly, certain amounts in the Directors' Report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Accounting policies and methods of computation

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

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 16 Leases

The consolidated entity adopted AASB 16 with a transition date of 1 July 2019. The Group has chosen not to restate comparatives on adoption of this standard, and therefore, the revised requirements are not reflected in the prior year financial statements. Rather, these changes have been processed at the date of initial application (i.e. 1 July 2019) and recognised in the opening equity balances.

The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs).

AASB 16 substantially carries forward the lessor accounting in AASB 117, with the distinction between operating leases and finance leases being retained.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Transition Method and Practical Expedients Utilised

The company adopted AASB 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (1 July 2019), without restatement of comparative figures. The Company elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under AASB 117 were not reassessed. The definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

AASB 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The consolidated entity applied the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- a) Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- b) Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if AASB 16 had been applied since the commencement date; and
- c) Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all the risks and rewards of ownership. Under AASB 16, the Group recognizes right-of-use assets and lease liabilities for most leases. However, the consolidated entity has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

Significant accounting judgments and key estimates

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

In preparing this interim report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual financial statements for the year ended 30 June 2019.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

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

	31 December 2019 \$'000	31 December 2018 \$'000
(a) Revenue		
Rental revenue	136	131
Net rental revenue	136	131
Development fee income	-	150
	<u>136</u>	<u>281</u>
(b) Other income		
Interest received	73	138
Gain on reversal of inventory write-down	2,500	-
	<u>2,573</u>	<u>138</u>
(c) Share of profit/(loss) from equity accounted investments		
Share of profit from Churchill North Investment Trust 1	209	382
Share of profit/(loss) from MB Estate Pty Ltd	43	(481)
	<u>252</u>	<u>(99)</u>
(d) Other expenses		
Audit and accountancy fees	71	48
Legal and consultancy fees	73	84
Insurances	46	41
Rent and outgoings	4	126
Travel and accommodation	74	104
Asset disposal costs	-	84
Subscriptions and memberships	22	21
Regulatory Costs	15	13
Other expenses	61	117
	<u>366</u>	<u>638</u>
(e) Employee benefits expense		
<i>Employee benefits expense includes the following specific amounts:</i>		
Superannuation expense	49	47

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 3: ISSUED CAPITAL

	31 December 2019 \$'000		30 June 2019 \$'000	
<i>Ordinary shares</i>				
Issued and fully paid	54,440		54,440	
	6 months to 31 Dec 2019		12 months to 30 June 2019	
<i>Movements in ordinary shares on issue</i>	No.	\$'000	No.	\$'000
At start of period	432,713,658	54,440	427,132,396	54,118
Issue on exercise of performance rights	-	-	6,700,000	367
Share Buyback	-	-	(1,118,738)	(45)
At end of period	432,713,658	54,440	432,713,658	54,440

NOTE 4: SEGMENT REPORTING

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

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies. The following tables are an analysis of the Group's revenue, results from continuing operations and the Group's assets and liabilities by reportable segment provided to the Board for the half-year ended 31 December 2019 and 31 December 2018.

	Continuing operations			
	Investment Property \$'000	Development \$'000	Corporate \$'000	Consolidated \$'000
31 December 2019				
Segment revenue	-	100	36	136
Other income	-	2,500	73	2,573
Share of net profit/(loss) of equity accounted investments	209	43	-	252
Segment result	209	2,639	(1,851)	997
Results from continuing operations	209	2,639	(1,851)	997
Segment assets	5,011	12,680	9,977	27,668
Segment liabilities	-	22	1,741	1,763

	Continuing operations			
	Investment Property \$'000	Development \$'000	Corporate \$'000	Consolidated \$'000
31 December 2018				
Segment revenue	-	281	-	281
Other income	-	-	138	138
Share of net profit/(loss) of equity accounted investments	382	(481)	-	(99)
Segment result	382	(285)	(1,579)	(1,482)
Results from continuing operations	382	(285)	(1,579)	(1,482)
Segment assets	7,089	8,697	10,797	26,583
Segment liabilities	-	-	735	735

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

NOTE 5: INVENTORIES

	31 December 2019	30 June 2019
	\$'000	\$'000
<i>Non-Current</i>		
Residential construction	202	-
Land (development)	9,900	7,200
	10,102	7,200

Axiom has 100% ownership interest in Worldpark land situated in Keswick, South Australia.

The directors refer to the market announcement on the 27th November 2019 advising that Axiom had secured a commitment from the South Australian Government to develop the Worldpark precinct for the South Australian Fire and Emergency Services Commission. Accordingly, the directors have conducted a market assessment based on independent third party valuation information and have assessed that it is appropriate to partially reverse the historical write-down of the land.

NOTE 6: OTHER ASSETS

	31 December 2019	30 June 2019
	\$'000	\$'000
<i>Current</i>		
Prepayments	77	33
	77	33
<i>Non-Current</i>		
Land (development) at cost	207	207
Other Development costs	304	132
Refundable Deposits	399	-
	910	339

NOTE 7: INVESTMENT PROPERTIES

	31 December 2019	30 June 2019
	\$'000	\$'000
Investment property at cost	249	233
	249	233

Axiom has entered into an agreement to purchase a freehold site on the corner of Francis and East Market Streets in Richmond, Western Sydney.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

NOTE 8: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investment Summary

Name of entity	Type of Investment	31 December	30 June
		2019	2019
		\$'000	\$'000
MB Estate Pty Ltd	Joint Venture	703	660
Currie St Pty Ltd	Joint Venture	607	550
Churchill North Centre Investment Trust 1	Associate	4,680	6,650
Total		5,990	7,860

Joint ventures

Details of the Group's joint venture at the end of the reporting period is as follows:

Name of entity	Principal activity	Country of incorporation	Equity Participation Share	
			December 2019	June 2019
			%	%
MB Estate Pty Ltd	Land subdivision	Australia	50	50
Currie St Pty Ltd	Land & building development	Australia	50	50

Reconciliation of carrying amount of the interest in joint venture recognised in the Group financial statements

MB Estate Pty Ltd

	31 December	30 June
	2019	2019
	\$'000	\$'000
Opening carrying amount	660	1,288
Contributions to joint venture	-	-
Share of profit/(loss) of investment	43	(628)
Less: downstream development fees	-	-
Carrying value of the Group's interest in the joint venture	703	660

Axiom is responsible for initial equity contributions for the venture. The other party will contribute land and hold the land for the benefit of the joint venture until allotments are sold. After an initial distribution of proceeds paid to the other party, and a project management fee paid to Axiom, the remaining profits are to be distributed in accordance with the above equity participation share.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

NOTE 8: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

Currie St Pty Ltd

	31 December 2019 \$'000	30 June 2019 \$'000
Opening carrying amount	550	71
Contributions to joint venture	57 ¹	479 ¹
Share of profit/(loss) of investment	-	-
Carrying value of the Group's interest in the joint venture	<u>607</u>	<u>550</u>

¹ Axiom has the right to contribute equity of up to \$6.0m over the course of the next 2 years to earn a 50% interest in the project and will be responsible for delivering the development. Axiom also has the right to earn a development management fee during the project's life-cycle.

Associate

Details of the Group's associates at the end of the reporting period is as follows:

Name of entity	Principal activity	Country of incorporation	Equity Participation Share	
			December 2019 %	June 2019 %
Churchill North Centre Investment Trust 1	Investment Trust	Australia	24	34

Reconciliation of carrying amount of the interest in associate recognised in the Group financial statements

Churchill North Centre Investment Trust 1

	31 December 2019 \$'000	30 June 2019 \$'000
Opening carrying amount	6,650	7,015
Share of profit/(loss) in investment	209	536
Less: Share of profit distributions made by the associate	(209)	(551)
Less: Disposals of investment in the unit trust	(1,970)	(350)
Carrying value of the Group's interest in the associate	<u>4,680</u>	<u>6,650</u>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

NOTE 9: RIGHT-OF-USE ASSETS

	31 December 2019 \$'000	30 June 2019 \$'000
Land and buildings – right-of-use	1,037	-
Less: Accumulated depreciation	(108)	-
	929	-
Motor Vehicle – right-of-use	18	-
Less: Accumulated depreciation	(8)	-
	10	-
Total right-of-use assets	939	-

Additions to the right-of-use assets during the half-year were \$1,055,000.

The company leases offices located in Adelaide and Sydney under agreements of between five to six years. The leases have annual fixed escalation clauses. On renewal, the terms of the leases are renegotiated. The company also has a motor vehicle lease under a three year agreement.

The company leases office equipment under agreements. These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

NOTE 10: LEASE LIABILITIES

	31 December 2019 \$'000	30 June 2019 \$'000
<i>Current</i>		
Lease liabilities	199	-
<i>Non-Current</i>		
Lease liabilities	761	-

NOTE 11: FINANCIAL INSTRUMENTS

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

NOTE 12: PERFORMANCE RIGHTS

Movement in performance rights over ordinary shares on issue:

	6 months to 31 December 2019 No. (thousands)	12 months to 30 June 2019 No. (thousands)
At start of period	-	6,700
Performance rights issued	-	-
Performance rights exercised	-	(6,700)
At end of period	-	-

NOTE 13: EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the financial half-year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs in future financial years.

NOTE 14: CONTINGENT LIABILITIES

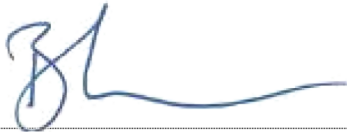
The Group had no contingent liabilities as at 31 December 2019.

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 10 to 22, are in accordance with the Corporations Act 2001 including:
 - a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year then ended.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Ben Laurance
Managing Director

Dated this 19th day of February 2020

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF AXIOM PROPERTIES LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Axiom Properties Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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 the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the Half-Year Financial Report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, 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*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

A handwritten signature in blue ink that reads 'BDO'.

BDO Audit (SA) Pty Ltd

A handwritten signature in blue ink that reads 'Paul Gosnold'.

Paul Gosnold

Director

Adelaide, 19 February 2020