AXIOM PROPERTIES LIMITED

A.B.N. 40 009 063 834

INTERIM FINANCIAL REPORT

31 DECEMBER 2003

AXIOM PROPERTIES LIMITED

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AXIOM PROPERTIES LIMITED

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DIRECTORS' REPORT

The Directors present their report together with the consolidated financial statements of Axiom Properties Limited, being the Company and its controlled entities, for the half-year ended 31 December 2003.

DIRECTORS

The names of the Directors who held office during or since the end of the half-year:

T J Prindiville – Chairman

P F Meagher - Managing Director

R J Hawkins – Non Executive Director

L T Fook – Non Executive Director

P J Devereux – Non Executive Director

T S Suan – Alternate Director to L T Fook

All Directors shown were in office from the beginning of the half-year until the date of this report.

REVIEW OF OPERATIONS

The fall in revenue during the period was due to the Company having sold almost all of its developed stock at Port Geographe by the end of the previous financial year.

The first half of the Company's financial year was also affected by the cost of coastal maintenance works at Port Geographe which are carried out mainly during this period and also by the fact that the cost of these works was higher than in the same period last year.

The Company still owns one large undeveloped site within the presently developed first stage of Port Geographe and has entered into a conditional contract for the sale of this site.

This contract is due to be settled during the half-year now in progress. The forecast profit on the sale of this site is expected to assist the Company to approximately achieve a breakeven position for the financial year, provided that the Company's other budgeted assumptions for the remainder of the year, especially regarding the commencement of the proposed Port Geographe Joint Venture (see below) are achieved.

As announced previously, the Company has negotiated terms and executed a Heads of Agreement under which it will enter a Joint Venture with Macquarie Bank Limited and Saracen Properties for the purpose of developing the balance of the company's land holding at Port Geographe, Busselton.

The due diligence period for the proposed Joint Venture has now ended and documentation to establish the Joint Venture has commenced. It is anticipated that subject to documentation being finalised in the near future, the first development works to be carried out by the new Joint Venture will commence before the end of the financial year.

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DIRECTORS' REPORT

Results

During the six months to 31 December 2003, the Company recorded a loss of $1,230,620 (2002: $1,687,369).

Signed in accordance with a resolution of the Board of Directors:

Managing Director

Date 25 February 2004
Perth, Western Australia

AXIOM PROPERTIES LIMITED

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CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

	Notes	Consolidated Entity 31 December 2003 $'000	Consolidated Entity 31 December 2002 $'000
Revenue from Ordinary Activities	2	156	12,673
Other Expenses	3	(1,011)	(13,364)
Borrowing Costs Expense	4	(375)	(996)
Loss from Ordinary Activities before Income Tax Expense		(1,230)	(1,687)
Income Tax Expense		-	-
Net Loss after Income Tax Expense		(1,230)	(1,687)
Total changes in equity other than those resulting in transactions with owners as owners		(1,230)	(1,687)
Basic Earnings per Share (cents per share)		(0.8) cents	(1.05) cents

The statement of financial performance is to be read in conjunction with the notes to the half-year financial statements set out on pages 7 to 10.

AXIOM PROPERTIES LIMITED

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2003

	Notes	Consolidated Entity 31 December 2003 $'000	Consolidated Entity 30 June 2003 $'000
Current Assets			
Cash assets		36	487
Receivables		235	233
Inventories		1,245	1,547
Total Current Assets		1,516	2,267
Non Current Assets			
Receivables		-	15
Property, Plant and Equipment		75	97
Inventories		10,480	10,428
Other Financial Assets		10	10
Total Non Current Assets		10,565	10,550
Total Assets		12,081	12,817
Current Liabilities			
Payables		880	650
Interest bearing liabilities		99	94
Provisions		649	810
Total Current Liabilities		1,628	1,554
Non Current Liabilities			
Interest bearing liabilities		9,343	8,923
Total Non Current Liabilities		9,343	8,923
Total Liabilities		10,971	10,477
Net Assets		1,110	2,340
Equity			
Contributed equity	5	37,519	37,519
Accumulated losses		(36,409)	(35,179)
Total Equity		1,110	2,340

This statement of financial position is to be read in conjunction with the notes to the half-year financial statements set out on pages 7 to10.

AXIOM PROPERTIES LIMITED

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

	Consolidated Entity	
	31 Dec 2003 $'000	31 Dec 2002 $'000
Cash Flows from Operating Activities		
Receipts from customers	81	7,965
Payments to suppliers and employees	(689)	(3,209)
Interest received	7	5
Interest and other costs of finance paid	(355)	(565)
Other	-	(4)
Net Cash provided by / (used in) Operating Activities	(956)	4,192
Cash Flows from Investing Activities		
Purchase of Non Current Assets	-	(71)
Proceeds from sale of Other Current Assets	84	4,861
Proceeds from sale of Non Current Assets	-	6
Net Cash provided by / (used in) Investing Activities	84	4,796
Cash Flows from Financing Activities		
Proceeds from bank borrowings	424	2,688
Repayment of bank borrowings	-	(12,826)
Reduction in lease and hire purchase liabilities	(3)	(2)
Net Cash provided by / (used in) Financing Activities	421	(10,140)
Net Increase / (decrease) in Cash held	(451)	(1,152)
Cash at the beginning of the financial period	487	1,323
Cash at the end of the financial period	**36**	**171**

The statement of cash flows is to be read in conjunction with the notes to the half-year financial statements set out on pages 7 to 10.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

1 (a) BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS

These general purpose half-year consolidated financial statements have been prepared in accordance with the requirements of the Corporations Act 2001, AASB 1029 "Interim Financial Reporting", and other mandatory professional reporting requirements.

It is recommended that this financial report be read in conjunction with the 30 June 2003 Annual Financial Report and any public announcements by the Company during the half-year in accordance with its continuous disclosure obligations arising under the Corporations Act 2001.

They have been prepared on the basis of historical costs and except where stated, do not take into account changing money values or current valuations of non current assets.

The accounting policies have been consistently applied by the entities in the consolidated entity, except where there is a change in accounting policy, are consistent with those applied to the previous financial year (30 June 2003) and corresponding half-year.

The carrying amount of non current assets are reviewed to determine whether they are in excess of their recoverable amount at the end of the half year. If the carrying amount of a non current asset exceeds the recoverable amount, the asset is written down to the lower amount. In assessing recoverable amounts the relevant cash flows have not been discounted to their present value.

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

The half-year report does not include full disclosure of the type usually included in an annual financial report.

(b) GOING CONCERN

The half- year report has been prepared on the basis that the consolidated entity is a going concern. The going concern basis assumes that the consolidated entity will be able to pay its debt as and they fall due. The consolidated entity's current financing facilities are with BankWest Limited.

The consolidated entity's ability to continue to operate as a going concern is dependent upon the continued support of its bankers, the continued support of its creditors and the generation of additional future sales at a level to support the consolidated entity's ongoing operations. In view of its loss making position and current level of borrowings, the company remains reliant on the continuing support of its bankers. The company's Directors have been advised by the bank that it remains supportive for the time being, but given the company's financial position, the situation will remain under review.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Cont')
FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

(b) GOING CONCERN - continued

The Directors believe that the nature of the consolidated entity's borrowings are long term, notwithstanding that all the facilities are presently under review. For this reason, all borrowings from BankWest have been classified as Non – Current Liabilities.

	Consolidated Entity	
	31 December 2003 $'000	31 December 2002 $'000
2. Revenue from ordinary activities		
Sale of Inventories and Rendering of Services	118	7,816
Rental Income	-	1
Proceeds on Sale of Golf Course Assets	-	4,798
Proceeds on Sale of Other Assets	-	21
Sundry Income	30	32
Interest Received	8	5
	156	12,673
3. Other Expenses		
Cost of Sales	83	4,890
Bad Debts	20	-
Depreciation	23	48
Advertising	-	27
Rates and Taxes	110	220
Rental Expenses	18	19
Salary and Wages	201	381
Site Maintenance	412	191
Written Down Value of Golf Courses	-	7,108
Write down of Inventories	-	17
Other Expenses	144	463
	1,011	13,364
4. Borrowing Cost Expense		
Interest	355	565
Bank Charges	20	431
	375	996

	Consolidated Entity 31 December 2003 $'000	Consolidated Entity 30 June 2003 $'000
5 Contributed equity		
Issued and paid-up capital	37,519	37,519
159,340,863 (30June 2003 : 159,340,863) Ordinary Shares, Fully Paid		
Fully Paid Ordinary Shares carry one vote per share and carry the right to dividends.		
Options		
Employee Options		
Exercisable at 20 cents each prior to 20 June 2005	5,900	5,900
Other Options		
Exercisable at 20 cents each prior to 20 June 2005	10,000	10,000
	15,900	15,900

6. Events subsequent to reporting date

The Company negotiated terms and executed a Heads of Agreement in November 2003 under which it will enter a Joint Venture with Macquarie Bank Limited and Saracen Properties for the purpose of developing the balance of the company's land holding at Port Geographe, Busselton .

The due diligence period for the proposed Joint Venture has now ended and documentation to establish the Joint Venture has commenced. It is anticipated that, subject to documentation being finalised in the near future, the first development works to be carried out by the new Joint Venture will commence before the end of the financial year.

7. Contingent Liabilities

BankWest has issued guarantees on behalf of the consolidated entity to third parties pursuant to the requirements of the Shire of Busselton and other parties in relation to Port Geographe and the City of Bunbury in relation to Pelican Point. These guarantees amounted to $2,006,500 at 31 December 2003.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Cont')
FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

8. Segment Reporting

	Business Segment						Reconciliation to Consolidation	
	Land Development		Golf Courses		Accommodation			
	2003	2002	2003	2002	2003	2002	2003	2002
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenues from sales to external customers	156	7,758	-	4,894	-	20	156	12,672
Revenues from transactions with other segments	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Segment result	(1,230)	891	-	(2,556)	-	(23)	(1,230)	(1,688)
Carrying amount of segment assets	11,979	14,390	-	99	102	281	12,081	14,770
Carrying amount of segment liabilities	10,354	11,457	-	43	617	962	10,971	12,462
Total amount recognised for the acquisition of segment non current assets by business segment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Depreciation and amortisation expense	23	21	-	27	-	-	23	48
Non cash expenses other than depreciation and amortisation expense	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Share of net profit or loss of and carrying amount of investments in associates and other investees accounted for by the equity method	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
The company only operates in one geographical segment - Australia								

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DIRECTORS' DECLARATION

The Directors of the company declare that:

1. The financial statements and notes as set out on pages 4 to 10:

   (a) comply with Accounting Standard AASB 1029: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 2003 and of its performance for the half-year ended on that date;

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.

Signed in accordance with a resolution of the Board of Directors:

Managing Director

DATED at Perth this 25 February 2004

INDEPENDENT REVIEW REPORT

To the members of
AXIOM PROPERTIES LIMITED

Scope
The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements and the directors' declaration of Axiom Properties Limited for the half-year ended 31 December 2003. The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company and that complies with Accounting Standard AASB 1029 "Interim Financial Reporting", in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach
We conducted an independent review of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the Corporations Act 2001, Accounting Standard 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the company's financial position and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

(cont'd)

Independence
In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Statement
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Axiom Properties Limited, is not in accordance with:

(a) the Corporations Act, including:

(i) giving a true and fair view of the consolidated entity's financial position at 31 December 2003 and of its performance for the half-year ended on that date; and

(ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

HLB Mann Judd.

HLB MANN JUDD
Chartered Accountants

Perth, Western Australia
25 February 2004

L DI GIALLONARDO
Partner