AXIOM
PROPERTIES LIMITED

2007 ANNUAL REPORT

The Axiom Board of Directors, following the re-capitalisation in April 2006, has concentrated on diversifying the company's portfolio across property sectors and across all Australian States.

Corporate Directory

Directors

Ian James Laurance AM
Executive Chairman

Ben Peter Laurance
Managing Director

Umberto Bruno Gianotti
Non Executive Director

Michael Gerrard Blakiston
Non Executive Director

Company Secretary

Aaron Jon Gardiner

Company Information

Axiom Properties Limited is a company limited by shares that is registered and domiciled in Australia. Its registered and business office is:

Level 45, Bankwest Tower
108 St Georges Terrace
Perth WA 6000

Telephone: (08) 9321 4646
Facsimile: (08) 9321 8122
Website: axiompl.com.au

Auditors

HLB Mann Judd
Chartered Accountants
15 Rheola Street
West Perth WA 6005

Share Registry

Computershare Investor
Services Pty Limited
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth WA 6000

Telephone: 618 9323 2001
Facsimile: 618 9323 2033

Stock Exchange Listing

Axiom Properties Limited's shares are listed on the Australian Stock Exchange Limited.

AXIOM
PROPERTIES LIMITED

Chairman's Report

The 2006/2007 financial year has been another excellent year for Axiom Properties Limited. Progress has been made on all fronts – additional developments have been acquired, new staff appointed, interstate offices opened and significant progress made on construction at both the Port Geographe canal development at Busselton WA and the Century City office development at 100 St Georges Terrace, Perth.

The company has also been significantly re-rated by the market and at the time of writing this report has a market capitalization of approximately $150 million – up from around $100 million one year ago. Revenue was up 550% on the previous year as partial profits from the company's equity interest in the Century City project were brought forward. The net profit after tax was $2.2 million which represents Axiom's maiden full year result since the Pivot Group became the major shareholder.

Port Geographe, Busselton

Axiom has a 40% interest in the net profits of this major canal development at Busselton W.A. where stages 1 to 6 have sold out – a total of 206 lots with total sales equalling $102 million.

Construction of the canals is continuing on schedule and settlements on the majority of these lots is programmed to occur in FY08.

The average price per lot in the latest stage (stage 6) was $624,000 and interest is still strong on the database of interested purchasers for further releases. Sales of stages 7 and 8 should occur over this forthcoming summer. There are 16 stages in all totalling 621 lots.

100 St Georges Terrace, Perth

Construction of this central Perth office complex is on schedule for completion in early 2009.

> “As with the resources sector, the commercial property sector in Australia is experiencing very buoyant times.”

In March, Axiom and its partner in this development, Industry Superannuation Property Trust (ISPT), announced that INPEX, a Japanese oil and gas industry leader, had agreed to take the top four floors of the office tower. With negotiations with further prospective tenants well advanced and with Perth office rents continually rising the future of this project looks very bright indeed.

Worldpark: 01, Adelaide

Axiom is developing a “green” office park at Keswick,on the fringe of Adelaide’s CBD. This exciting new business precinct will clearly demonstrate leadership in sustainable development – not only are the buildings being designed to achieve a 5 Star Green Star rating, but Worldpark:01 will be pioneering whole-of-site initiatives in the areas of ecology and water management. Coffey International Limited, an ASX top 300 company, will anchor the first of three stages and the end value is estimated to be $150 million.

The Age Buildings, Melbourne

Axiom has formed a joint venture with Industry Superannuation Property Trust Number 3 which has purchased “The Age” newspaper’s Melbourne headquarters for $66.1 million.

The site comprises nearly a whole city block of 15,200 m^2 opposite the newly re-developed Spencer Street Railway Station. Fairfax, owners of “The Age”, remain as a tenant until 2010 and until then Axiom will receive a passive rent which will cover all holding costs while design and planning for a mixed-use redevelopment is being carried out.

Medical Centre, Caboolture

Since balance date Axiom has sold a medical centre it has been developing for Symbion Health Ltd at Caboolture in Queensland. The centre was sold to a private investor and resulted in the company booking a profit of $862,000.

The Year Ahead

Your Directors are pleased to provide this Annual Report on the affairs of the company. As with the resources sector, the commercial property sector in Australia is experiencing very buoyant times. Your Directors believe that Axiom is well placed to take advantage of these favourable circumstances.

Ian Laurance

Ian James Laurance AM
Executive Chairman

Axiom People

Peter Maxwell Laurance AO
Officer in the Order of Australia
Advisor to the Board

Mr Peter Laurance is a prominent identity on the national property scene. Since founding his own property development company, Pivot Group, in 1972, he has successfully developed a comprehensive portfolio of projects throughout Australia.

Through his wide network of contacts, together with his three decades of experience, Peter has assisted the recent growth of Axiom by developing the Strategic Alliance with Pivot, which gives Axiom access to Pivot's diverse pipeline of developments.

Ben Peter Laurance B.Econ
Managing Director

Mr Ben Laurance is Managing Director of Axiom Properties Limited, and a Executive Director of Axiom's major shareholder, Pivot Group Pty Ltd. Pivot is one of Austalia's most successful private property development companies, with a 35 year track record of delivering over $2 billion of property projects.

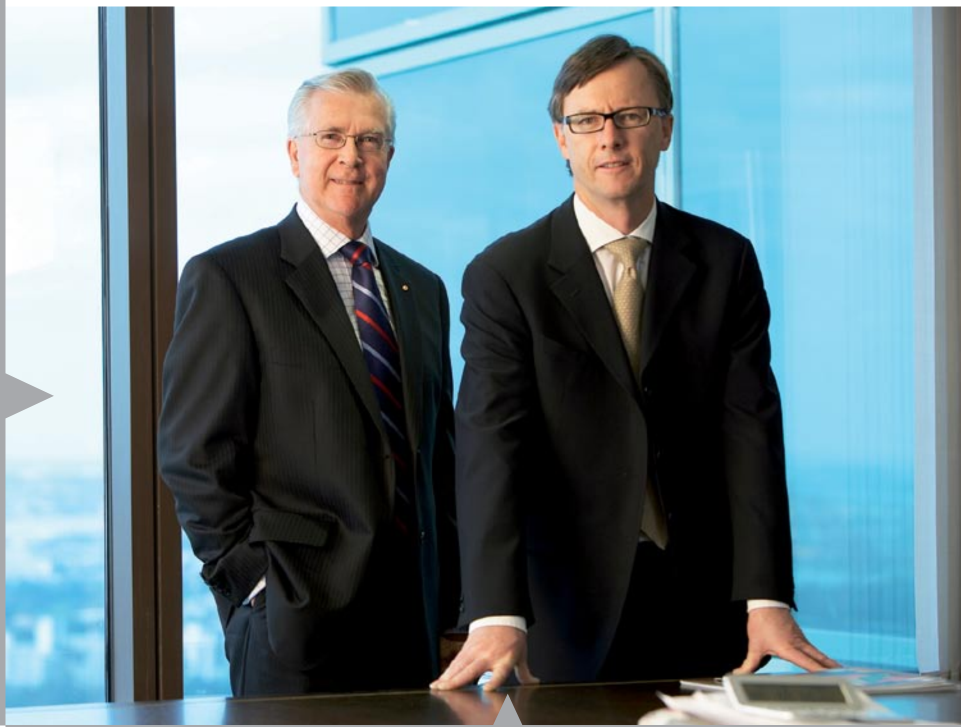
With his expertise in the corporate and financial markets, Ben is instrumental in the guidance and management of Pivot's and Axiom's strategic directions for the future.

Ian James Laurance AM
Member of the Order of Australia
Executive Chairman

Mr Ian Laurance spent 14 years as a Member of the Western Australian Parliament and is a former State Minister for Housing, Tourism, Lands and Regional Development.

In recent years Ian has been Chairman of two WA Statutory Authorities – the Midland Redevelopment Authority and the Western Australian Sports Centre Trust.

In 2006 Ian was made a Member of the Order of Australia (AM) for "services to the Tourism Industry in Western Australia, to the community as a member of the Western Australian Parliament, and to sporting, environmental, and charitable organizations".



Michael Gerrard Blakiston B.Juris LLB
Non Executive Director

Mr Blakiston holds the degrees of Bachelor of Jurisprudence and Bachelor of Laws from the University of Western Australia and is a partner of the corporate and resource law firm, Blakiston & Crabb. He has been practising law for over 26 years.

Michael has experience in initial public offerings, takeovers and mergers, corporate and project fundraisings (either with debt or equity), construction, offtake and sales contracts.

Axiom People Continued

Umberto "Bert" Bruno Gianotti
LLB AICD
Non Executive Director

Mr Gianotti is Property Lawyer for the Pivot Group Pty Ltd. He is a former partner of a national law firm and has specialised in property law for 31 years. Bert has also supervised the financial audit of major commercial building projects.

Aaron Jon Gardiner CA
Company Secretary

Mr Gardiner is a Chartered Accountant and has been Company Secretary of Axiom Properties Limited for seven years.

"Progress has been made on all fronts – additional developments have been acquired, new staff appointed, interstate offices opened..."

Far left:
Paul Rouvray CPA
General Manager SA

Centre:
Ben Laurance
Managing Director

Far right:
Jonathan Wolfe B.Com (Hons) LLB, CA
Chief Executive Officer of Axiom Properties Funds Management

100 St Georges Terrace

100 St Georges Terrace, Perth, WA

On 26 June 2006 the company announced that it had entered into a Development Agreement with Industry Superannuation Property Trust ("ISPT") and Pivot Group Pty Ltd to participate in the office component of the development known as "Century City", at 100 St Georges Terrace, Perth.

Under the terms of this agreement, Axiom will inject a total of $5 million in 4 tranches over the next 18 months in order to earn a 50% profit share in the net profit of the office building, which will boast 29,000m^2 of office accommodation. To date Axiom has contributed $4 million with the remaining $1 million due for payment in January 2008.

Axiom has to date earned $10 million in gross revenue from the project.

The independent valuer Savills has advised Axiom in June 2006 that it has assessed the on-completion value of the office tower to be in excess of $200 million at that time.

ISPT entered into a commitment agreement with the Western Australian Government to construct the building to an Australian Building Green Rating of 4.5 Stars and a Green Star rating of 4 Stars, which ensures that the design and construction of the building is not only extremely energy efficient but is environmentally conscious.

Axiom/ISPT confirmed in March 2007 that Japanese oil and gas industry leader INPEX has committed to the four top floors in the building. Inpex will move into levels 19 to 22 when the building is complete in early 2009, taking a 10 year lease.

Axiom/ISPT expect the building to be fully leased well prior to completion in 2009.

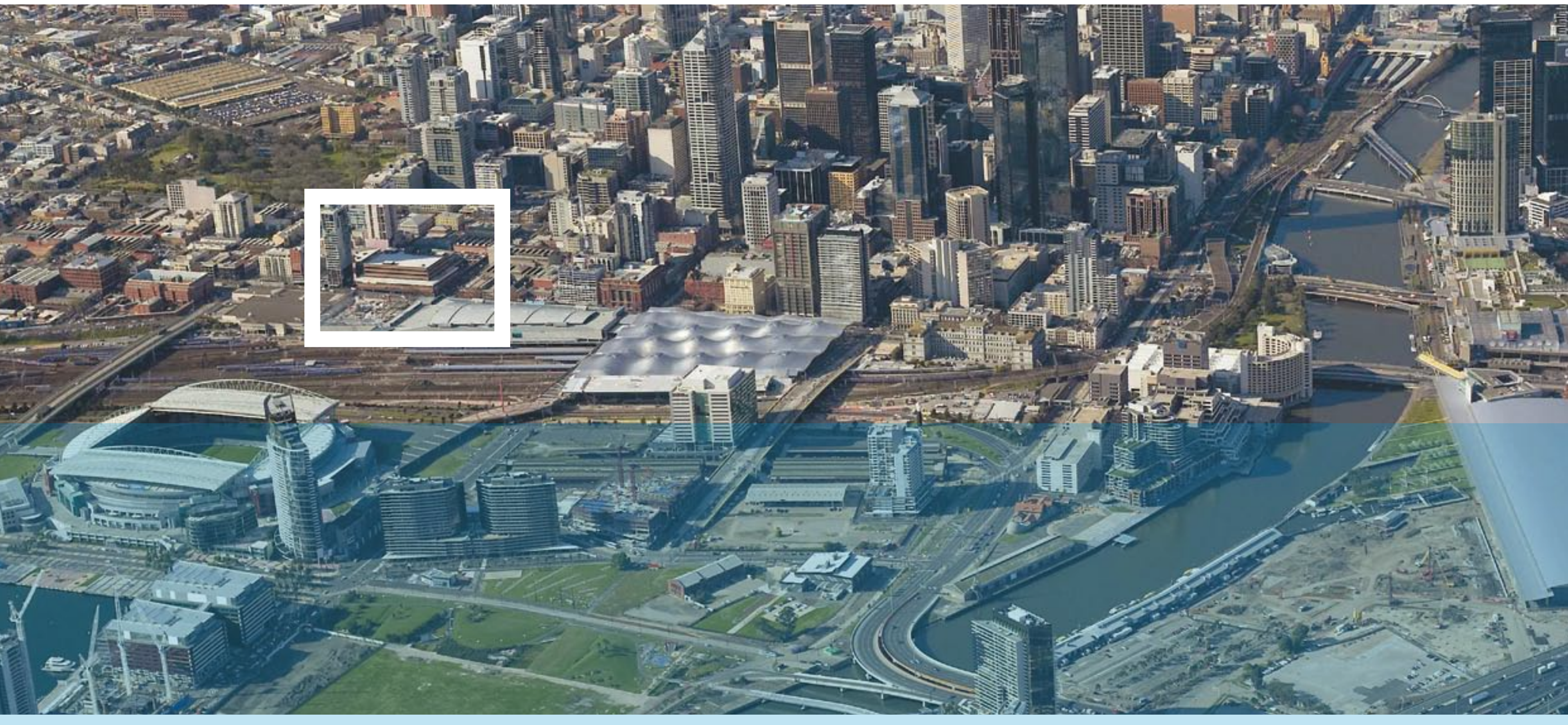
The state-of-the art building will be the first major new office tower to be completed in the current extremely tight CBD market since the year 2000 and is ideally suited to large tenants with its large floor plates of almost 1800m².

"This building will be a 'new generation' product, setting new benchmarks in Perth for providing environmentally sustainable office accommodation. INPEX's commitment to these initiatives is a strong endorsement of the building and its pivotal location."

Ben Laurance
Managing Director

Axiom/ISPT confirmed in March 2007 that Japanese oil and gas industry leader INPEX has committed to four top floors in the building. Inpex will move into levels 19 to 22 when the building is complete in early 2009, taking a 10 year lease.

The Age Buildings



The Age Buildings, Melbourne, Vic

250 Spencer St Joint Venture

The joint venture between Axiom and Industry Superannuation Property Trust No. 3 settled the purchase of the headquarters of The Age newspaper at 250 Spencer Street, Melbourne, for $66.1 million on 16 June 2007. Axiom has a 50% interest in the Joint Venture.

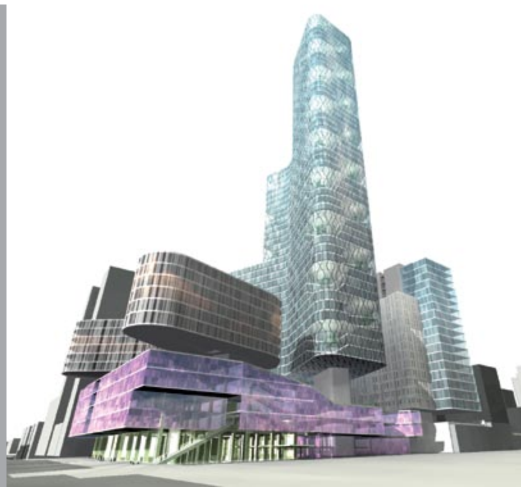
The Age site comprises nearly a whole city block of 15,200m^2 opposite the newly redeveloped Spencer Street railway station, and is earmarked for a mixed-use redevelopment.

Under the terms of the purchase, The Age newspaper have leased back all of the buildings on the property for three years which will provide the joint venturers with surplus income whilst master planning the redevelopment.

"The size, prominence, and location of this site will enable the partners to transform this site from 'The Age' site to the 'New Age' site."

Peter Laurance AO
Advisor to the Board

The Age site comprises nearly a whole city block of 15,200m^2 opposite the newly redeveloped Spencer Street railway station, and is earmarked for a mixed-use redevelopment.



Top and Bottom right:
Preliminary architectual concepts being considered for The Age site redevelopment.

Worldpark:01

Worldpark:01, Keswick, SA

Axiom have contracted to purchase a site in Keswick, on the fringe of Adelaide's CBD, to develop this innovative business precinct concept. Coffey International an ASX Top 300 company will anchor the first of three stages with a commitment to occupy 7,000m^2 in Stage 1, out of a total 9,000m^2 of "new generation" office space to be known as Worldpark:01. The end value of the total project is estimated to be $150 million.

The project is a visionary, environmentally sustainable development that will spearhead and set new benchmarks for world's best practice in energy, the environment and working/living concepts. It will be sympathetic to the environment and pay heed to the concept of sustainability by addressing water and energy use, carbon emissions and recycling.

The three hectare site can accommodate in excess of 30,000m^2 of environmentally sustainable office accommodation, built in a campus style environment. The development will be staged over the next three years, with Coffey's commitment of nearly 80% of the first building anchoring the Stage 1 office. Construction is expected to commence in early 2008. Settlement on the land is not expected to occur until the end of 2007.

"We are extremely enthusiastic about the concept and what it stands for."

Paul Rouvray
General Manager SA

Coffey International will anchor the first of three stages with a commitment to occupy 7,000m^2 in Stage 1, out of a total 9,000m^2 of "new generation" office space.

Port Geographe

Port Geographe, Busselton, WA

Port Geographe Joint Venture

The company owns a 40% interest in the net profits of the Port Geographe Joint Venture, the purpose of which is to develop the remaining stage (Stage Two) of the Port Geographe Project. The remaining 60% is owned by Macsea Nominees Pty Ltd, which is in turn owned by interests associated with Macquarie Bank Limited and Mr Luke Saraceni.

Subdivision approval for the development was received on 9 December 2005. The first sales of the development occurred in the March 2006 quarter and to date six Stages have been pre-sold resulting in 206 lots being sold for a total of $102.6 million.

Construction has started on the first stages of the development with the first Titles expected in the first half of the 2007/2008 financial year.

Port Geographe Project

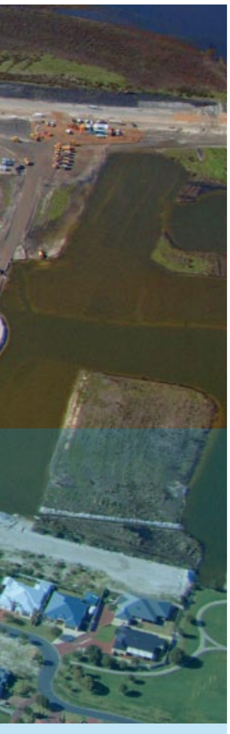
Port Geographe is an integrated residential and waterway development overlooking Geographe Bay just north of Busselton, some two and half hours drive south from Perth, Western Australia.

The approved Development Guide plan for Stage Two provides for:

- 395 Canal lots
- 57 Lake lots
- 51 Wetland lots
- 107 Dry lots
- 10 Cottage lots

"During the next five years, Axiom shareholders can expect to receive their share of a total of more than $300 million in sales."

Bert Gianotti
Non Executive Director



...to date six Stages have been pre-sold resulting in 206 lots being sold for a total of $102.6 million.

"Revenue was up 550% on the previous year as partial profits from the company's equity interest in the Century City project were brought forward. The net profit after tax was $2.2 million which represents Axiom's maiden full year result since the Pivot Group became the major shareholder."

Financial Report

Contents

Axiom Properties Limited
ABN 40 0090 638 34

Directors' Report

The directors of Axiom Properties Limited submit herewith the annual financial report of the Group for the financial year ended 30 June 2007. In order to comply with the provisions of the Corporations Act the Directors' report as follows:

Directors

The names and particulars of the Directors of Axiom Properties Limited in office during or since the end of the financial year and until the date of this report are as follows:

Name	Particulars
Ian James Laurance AM **(Executive Chairman)**	Mr Ian Laurance spent 14 years as a Member of the Western Australian Parliament and is a former State Minister for Housing, Tourism, Lands and Regional Development. He was appointed by the Western Australian Government as the inaugural Chairman of the Midland Redevelopment Authority (2000 – 2004) and was previously Chairman of the Western Australian Sports Centre Trust for ten years (1993 – 2003). Mr Laurance is currently Chairman of Australia's North West Tourism and Chairman of the Ningaloo Research Centre Inc. In a voluntary capacity he serves as Chairman of the Anglicare WA Winter Appeal and is a Director of the Tourism Council WA. In 2006 he was made a Member of the Order of Australia (AM) for "services to the Tourism Industry in Western Australia, to the community as a member of the Western Australian Parliament, and to sporting, environmental, and charitable organizations". *Other Public Company Directorships* None *Former Public Company Directorships in last three years* None
Ben Peter Laurance **(Managing Director)**	Mr Ben Laurance is Managing Director of Axiom Properties Ltd, and an Executive Director of Axiom's major shareholder, Pivot Group Pty Ltd. Pivot is one of Australia's most successful private property development companies, with a 35 year track record of delivering over $2 billion of property projects. Ben joined the family business of Pivot in June 2001 after a 10 year career as an investment advisor in Sydney advising domestic and American institutions on Australian equities. Ben's role as a Director of the Axiom and Pivot companies is to source, manage and deliver investment grade development projects across various asset classes around Australia. Ben is also responsible for the day to day management and operation of an ASX listed company. With his expertise in the corporate and financial markets, Ben has been instrumental in the guidance and management of Pivot's and Axiom's strategic directions for the future. *Other Public Company Directorships* None *Former Public Company Directorships in last three years* None

Directors' Report continued

Umberto Bruno Gianotti **(Non Executive Director)**	Mr Gianotti is Property Lawyer for the Pivot Group Pty Ltd. He is a former partner of a national law firm and has specialised in property law for 31 years. He has also supervised the financial audit of major commercial building projects. *Other Public Company Directorships* None *Former Public Company Directorships in last three years* None
Michael Gerrard Blakiston **(Non Executive Director)**	Mr Blakiston is a practicing solicitor with legal experience in the resources sector. Mr Blakiston holds the degrees of Bachelor of Jurisprudence and Bachelor of Laws from the University of Western Australia and is a partner of the corporate and resource law firm, Blakiston & Crabb. Mr Blakiston has been practising law for over 26 years. Mr Blakiston has extensive commercial experience both in advisory and directorial capacities having been involved in project assessment, structuring and financing, joint ventures and strategic alliances in the resource industry. In addition, Mr Blakiston has experience in initial public offerings, takeovers and mergers, corporate and project fundraisings (either with debt or equity), construction, offtake and sales contracts. *Other Public Company Directorships* Platinum Australia Ltd, Vulcan Resources Limited, Rox Resources Limited and Aurora Oil & Gas Limited. *Former Public Company Directorships in the last three years.* Paladin Resources Limited, Colltech Australia Limited, Australian Development Capital, GFB Limited and Black Range Minerals NL.

Company Secretary

Aaron Jon Gardiner	Mr Gardiner is a Chartered Accountant and has been Company Secretary of Axiom Properties Limited for 7 years.

Directors' Meetings

The following table sets out the number of meetings attended whilst a director. During the year 15 meetings were held.

Director	A	B
I J Laurance AM	14	15
B P Laurance	13	14
U B Gianotti	13	14
M G Blakiston	13	15

A - Number of meetings attended. B - Number of meetings eligible to attend.

Directors' Report continued

Interests in shares and options of the company and related bodies corporate

	Fully paid ordinary shares (at 30 June 2007)		Share options (at the date of this report)
Directors	**Directly**	**Indirectly**	
I J Laurance AM	-	-	2,000,000
B P Laurance	-	25,000,000	42,000,000
U B Gianotti	-	1,000,000	2,000,000
M G Blakiston	-	1,000,000	2,000,000

Details of unissued ordinary shares under option at the date of this report are as follows:

	Number	Exercise price	Exercise dates
I J Laurance AM	2,000,000	45 cents	14 December 2006 to 14 December 2008
B P Laurance	40,000,000	20 cents	11 May 2007 to 15 January 2009
	2,000,000	45 cents	14 December 2006 to 14 December 2008
U B Gianotti	2,000,000	45 cents	14 December 2006 to 14 December 2008
M G Blakiston	2,000,000	45 cents	14 December 2006 to 14 December 2008

Interests in the shares and options of the company and related bodies corporate

During and since the end of the financial year a total of 11,000,000 share options were granted to the following directors and executives of the company:

	Number of options granted	Number of options over ordinary shares	Number of fully paid ordinary shares
I J Laurance AM	2,000,000	2,000,000	-
B P Laurance	2,000,000	2,000,000	-
U B Gianotti	2,000,000	2,000,000	-
M G Blakiston	2,000,000	2,000,000	-
A J Gardiner	1,000,000	1,000,000	-
J P Wolfe	2,000,000	2,000,000	-
	11,000,000	**11,000,000**	-

Details of unissued ordinary shares under options are as follows:

	Number of options	Exercise price	Expiry date
Axiom Properties Limited	10,000,000	10 cents	31 December 2008
Axiom Properties Limited	140,000,000	20 cents	15 January 2009
Axiom Properties Limited	8,000,000	45 cents	14 December 2008
Axiom Properties Limited	1,000,000	45 cents	20 December 2008
Axiom Properties Limited	2,000,000	45 cents	15 June 2009
	161,000,000		

Remuneration Report (Audited)

This report details the nature and amount of remuneration for each director and executive of Axiom Properties Limited.

Company's Remuneration Policies

The Board, subject to the approval of shareholders in general meeting, sets the remuneration of the non executive members of the Board. Remuneration is set according to the skills, experience and length of service of each director. Remuneration of the Executive Chairman is determined by the Board of Directors and is also determined by the skills, experience and length of service of the Executive Chairman.

Non Executive directors receive a fixed fee and statutory superannuation for services as directors.

The Company's Constitution provides that directors may collectively be paid a fixed sum not exceeding the aggregate maximum per annum from time to time as determined by the company. A director may be paid fees or other amounts as the directors determine where a director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director.

There is no direct link between remuneration paid to non executive directors and corporate performance such as bonus payments for achievement of certain key performance indicators.

Remuneration for executive directors is based upon a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the company. The contracts for service between executive directors and the company are on a continuing basis the terms of which are not expected to change. Remuneration packages may include base salary, superannuation, fringe benefits and options.

The following table discloses the Directors of the Company, including Executive Directors, and Executive Officers who received remuneration during the year. The remuneration disclosed is the same for the Group as it is for the Parent entity.

Remuneration Report (continued)

Remuneration of directors and named executives

Director Remuneration for the year ended 30 June 2007

		Primary Benefits			Post Employment		Equity	Other	Total	
		Salary and Fees	Bonuses	Non Monetary Benefits	Supera-nnuation	Prescribed Benefits	Options			% Perform-ance Related
I J Laurance AM	2007	25,001	-	18,355	52,000	-	83,588	-	178,944	-
	2006	-	-	-	-	-	-	-	-	-
B P Laurance	2007	87,471	-	-	53,048	-	83,588	-	224,107	-
	2006	-	-	-	-	-	-	-	-	-
U B Gianotti	2007	-	-	-	19,756	-	83,588	-	103,344	-
	2006	-	-	-	-	-	-	-	-	-
M G Blakiston	2007	-	-	-	19,756	-	83,588	-	103,344	-
	2006	-	-	-	-	-	-	-	-	-
T J Prindiville (resigned 23 June 2006)	2007	-	-	-	-	-	-	-	-	-
	2006	9,288	-	-	836	-	-	-	10,124	-
R J Hawkins (resigned 23 June 2006)	2007	-	-	-	-	-	-	-	-	-
	2006	6,000	-	-	540	-	-	-	6,540	-
P F Meagher (resigned 22 May 2006)	2007	-	-	-	-	-	-	-	-	-
	2006	150,143	-	16,941	19,143	166,061	-	-	352,288	-
T S Suan (resigned 17 October 2005)	2007	-	-	-	-	-	-	-	-	-
	2006	-	-	-	-	-	-	-	-	-

Service Agreements

The following Directors are engaged by the company through Service Agreements:

I J Laurance AM – Executive Chairman

The terms and conditions of the service agreement dated 7 July 2006 are:

- Mr Laurance is to provide executive chair services for 20 hours per week as required for Axiom Properties Limited;
- in exchange for Mr Laurance's services, an annual remuneration package of $70,000 plus benefits is payable;
- the Company may terminate this contract at any time with one month's notice if Mr Laurance defaults in the performance and observance of his obligations under the agreement or declared bankrupt.

Remuneration Report (continued)

B P Laurance – Managing Director

The terms and conditions of the service agreement dated 24 November 2006 are:

- Mr Laurance is to provide Managing Directorial services for 20 hours per week as required for Axiom Properties Limited;
- in exchange for Mr Laurance's services, an annual remuneration package of $180,000 plus benefits is payable;
- the Company may terminate this contract at any time with one month's notice if Mr Laurance defaults in the performance and observance of his obligations under the agreement or declared bankrupt.

Remuneration of named executives who received the highest remuneration for the year ended 30 June 2007

		Primary Benefits			Post Employment		Equity	Other	Total	
		Salary and Fees	Bonuses	Non Monetary Benefits	Supera-nnuation	Prescribed Benefits	Options			% Perform-ance Related
A J Gardiner	2007	124,161	-	-	11,175	-	41,794	-	177,130	-
	2006	94,965	-	-	8,502	-	-	-	103,467	-
P J Rouvray (commenced 27 November 2006)	2007	105,230	-	4,221	9,471	-	-	-	118,922	-
	2006	-	-	-	-	-	-	-	-	-
J P Wolfe (Commenced 19 March 2007)	2007	48,076	65,000	-	51,477	-	252,767	-	417,320	-
	2006	-	-	-	-	-	-	-	-	-

The remuneration disclosed is the same for the Group as it is for the Parent Entity.

Principal activities

The principal activities during the year of the Group constituted by Axiom Properties Limited and the entities it controlled from time to time during the year consisted of property investment and development. The Group also made an Investment in a listed Property Developer, Eumundi Group Limited and made an unsuccessful takeover bid for that company. No other significant change in the nature of the Group's property investment and development activities took place during the year.

Consolidated results

The net amount of consolidated profit of the Group for the financial year after income tax was $2,245,686 (2006: $3,178,833).

Dividends

No dividends have been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

Directors' Report continued

Review of operations

Port Geographe, Busselton, WA

The Port Geographe Joint Venture continued development works at Port Geographe. Pre - sales of this development at 30 June 2007 total 206 lots for $102.6m in Gross Sales.

100 St Georges Tce, Perth, WA

On 13 June 2007, the company executed a Deed of Acknowledgement with ISPT Pty Ltd under which $10.0m was advanced to the company out of its profit share on the office component of 100 St Georges Tce Perth.

250 Spencer St Joint Venture, Melbourne, VIC

On 13 June 2007 the company and ISPT entered into a Joint Venture to develop 250 Spencer St Melbourne known as the "Age Buildings". The site was settled on 15 June 2007 for $66.1m and the Age Newspaper have leased back the buildings for three years which will provide surplus income while the Joint Venture master plans the redevelopment.

Worldpark:01 – Keswick, SA

The company announced on 2 March 2007 that it had contracted to purchase a site in Keswick, on the fringe of Adelaide's CBD, to develop an innovative business precinct concept. The company has executed an Agreement for Lease and Lease with ASX Top 300 company, Coffey International, who will anchor the first of three stages with a commitment to occupy 7,000sq.m. in Stage 1, out of a total 9,000 sq.m. of "new generation" office space.

Eumundi Group Limited

On 27 February 2007, the company acquired 17% of the issued capital of ASX listed Eumundi Group Limited and launched a conditional takeover bid for the company. The takeover bid was unsuccessful.

Significant changes in the state of affairs

During the financial year there was no significant change in the state of affairs of the Group other than that referred to in the financial statements or notes thereto.

Matters subsequent to the end of the financial year

At the date of this report there are no matters or circumstances, which have arisen since 30 June 2007, that have significantly affected or may significantly affect:

a) the operations, in financial years subsequent to 30 June 2007, of the Group;
b) the results of those operations; or
c) the state of affairs, in financial years subsequent to 30 June 2007, of the Group
   other than elsewhere disclosed in this report and the financial statements (Refer Note 30).

Future developments

Disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Accordingly, this information has not been disclosed in this report.

Directors' Report continued

Environmental regulations

As part of the Group's land development operations certain deeds have been entered into which require regular environmental monitoring under state and local government legislation.

The Directors are not aware of any significant breaches of those requirements during the period covered by this report.

Indemnification of officers and auditors

The company has agreed to indemnify all the directors and officers for any breach of laws and regulations arising from their role as directors and officers. The agreement provides for the company to pay an amount not exceeding $5,000,000. The total amount of premiums paid was $33,200.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part or those proceedings. The party was not a party to any such proceedings.

Rounding

The Company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998 and in accordance with that class order amounts in the financial report have been rounded to the nearest thousand dollars.

Auditor's Independence

The Auditor's Independence Declaration for the year ended 30 June 2007 has been received (refer page 26).

Non - audit services

The following non-audit services were provided by HLB Mann Judd and associated entities of HLB Mann Judd. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence has not been compromised.

HLB Mann Judd and associated entities of HLB Mann Judd received or are due to receive the following amounts for the provision of non-audit services:

HLB Mann Judd	$15,832	Consulting – Bidder's Statement – Eumundi Group Ltd and Attendance at General Meeting
HLB Mann Judd	$7,746	Preparation of Income Tax Returns

Signed in accordance with a resolution of the directors:

Ian Laurance

Ian Laurance AM
EXECUTIVE CHAIRMAN

Perth, Western Australia
Dated: 27 September 2007

Auditor’s Independence Declaration

HLB Mann Judd

Accountants | Business and Financial Advisers

Auditor’s Independence Declaration

As lead auditor for the audit of the financial report of Axiom Properties Ltd for the year ended 30 June 2007, 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 audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Axiom Properties Ltd.

Perth, Western Australia
27 September 2007

W M Clark
Partner, HLB Mann Judd

HLB Mann Judd (WA Partnership)
15 Rheola Street West Perth 6005. PO Box 263 West Perth 6872 Western Australia. DX 238 (Perth) Telephone +61 (08) 9481 0977. Fax +61 (08) 9481 3686.
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Partners: Terry M Blenkinsop, Litsa Christodulou, Wayne M Clark, Lucio Di Giallonardo, Colin D Emmott, Trevor G Hoddy, Norman G Neill, Peter J Speechley

HLB Mann Judd (WA Partnership) is a member of HLB International and the HLB Mann Judd National Association of independent accounting firm

Corporate Governance Statement

Statement

Since listing on the Australian Stock Exchange ("**ASX**"), Axiom Properties Limited ("**Company**") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this report. Commensurate with the spirit of the ASX Principles of Good Corporate Governance and Best Practice Recommendations, the Company has followed each Recommendation where the Board has considered the Recommendation to be an appropriate benchmark for corporate governance practices, taking into account factors such as the size of the Company and the Board, resources available and activities of the Company. Where, after due consideration, the Company's corporate governance practices depart from the Recommendations, the Board has offered full disclosure of the nature of, and reason for, the adoption of its own practice.

Further information about the Company's corporate governance practices is set out on the Company's website at **www.axiompl.com.au**. In accordance with the recommendations of the ASX, information published on the Company's website includes charters (for the board and its sub-committees), codes of conduct and other policies and procedures relating to the board and its responsibilities.

Explanations for departures from best practice recommendations

During the Company's 2006/2007 financial year ("**Reporting Period**") the Company has complied with each of the Ten Essential Corporate Governance Principles and the corresponding Best Practice Recommendations as published by the ASX Corporate Governance Council ("**ASX Principles and Recommendations**"), other than in relation to the matters specified below.

Principle 2 Recommendation 2.1

Notification of Departure: Only one of the 4 directors (Mr Michael Blakiston) is independent.

Explanation for Departure: The Board considers its structure is, and continues to be, appropriate in the context of the Company's change in control which occurred in April 2006. The Company considers that each of the non-independent directors possess the right combination of skills and experience suitable for building the Company.

The Chairman, Mr Ian Laurance, is not independent because he carries out an executive role in the Company. Mr Ian Laurance is the brother of Mr Peter Laurance who owns 80% of the shares in Q-West Pty Ltd which in turn owns the majority of shares in Pivot Group Pty Ltd, the controlling shareholder of the Company. However, the Board does not consider the relationship between Mr Ian Laurance and Mr Peter Laurance itself to prevent Mr Ian Laurance from carrying out these duties as Chairman with the requisite independence of mind required by such a position. Further Mr Ben Laurance is not independent as he holds an executive position. Mr Ben Laurance is a director of Pivot Group Pty Ltd, the major shareholder of the Company. He is also Mr Peter Laurance's son and nephew of Mr Ian Laurance. Mr Ben Laurance has been appointed to the board to assist the Company to benefit from a strong relationship with its major shareholder, Pivot Group Pty Ltd.

Mr Umberto Gianotti is a non-executive director of the Company, he is not considered to be independent as he is a significant consultant of Pivot Group Pty Ltd. The relationship between the Company, members of its board and Pivot Group Pty Ltd was fully detailed in the disclosure materials provided by shareholders on or about 10 March 2006 and approved by shareholders on 11 April 2006. On 24 June 2006 Mr Michael Blakiston was appointed as a non-executive, independent director. The Board intends to monitor its composition as the Company's operations evolve and appoint further independent directors as appropriate.

Corporate Governance Statement continued

Principle 2 Recommendation 2.2

Notification of Departure: The chair does not satisfy the test of independence as set out in Box 2.1 of the ASX Principles of Good Corporate Governance and Best Practice Recommendations Independence Test ("**Independence Test**").

Explanation for Departure: Mr Ian Laurance, the current chair, does not satisfy paragraph 2 of the Independence Test as he carries out the role of executive chair. The Board believes that Mr Ian Laurance is the most appropriate person for the position as chair because of his industry experience including, former State Minister for Housing, Tourism and Lands, former Chairman of Midland Redevelopment Authority and current director of a number of semi-government and not-for-profit boards. The Board appointed Mr Michael Blakiston as an independent director and in this capacity Mr Blakiston can facilitate any areas where it may be inappropriate for Mr Ian Laurance to do so should such circumstances arise.

Principle 2 Recommendation 2.4

Notification of Departure: A separate nomination committee has not been formed. However, the Company adopted the Nomination Committee Charter on 28 September 2006.

Explanation of Departure: The role of the nomination committee is carried out by the full Board in accordance with the Nomination Committee Charter. The Board considers that at this stage, no efficiencies or other benefits would be gained by establishing a separate nomination committee. Prior to 28 September 2006, the full Board reviewed and considered the selection and appointment of directors on an as required basis.

Principle 4 Recommendation 4.2, 4.3

Notification of Departure: A separate Audit Committee was formed on 28 September 2006.

Explanation for Departure: Prior to 28 September 2006 the full board undertook the duties and responsibilities usually carried out by an audit committee. On 28 September 2006 the Company appointed its non-executive directors to the audit committee and have since developed an audit review process whereby the independent directors will meet with the external auditor and finance management as required to ensure the highest possible degree of integrity of the Company's financial operations.

Principle 4 Recommendation 4.3

Notification of Departure: The audit committee does not meet the requirements for composition. There are only two members of the audit committee.

Explanation for Departure: The Board considers it a priority to restrict membership of the audit committee to non-executive directors. Accordingly, due to the current structure of the Board, only Mr Michael Blakiston and Mr Umberto Gianotti are eligible to be members of the audit committee. The Board considers the composition of the audit committee satisfactory to properly discharge the duties of the audit committee.

Principle 8 Recommendation 8.1

Notification of Departure: During the Reporting Period there was no performance evaluation of the Board, its committees and individual directors.

Explanation for Departure: The current Board has only been in place since June 2006 and did not conduct a performance evaluation during the Reporting Period.

Nomination committee

The full Board carries out the role of the Nomination Committee. The full Board did not officially convene as a Nomination Committee during the Reporting Period, however nomination-related discussions occurred from time to time during the year as required.

Audit committee

Names and Qualifications of Audit Committee Members

The following directors are members of the Audit Committee:

Michael Blakiston and Umberto Gianotti formed the Audit Committee on 28 September 2006 and met once in this capacity during the year. Prior to 28 September 2006 the full board carried out the duties and responsibilities of the Audit Committee, and met once during the Reporting Period in this capacity.

Remuneration committee

Company's Remuneration Policies

The full Board, in its capacity as the Remuneration Committee, held three meetings during the reporting period.

The Board, subject to the approval of shareholders in general meeting, sets the remuneration of the non-executive members of the Board. Remuneration is set according to the skills, experience and length of service of each director.

Remuneration of the Executive Director is determined by the Board of Directors and is also determined by the skills, experience and length of service of the Executive Director.

Non-executive directors receive a fixed fee and statutory superannuation for the services as directors.

The Company constitution provides that directors may collectively be paid a fixed sum not exceeding the aggregate maximum per annum from time to time as determined by the Company. A director may be paid fees or other amounts as the directors determine where a director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director.

There is no direct link between remuneration paid to non-executive directors and corporate performance such as bonus payments for achievement of certain key performance indicators.

Remuneration for executive directors is based upon a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the company. The contracts for service for executive directors and other executives are on a continuing basis the terms of which are not expected to change. Remuneration packages may include base salary, superannuation, fringe benefits and options.

Other

Skills, Experience, Expertise and Term of Office of each Director

A profile of each director containing the applicable information is set out in the Directors' Report.

Corporate Governance Statement continued

Identification of Independent Directors

The independent director of the Company is Michael Blakiston.

Mr Blakiston is a principal of the firm Blakiston & Crabb. Blakiston & Crabb have provided legal services to the Company. The Company pays legal fees on a normal commercial basis to Blakiston & Crabb.

As a result of Mr Blakiston being a principal of Blakiston & Crabb he does not fit within paragraph 3 of the criteria of independence as set out in Box 2.1 of the commentary that supplements the Principles of Good Corporate Governance and Best Practice Recommendations as published by the ASX Corporate Governance Council ("Independence Criteria"). Mr Blakiston passes all other aspects of the Independence Criteria. The Board of Axiom Properties Limited (in the absence of Mr Blakiston) considers he is capable of and demonstrates that he consistently makes decisions and takes actions which are designed to be for the best interests of the Company. The Board notes the fees paid to Blakiston & Crabb are not material to the Company and are not of a high enough level to be material to Mr Blakiston's practice or the firm Blakiston & Crabb. Therefore the Board considers Mr Blakiston to be independent.

Statement concerning availability of Independent Professional Advice

If a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of his office as a director, then, provided the director first obtains approval for incurring such expense from the chairperson, the Company will pay the reasonable expenses associated with obtaining such advice.

Confirmation whether Performance Evaluation of the Board and its members have taken place and how conducted

Control of the Company changed in April 2006, with shareholder approval and a new board was appointed at that time. Mr Michael Blakiston was appointed to the Board in June 2006 and both Mr Blakiston and Mr Umberto Gianotti were elected to the Board at the Company's Annual General Meeting in November 2006. Therefore given these recent appointments the new board has not considered it an appropriate time to undertake an evaluation of the board and its members. It is anticipated an evaluation will be conducted in the 2007/2008 financial year.

Existence and Terms of any Schemes for Retirement Benefits for Non-Executive Directors

There are no termination or retirement benefits for non-executive directors.

Independent Auditor's Report

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of
AXIOM PROPERTIES LIMITED

We have audited the accompanying financial report of Axiom Properties Limited ("the company"), which comprises the balance sheet as at 30 June 2007, the income statement, statement of changes in equity, cash flow statement and notes to the financial statements for the year then ended and the directors' declaration for both the company and the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the end of the financial year or from time to time during the financial year.

As permitted by the Corporations Regulations 2001, the company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), required by Accounting Standard AASB 124: Related Party Disclosures, under the heading "remuneration report" in the directors' report and not in the financial report. We have audited these remuneration disclosures.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the 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.

In Note 1 (c), the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibility is to also express an opinion on the remuneration disclosures contained in the directors' report based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, and the remuneration disclosures contained in the directors' report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures contained in the directors' report.

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Independent Auditor's Report continued

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Axiom Properties Limited and included in the directors' report, would be on the same terms if provided to the directors as at the time this auditor's report was made.

Auditor's Opinion

In our opinion:

(a) the financial report of Axiom Properties Limited is in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year then ended; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(c).

Auditor's Opinion on the AASB 124 Disclosures Contained in the Directors' Report

In our opinion the remuneration disclosures that are contained in the directors' report comply with Accounting Standard AASB 124.

HLB Mann Judd.

HLB MANN JUDD
Chartered Accountants

W M Clark

Perth, Western Australia
27 September 2007

W M CLARK
Partner

Directors' Declaration

1. In the opinion of the directors:

    a. the financial statements and notes of the company and of the consolidated entity are in accordance with the Corporations Act 2001 including:

        i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year then ended; and

        ii. complying with Accounting Standards and Corporations Regulations 2001; and

    b. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2007.

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

Ian Laurance AM
EXECUTIVE CHAIRMAN

Perth, Western Australia
Dated: 27 September 2007

Income Statement

FOR THE YEAR ENDED 30 JUNE 2007

	Note	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Revenue	2	**10,240**	1,124	**10,240**	220
Cost of sales		**(5,010)**	(721)	**(5,010)**	-
Gross profit		**5,230**	403	**5,230**	220
Other income	2	**1,687**	637	**483**	141
Depreciation		**(24)**	(27)	**(16)**	(17)
Rates and taxes		**(4)**	(10)	**-**	-
Rent		**(100)**	(35)	**(100)**	(35)
Employee benefits expense		**(1,363)**	(478)	**(1,363)**	(472)
Site maintenance		**-**	(1)	**-**	-
Share of net result of jointly controlled entities accounted for using the equity method	29	**(19)**	-	**-**	-
Reversal of impairment in value of subsidiaries		**-**	-	**53**	42
Reversal of impairment of loans to subsidiaries		**-**	-	**4,981**	628
Other expenses from ordinary activities		**(747)**	(225)	**(730)**	(243)
		4,660	264	**8,538**	264
Finance costs		**(866)**	(915)	**(924)**	(915)
Profit/(loss) before income tax		**3,794**	(651)	**7,614**	(651)
Income tax (expense)/benefit	4	**(1,548)**	3,830	**(881)**	3,830
Profit after related income tax		**2,246**	3,179	**6,733**	3,179
Net profit for the year		**2,246**	3,179	**6,733**	3,179
Basic earnings per share	31	0.75 cents	1.86 cents		
Diluted earnings per share		0.63 cents	1.65 cents		

The accompanying notes form part of these financial statements.

Balance Sheet as at 30 June 2007

	Note	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
CURRENT ASSETS					
Cash and cash equivalents	5	**4,767**	2,004	**4,733**	2,000
Trade and other receivables	6	**209**	250	**197**	174
Other current assets	7	**4,494**	-	**4,494**	-
TOTAL CURRENT ASSETS		**9,470**	2,254	**9,424**	2,174
NON-CURRENT ASSETS					
Investments accounted for using the equity method	8	**26,041**	10,448	**15,612**	-
Property, plant and equipment	9	**46**	62	**46**	54
Trade and other receivables	10	**-**	-	**15,033**	11,063
Other assets	12	**3,823**	3,830	**13,811**	14,135
TOTAL NON-CURRENT ASSETS		**29,910**	14,340	**44,502**	25,252
TOTAL ASSETS		**39,380**	16,594	**53,926**	27,426
CURRENT LIABILITIES					
Trade and other payables	13	**3,297**	381	**3,322**	402
Interest bearing liabilities	14	**11**	11	**11**	11
TOTAL CURRENT LIABILITIES		**3,308**	392	**3,333**	413
NON-CURRENT LIABILITIES					
Trade and other payables	16	**-**	-	**10,836**	10,811
Interest bearing liabilities	15	**9,543**	9,555	**9,543**	9,555
Other	17	**863**	-	**61**	-
TOTAL NON-CURRENT LIABILITIES		**10,406**	9,555	**20,440**	20,366
TOTAL LIABILITIES		**13,714**	9,947	**23,773**	20,779
NET ASSETS		**25,666**	6,647	**30,153**	6,647
EQUITY					
Issued capital	18	**55,430**	39,427	**55,430**	39,427
Reserves	19	**770**	-	**770**	-
Accumulated losses	20	**(30,534)**	(32,780)	**(26,047)**	(32,780)
TOTAL EQUITY		**25,666**	6,647	**30,153**	6,647

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2007

Consolidated	Issued Capital $'000	Retained Earnings $'000	Reserves $'000	Total Equity $'000
Balance at 1 July 2005	37,650	(35,959)	-	1,691
Profit attributable to members of the parent entity	-	3,179	-	3,179
Issue of share capital	2,000	-	-	2,000
Transaction costs	(223)	-	-	(223)
Balance at 30 June 2006	39,427	(32,780)	-	6,647
Balance at 1 July 2006	39,427	(32,780)	-	6,647
Profit attributable to members of the parent entity	-	2,246	-	2,246
Issue of share capital	16,384	-	-	16,384
Transaction costs	(381)	-	-	(381)
Share based payment reserve	-	-	629	629
Net gains revaluation reserve	-	-	141	141
Balance at 30 June 2007	55,430	(30,534)	770	25,666

Parent	Issued Capital $'000	Retained Earnings $'000	Reserves $'000	Total Equity $'000
Balance at 1 July 2005	37,650	(35,959)	-	1,691
Profit attributable to members of the parent entity	-	3,179	-	3,179
Issue of share capital	2,000	-	-	2,000
Transaction costs	(223)	-	-	(223)
Balance at 30 June 2006	39,427	(32,780)	-	6,647
Balance at 1 July 2006	39,427	(32,780)	-	6,647
Profit attributable to members of the parent entity	-	6,733	-	6,733
Issue of share capital	16,384	-	-	16,384
Transaction costs	(381)	-	-	(381)
Share based payment reserve	-	-	629	629
Net gains revaluation reserve	-	-	141	141
Balance at 30 June 2007	55,430	(26,047)	770	30,153

The accompanying notes form part of these financial statements.

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2007

	Note	Consolidated		Parent Entity	
		2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		**1,485**	1,620	**184**	225
Payments to suppliers & employees		**(1,696)**	(1,010)	**(1,752)**	(617)
Interest received		**482**	22	**483**	21
Interest & other costs of finance paid		**(791)**	(820)	**(849)**	(818)
Other		**-**	(31)	**113**	6
Net cash provided by/(used in) operating activities	5(b)	**(520)**	(219)	**(1,821)**	(1,183)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of plant and equipment		**(8)**	(8)	**(8)**	(8)
Purchase of shares in listed entity		**(4,450)**	-	**(4,450)**	-
Purchase of interests in jointly controlled entities		**(7,969)**	-	**(7,836)**	-
Net cash provided by/(used in) investing activities		**(12,427)**	(8)	**(12,294)**	(8)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		**16,382**	2,000	**16,383**	2,000
Share issue costs paid		**(662)**	(122)	**(662)**	(122)
Proceeds from related loan		**-**	549	**1,137**	1,509
Repayments of related loan		**-**	(549)	**-**	(549)
Increase/(reduction) in lease and hire purchase liabilities		**(10)**	(5)	**(10)**	(5)
Net cash provided by/(used in) financing activities		**15,710**	1,873	**16,848**	2,833
Net increase/(decrease) in cash held		**2,763**	1,646	**2,733**	1,642
Cash at the beginning of the year		**2,004**	358	**2,000**	358
Cash at the end of the year	5(a)	**4,767**	2,004	**4,733**	2,000

The accompanying notes form part of these financial statements.

Notes To and Forming Part of The Financial Statements

FOR THE YEAR ENDED 30 JUNE 2007

1 - Statement of significant accounting policies

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law. The financial report has also been prepared on a historical cost basis.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the class order applies. The Company is registered and domiciled within Australia.

The Company is a listed public company, incorporated in Australia and operating in Australia.

(b) Adoption of New and Revised Standards

In the year ended 30 June 2007, 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.

(c) Statement of Compliance

The financial report was authorised for issue on 26 September 2007. The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(d) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Axiom Properties Limited and its subsidiaries as at 30 June each year (the Group).

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

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The acquisition of subsidiaries has been accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition. Accordingly, the consolidated financial statements include the results of subsidiaries for the period from their acquisition.

1 - Statement of significant accounting policies (continued)

(e) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

(ii) Rendering of services

Revenue from the rendering of services is recognised by reference to the stage of completion of the contract.

(iii) Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(iv) Dividends

Revenue is recognised when the Group's right to receive the payment is established.

(v) Rental income

Rental income from investment properties is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned. Lease incentives granted are recognised as an integral part of the total rental income.

(f) Borrowing Costs

Borrowing costs are recognised as an expense when incurred except those that relate to the acquisition, construction or production of qualifying assets where the borrowing cost is added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

(g) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the general policy on borrowing costs - refer Note 1(f).

Finance leased assets are depreciated on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Notes To and Forming Part of The Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2007

1 - Statement of significant accounting policies (continued)

(h) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(i) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

(j) Inventories

Costs relating to the acquisition and development of land are capitalised and carried forward at cost, as inventories. As developed lots are settled the associated value of inventories is expensed to the Income Statement. Profits are brought to account on the contract of sale settlement.

Inventories are valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(k) Derivative financial instruments and hedging

The Group uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured to fair value. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to net profit or loss for the year. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

(l) Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or

the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is

1 - Statement of significant accounting policies (continued)

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

(i) Financial assets (continued)

recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(m) Impairment of financial assets

The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account.

The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

1 - Statement of significant accounting policies (continued)

(m) Impairment of financial assets (continued)

(ii) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

(iii) Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the income statement. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(n) Investment in Jointly Controlled Entity

The Group's interests in jointly controlled entities are brought into account using the equity method of accounting in the consolidated financial statements. Any parent entity interests in jointly controlled entities are brought to account at cost. Refer to Note 8.

(o) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

1 - Statement of significant accounting policies (continued)

(o) Income tax (continued)

- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(p) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(q) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Land and buildings are measured at fair value less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation.

1 - Statement of significant accounting policies (continued)

(q) Property, plant and equipment (continued)

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Buildings – over 20 years

Plant and equipment – over 5 to 15 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the income statement in the cost of sales line item. However, because land and buildings are measured at revalued amounts, impairment losses on land and buildings are treated as a revaluation decrement.

(ii) Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(r) Investments and other financial assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

1 - Statement of significant accounting policies (continued)

(r) Investments and other financial assets (continued)

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

(s) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

1 - Statement of significant accounting policies (continued)

(t) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

(u) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(v) Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(w) Share-based payment transactions

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

There is currently an Employee Share Option Plan (ESOP), which provides benefits to directors and senior executives.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black and Scholes model, further details of which are given in Note 33.

1 - Statement of significant accounting policies (continued)

(w) Share-based payment transactions (continued)

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Axiom Properties Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 31).

(x) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(y) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

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

Notes To and Forming Part of The Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2007

	Consolidated		Parent	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000

2 - Revenue

	Consolidated		Parent	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Operating Revenue				
Sales Revenue:				
Sales of inventories	-	904	-	-
Share of profit from development agreement	**10,000**	-	10,000	-
Rendering of services	**240**	220	240	220
	10,240	1,124	**10,240**	220
Revenue From Non-operating Activities				
Interest revenue	**483**	21	**483**	21
Other income	**1,204**	616	**-**	120
	1,687	637	**483**	141
Total Revenue	**11,927**	1,761	**10,723**	361

3 - Profit/(Loss) before income tax expense

	Consolidated		Parent	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Profit/(loss) before income tax includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the entities				
a) Revenue and net gains				
Reversal of impairment of loans to subsidiaries	**-**	-	**4,981**	628
Reversal of impairment in value of investment in subsidiaries	**-**	-	**53**	42
b) Expenses				
Operating lease rentals	**100**	35	**100**	35
Finance lease charges	**5**	5	**5**	5
Depreciation of property, plant and equipment	**24**	27	**16**	17
Loss on disposal of property, plant & equipment	**-**	2	**-**	2
c) Borrowing costs				
Interest				
- Other entities	**791**	807	**849**	807
- Related entities	**-**	10	**-**	10
Other borrowing costs	**75**	98	**75**	98
	866	915	**924**	915

Notes To and Forming Part of The Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2007

	Consolidated		Parent	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000

4 - Income tax expense

a) The prima facie income tax expense/(benefit) on the operating profit/(loss) is reconciled to the income tax expense/(benefit) as follows:

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Operating profit/(loss) before income tax	**3,794**	(651)	**7,614**	(651)
Income tax expense/(benefit) calculated at 30% (2006:30%) of operating profit/(loss)	**1,138**	(195)	**2,284**	(195)
Adjusted for tax effect of:				
Deductible items	**(67)**	-	**(81)**	-
Share options expensed during the year	**188**	-	**188**	-
Reversal of impairment in value	**-**	-	**(1,510)**	-
Deferred tax asset brought to account in respect of income tax losses from prior periods	**-**	(3,635)	**-**	(3,635)
Other	**289**	-	**-**	-
Income tax expense/(benefit) applicable to ordinary activities	**1,548**	(3,830)	**881**	(3,830)

b) The components of Tax Expense comprise:

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Current tax expense	**-**	-	**-**	-
Deferred tax	**1,548**	-	**881**	-
Recoupment of prior year tax losses	**-**	(3,830)	**-**	(3,830)
Total income tax expense/(benefit)	**1,548**	(3,830)	**881**	(3,830)

c) Income tax recognised directly in equity

The following current and deferred amounts were charged directly to equity during the period:

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Current tax: share-issue expenses	**268**	-	**268**	-
Deferred tax: net gains revaluation	**(61)**	-	**(61)**	-
	207	-	**207**	-

	Consolidated		Parent	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000

4 - Income tax expense (continued)

d) Deferred Tax Assets and Liabilities

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Deferred Tax Assets comprise:				
Losses available for offset against future taxable income	**3,114**	3,830	**2,978**	3,830
Write off of capitalised costs	**38**	-	**38**	-
Share issue expenses	**214**	-	**214**	-
	3,366	3,830	**3,230**	3,830
Deferred Tax Liabilities comprise:				
Net gains revaluation	**61**	-	**61**	-
Temporary differences in inventory	**802**	-	**-**	-
	863	-	**61**	-

e) Tax Consolidation

Legislation has been enacted to allow groups, comprising of a parent entity and its Australian resident wholly owned entities, to elect to be consolidated and be treated as a single entity for income tax purposes. The legislation, which includes both mandatory and elective elements, is applicable to Axiom Properties Limited.

As at the reporting date, the Directors have not made an election to be taxed as a single entity. In accordance with Urgent Issues Group Interpretation 1039 "Substantive Enactment of Major Tax Bills in Australia" , the financial effect of the legislation has therefore not been brought to account in the financial statements for the year ended 30 June 2007, except to the extent that the adoption of the tax consolidation would impair the carrying value of any deferred tax assets.

5 - Notes to the statements of cash flows

a) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the year as shown in the Statement of Cash Flows agrees with the related items in the Balance Sheet as follows:

	Consolidated		Parent	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Cash at bank and in hand	**4,767**	2,004	**4,733**	2,000

b) Reconciliation of Net Cash Provided by Operating Activities to Operating Profit After Tax

	Consolidated		Parent	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Operating profit after tax	**2,246**	3,179	**6,733**	3,179
Non cash items:				
Depreciation	**24**	27	**16**	18
Loss on sale of assets	**-**	2	**-**	2
Impairment of subsidiaries	**-**	-	**(77)**	(42)
Impairment of loans to subsidiaries	**-**	-	**(4,981)**	(628)
Share of associated company's net loss	**19**	-	**-**	-
Write off of takeover costs	**157**	-	**157**	-
Share based payments	**628**	-	**628**	-
Net share of profit from development agreement	**(5,000)**	-	**(5,000)**	-
Changes in assets and liabilities:				
(Increase) /decrease in receivables	**40**	(28)	**(23)**	45
Decrease in inventories	**-**	432	**-**	-
Increase /(decrease) in creditors and borrowings	**(183)**	(5)	**(156)**	66
(Decrease) in provisions	**-**	3	**-**	5
Tax balances	**1,549**	-	**882**	-
(Increase) /decrease in other assets	**-**	(3,829)	**-**	(3,828)
Net cash flow used in operating activities	**(520)**	(219)	**(1,821)**	(1,183)

5 - Notes to the statements of cash flows (continued)

	Consolidated		Parent	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
c) Financing Facilities				
Access was available at balance date to the following lines of credit:				
Total facilities				
Bank loan facilities	**9,500**	9,500	**9,500**	9,500
Other facilities	**-**	250	**-**	250
	9,500	9,750	**9,500**	9,750
Used at balance date				
Bank loan facilities	**9,500**	9,500	**9,500**	9,500
Unused at balance date				
Bank loan facilities	**-**	-	**-**	-
Other facilities	**-**	250	**-**	250
	-	250	**-**	250

Bank financing facilities during the year to 30 June 2007 were provided by BankWest Ltd. The facility was comprised of a cash advance development facility of $9.5M and a contingent instrument facility of $1.85M. Both facilities expire on 31 December 2007, subject to annual review. Facilities are secured by a fixed and floating charge over the assets and undertakings in Port Geographe Joint Venture. The weighted average rate applicable to these facilities is 9.01% at 30 June 2007 (2006: 8.77%).

The Group has also entered into a first ranking registered equitable mortgage with Commonwealth Bank of Australia limited to the rights, entitlements and interests of the Group in the 250 Spencer St Joint Venture. The facility funded the purchase of 250 Spencer St Melbourne Victoria by the 250 Spencer St Joint Venture (Refer to Note 29). The facility is currently fully drawn ($45.7M) in the 250 Spencer St Joint Venture.

	Consolidated 2007	Consolidated 2006	Parent 2007	Parent 2006
Assets pledged as security				
Current				
Fixed and floating charge				
Cash	**849**	2,004	**849**	2,000
Receivables	**-**	250	**-**	174
Total current assets pledged as security	**849**	2,254	**849**	2,174
Non Current				
Fixed and floating charge				
Investments accounted for using the equity method	**26,040**	10,448	**15,613**	-
Other financial assets	**-**	3,830	**-**	14,135
Receivables	**-**	-	**-**	11,063
Property, plant and equipment	**-**	11	**-**	3
Finance lease				
Property, plant and equipment	**36**	51	**36**	51
Total non current assets pledged as security	**26,076**	14,340	**15,649**	25,252
Total assets pledged as security	**26,925**	16,594	**16,498**	27,426

Notes To and Forming Part of The Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2007

	Consolidated		Parent	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000

6 - Current assets - Trade and other receivables

Trade debtors	**85**	98	**98**	22
Other debtors	**124**	152	**99**	152
	209	250	**197**	174

7 - Current assets - Other financial assets

Shares in corporations listed on a prescribed stock exchange	**4,292**	-	**4,292**	-
Net gain revaluation	**202**	-	**202**	-
	4,494	-	**4,494**	-

8 - Investments accounted for using the equity method

Interests in jointly controlled entities (Note 29)	**26,041**	10,448	**15,612**	-

9 - Non-current assets - Property, plant and equipment

Plant and equipment - at cost	**106**	98	**62**	55
Accumulated depreciation	**(96)**	(87)	**(52)**	(52)
	10	11	**10**	3
Plant and equipment – finance lease	**75**	75	**75**	75
Accumulated depreciation	**(39)**	(24)	**(39)**	(24)
	36	51	**36**	51
Furniture and fittings - at cost	**19**	20	**15**	15
Accumulated depreciation	**(19)**	(20)	**(15)**	(15)
	-	-	**-**	-
Buildings - at cost	**118**	118	**-**	-
Accumulated depreciation	**(118)**	(118)	**-**	-
	-	-	**-**	-
Total property, plant and equipment	**46**	62	**46**	54

Notes To and Forming Part of The Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2007

	Consolidated		Parent	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
10 - Non current assets - Trade and other receivables				
Amounts receivable from:				
Subsidiaries	**-**	-	**17,570**	18,582
Less impairment	**-**	-	**(2,537)**	(7,519)
	-	-	**15,033**	11,063

11 - Reconciliation of movements in property, plant and equipment

2007	**Carrying Value 2006**	**Additions**	**Disposals**	**Depreciation Write Back**	**Depreciation**	**Carrying Value 2007**
	$'000	$'000	$'000	$'000	$'000	$'000
Property, plant & equipment	62	8	-	-	(24)	46

2006	**Carrying Value 2005**	**Additions**	**Disposals**	**Depreciation Write Back**	**Depreciation**	**Carrying Value 2006**
	$'000	$'000	$'000	$'000	$'000	$'000
Property, plant & equipment	86	7	(15)	11	(27)	62

	Consolidated		Parent	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
12 - Other assets				
Shares and units held in unlisted subsidiaries	**-**	-	**20,204**	20,204
Shares in corporations listed on a prescribed stock exchange (Note i)	**100**	100	**-**	-
Less impairment	**(100)**	(100)	**(9,846)**	(9,899)
	-	-	**10,358**	10,305
Capitalised project costs	**457**	-	**223**	-
Deferred income tax asset (Note ii)	**3,366**	3,830	**3,230**	3,830
	3,823	3,830	**13,811**	14,135

(i) The market value of shares in corporations listed on a prescribed stock exchange was $Nil at balance date (2006 $Nil).

12 - Other assets (continued)

(ii) The deferred tax asset relates to the recognition of the benefit of income tax losses. The utilization of the deferred tax asset is dependent on the group satisfying the following conditions:

(i) assessable income is derived of a nature and of an amount sufficient to enable the benefit from the deductions to be realised;

(ii) conditions for deductibility imposed by the law are complied with;

(iii) no change in legislation adversely affects the companies in the Group in realising the benefit from the deductions for the losses.

The Directors consider these conditions will be satisfied through anticipated profits arising from the Group's interests in Port Geographe Joint Venture, the development at 100 St George's Tce and 250 Spencer St Joint Venture.

	Consolidated		**Parent**	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
13 - Current liabilities - Trade and other payables				
Trade creditors – other	**158**	59	**183**	80
Accrued expenses	**3,139**	322	**3,139**	322
	3,297	381	**3,322**	402
14 - Current liabilities - Interest bearing liabilities				
Finance lease (Note 21)	**11**	11	**11**	11
15 - Non Current liabilities - Interest bearing liabilities				
Bank loans – secured (Note 5 (c))	**9,500**	9,500	**9,500**	9,500
Finance lease (Note 21)	**43**	55	**43**	55
	9,543	9,555	**9,543**	9,555
16 - Non current liabilities - Trade and other payables				
Amount payable to subsidiary	**-**	-	**10,836**	10,811
17 - Non current liabilities - Other				
Deferred tax liability	**863**	-	**61**	-

Notes To and Forming Part of The Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2007

	Consolidated		Parent	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
18 - Issued capital				
Fully paid and partly paid ordinary shares	**55,430**	39,427	**55,430**	39,427
Fully Paid Ordinary Shares				
At the beginning of the year	**38,605**	37,650	**38,605**	37,650
- 25,000,000 on 12 April 2006 – Pivot transaction	**-**	1,000	**-**	1,000
- 100,000,000 on 27 September 2006 – conversion of partly paid shares	**3,822**	-	**3,822**	-
- 43,613,000 on 6 October 2006 - placement	**13,083**	-	**13,083**	-
- 1,000,000 on 28 November 2006 - placement	**300**	-	**300**	-
Transaction costs relating to share issues	**(380)**	(45)	**(380)**	(45)
At reporting date	**55,430**	38,605	**55,430**	38,605
	2007 No.	**2006 No.**	**2007 No.**	**2006 No.**
At the beginning of the year	**190,757,532**	165,757,532	**190,757,532**	165,757,532
- 12 April 2006 – Pivot transaction	**-**	25,000,000	**-**	25,000,000
- 100,000,000 on 27 September 2006 – conversion of partly paid shares	**100,000,000**	-	**100,000,000**	-
- 43,613,000 on 6 October 2006 - placement	**43,613,000**	-	**43,613,000**	-
- 1,000,000 on 28 November 2006 - placement	**1,000,000**	-	**1,000,000**	-
At reporting date	**335,370,532**	190,757,532	**335,370,532**	190,757,532
Partly Paid Ordinary Shares				
At the beginning of the year	**822**	-	**822**	-
- 100,000,000 on 12 April 2006 – Pivot transaction	**-**	1,000	**-**	1,000
- 100,000,000 on 28 July 2006 – part payment	**320**	-	**320**	-
- 100,000,000 on 27 September 2006 – final payment	**2,680**	-	**2,680**	-
- 100,000,000 on 27 September 2006 – conversion of partly paid shares	**(3,822)**	-	**(3,822)**	-
Transaction costs relating to share issues	**-**	(178)	**-**	(178)
At reporting date	**-**	822	**-**	822

18 - Issued capital (continued)

Partly Paid Ordinary Shares (continued)

	2007 No.	2006 No.	**2007 No.**	2006 No.
At the beginning of the year	**100,000,000**	-	**100,000,000**	-
- 12 April 2006 – Pivot transaction	**-**	100,000,000	**-**	100,000,000
- 100,000,000 on 27 September 2006 – conversion of partly paid shares	**(100,000,000)**	-	**(100,000,000)**	-
At reporting date	**-**	100,000,000	**-**	100,000,000

Terms and Conditions of Issued Capital

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Options	**2007 No. '000**	**2006 No. '000**
Exercisable at 10 cents each prior to 31 December 2008	**10,000**	10,000
Exercisable at 20 cents each to 15 January 2009	**140,000**	140,000
Exercisable at 45 cents each to 14 December 2008	**8,000**	-
Exercisable at 45 cents each to 20 December 2008	**1,000**	-
Exercisable at 45 cents each to 15 June 2009	**2,000**	-
	161,000	150,000

	Consolidated		**Parent**	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000

19 - Reserves

Share Based Payment Reserve				
At the beginning of the year	**-**	-	**-**	**-**
Share based payment expense	**629**	-	**629**	**-**
At reporting date	**629**	-	**629**	**-**
Net Gains Revaluation Reserve				
At the beginning of the year	**-**	-	**-**	-
Net gains revaluation – listed shares	**202**	-	**202**	-
Tax effect	**(61)**	-	**(61)**	-
At reporting date	**141**	-	**141**	-
	770	-	**770**	-

	Consolidated		Parent	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000

20 - Accumulated losses

	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Balance at the beginning of the year	**(32,780)**	(35,959)	**(32,780)**	**(35,959)**
Net profit after tax	**2,246**	3,179	**6,733**	**3,179**
At reporting date	**(30,534)**	(32,780)	**(26,047)**	**(32,780)**
Franking credits available for subsequent years	**-**	-	**-**	**-**

21 - Finance lease liabilities

	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Finance lease commitments payable:				
No later than 1 year	**15**	15	**15**	15
Later than 1 year and not later than 2 years	**15**	15	**15**	15
Later than 2 years and not later than 5 years	**31**	46	**31**	46
Later than 5 years	**-**	-	**-**	-
Minimum future lease payments	**61**	76	**61**	76
Deduct future finance charges	**(7)**	(10)	**(7)**	(10)
Present value of minimum lease payments	**54**	66	**54**	66
Included in the balance sheet as:				
Interest bearing liabilities				
Current (Note 14)	**11**	11	**11**	11
Non-current (Note 15)	**43**	55	**43**	55
	54	66	**54**	66

22 - Contingent liabilities

BankWest Limited has issued guarantees on behalf of the Group to third parties pursuant to the requirements of the Shire of Busselton and other parties in relation to Port Geographe. These guarantees amounted to $1,850,000 at 30 June 2007 (2006: $1,850,000).

	Consolidated		Parent	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000

23 - Commitments for expenditure

Operating Lease commitments				
Commitments in relation to operating leases are payable as follows:				
Not later than one year	**84**	30	**84**	30
Later than one year but not later than five years	**8**	8	**8**	8
Later than five years	**-**	-	**-**	-
	92	38	**92**	38

Capital Commitments

The Group has entered into conditional contracts to purchase properties at Caboolture in Queensland and Butler in Western Australia for $1,700,000 and $1,050,000 respectively. Shareholders approved the purchases from Pivot Group Pty Ltd (refer Note 26) at the General Meeting held on 4 April 2007. The acquisition and subsequent sale of the Caboolture Property took place in August 2007. The Butler acquisition is anticipated to settle in the second quarter 2007/2008 financial year.

Additionally, the Group had entered into a conditional contract at balance date to purchase land at a cost of $7,763,200. The land is due to settle in third quarter 2007/2008 financial year.

24 - Directors' and executive remuneration

a) Names and positions held of Parent Entity Directors and specified Executives in office at any time during the financial year are listed below.

Parent Entity Directors

Mr I J Laurance Executive Chairman
Mr B P Laurance Managing Director
Mr U B Gianotti Non Executive Director
Mr M G Blakiston Non Executive Director

Parent Company Secretary

Mr A J Gardiner

Specified Executives

Mr P J Rouvray
Mr J P Wolfe

Remuneration and Retirement Benefits

The Company has applied the exemptions available under Schedule 5B of the Corporations Regulations 2001 which exempts listed companies from providing remuneration disclosures in relation to key management personnel if these disclosures are contained within the Directors' Report. These remuneration disclosures are provided in the Remuneration Report section of the Directors' Report and are designated as audited.

24 - Directors' and executive remuneration (continued)

b) Remuneration Options

During the financial year 11,000,000 (2006 – Nil) options were granted as equity compensation benefits under the long-term incentive plan to certain key management personnel as disclosed below. The options were issued free of charge.

Vested	Granted	Terms and Conditions for each Grant						
30 June 2007	No.	No.	Grant Date	Fair Value per option at grant date ($) (note 19)	Exercise price per option ($)	Expiry Date	First Exercise Date	Last Exercise Date
Directors								
I J Laurance AM	2,000,000	2,000,000	13.12.2006	4.2 cents	45 cents	14.12.2008	13.12.2006	14.12.2008
B P Laurance	2,000,000	2,000,000	13.12.2006	4.2 cents	45 cents	14.12.2008	13.12.2006	14.12.2008
U B Gianotti	2,000,000	2,000,000	13.12.2006	4.2 cents	45 cents	14.12.2008	13.12.2006	14.12.2008
M G Blakiston	2,000,000	2,000,000	13.12.2006	4.2 cents	45 cents	14.12.2008	13.12.2006	14.12.2008
Executives								
A J Gardiner	1,000,000	1,000,000	20.12.2006	4.2 cents	45 cents	20.12.2008	20.12.2006	20.12.2008
J P Wolfe	2,000,000	2,000,000	15.06.2007	12.64 cents	45 cents	15.06.2009	15.06.2007	15.06.2009
Total	11,000,000	11,000,000						

c) Options and rights holdings

Number of options held by specified directors and executives

Name	Balance 1.7.2006	Granted as remuneration	Options exercised	Net change other	Balance 30.6.2007
Parent entity directors					
I J Laurance AM	-	2,000,000	-	-	2,000,000
B P Laurance	40,000,000	2,000,000	-	-	42,000,000
U B Gianotti	-	2,000,000	-		2,000,000
M G Blakiston	-	2,000,000	-	-	2,000,000
	40,000,000	8,000,000	-	-	48,000,000
Parent entity executives					
A J Gardiner	-	1,000,000	-	-	1,000,000
J P Wolfe	-	2,000,000	-	-	2,000,000
	-	3,000,000	-	-	3,000,000

24 - Directors' and executive remuneration (continued)

d) Shareholdings

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

Name	Balance 1.7.2006	Granted as remuneration	Options exercised	Net change other	Balance 30.6.2007
Parent entity directors					
I J Laurance AM	-	-	-	-	-
B P Laurance	25,000,000	-	-	-	25,000,000
U B Gianotti	1,000,000	-	-	-	1,000,000
M G Blakiston	-	-	-	1,000,000	1,000,000
	26,000,000	-	-	-	27,000,000
Parent entity executives					
J P Wolfe	-	-	-	50,000	50,000
	-	-	-	50,000	50,000

25 - Remuneration of auditors

The auditors of Axiom Properties Limited are HLB Mann Judd

	Consolidated		Parent	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Amounts received or due and receivable by HLB Mann Judd for :				
i) Audit and review of the financial reports	**44**	25	**44**	25
ii) Tax compliance	**8**	2	**4**	2
iii) Other services	**15**		**15**	-
	67	27	**63**	27
Amounts received or due and receivable by related practices of HLB Mann Judd for non audit services:				
Preparation of Expert's Reports and attendance at General Meeting	**-**	44	**-**	44
	67	71	**63**	71

26 - Related party disclosures

i) Transactions with Directors

a) Blakiston and Crabb Solicitors

Blakiston and Crabb Solicitors, a firm in which Mr M G Blakiston is a partner, provided legal services to the company on normal terms and conditions during the financial year. Total fees charged to the company were $219,000 (2006: $12,064).

26 - Related party disclosures (continued)

b) Pivot Group Pty Ltd

Pivot Group Pty Ltd, a director related entity of Mr B P Laurance, provided premises and consulting services on normal terms and conditions during the year. The total charged to the company was $50,055 (2006: $4,745).

Additionally the company entered into contracts with Pivot Group Pty Ltd during the year in relation to the purchase of property. Refer to Note 23 for details.

ii) Transactions with Associates

Port Geographe Joint Venture

The Group provides project management services to the Port Geographe Joint Venture on normal terms and conditions. Total fees earned during the year were $240,269 (2006: $220,224)

The Group received revenue from Port Geographe Joint Venture pursuant to the terms of the Port Geographe Joint Venture Development Agreement. The total revenue received during the year was $1,178,856 (2006 $483,509).

iii) Transactions within the Wholly Owned Group

Amounts receivable from wholly owned subsidiaries are disclosed in Note 10 to the financial statements. Amounts payable to wholly owned controlled entities are disclosed in Note 16 to the financial statements. No interest is charged on these outstanding balances.

iv) Ultimate Parent Entity

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

27 - Particulars in relation to subsidiaries

	Country Intercorporation/ Formation	Interest Held	
		2007 %	2006 %
Parent			
Axiom Properties Ltd	Australia		
Subsidiaries			
Tallwood Nominees Pty Ltd	Australia	100	100
Axiom Resorts Pty Ltd	Australia	100	100
Southern Development Unit Trust	Australia	100	100
Oakford Enterprises Pty Ltd	Australia	100	100
Axiom Resorts Management Pty Ltd	Australia	100	100
Superior Properties Pty Ltd	Australia	100	100
Axiom Properties Funds Management Pty Ltd	Australia	100	-

28 - Segment information

The company only operates in one industry segment being property development. The company operates in one geographical segment, being Australia.

29 - Interests in jointly controlled entities

The group has interests in the following Jointly Controlled Entities:

Name of Entity	Principal Activity	Interest in Joint Venture Net Assets at Balance Date		Voting Power and Net Profit Entitlement	
		2007 %	2006 %	2007 %	2006 %
Port Geographe Joint Venture	Development and sale of land at Port Geographe WA. The company is entitled to 40% of the net profits of this Joint Venture.	26	49	40	40
250 Spencer St Joint Venture	Leasing and future development of the "Age Buildings" in Melbourne Victoria.	50	50	50	50

	Consolidated		Parent	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
(i) Retained earnings attributable to interest in jointly controlled entity:				
Balance at beginning of the financial year	**-**	-	**-**	-
- share of joint controlled entity's loss from ordinary activities after income tax	**(19)**	-	**-**	-
- dividends received	**-**	-		-
Balance at the end of the financial year	**(19)**	-	**-**	-
(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	**(19)**	-	**-**	-
- investments made during the year	**15,612**	-	**15,612**	-
- dividends received	**-**	-	**-**	-
Balance at the end of the financial year	**26,041**	10,448	**15,612**	-

	Consolidated		Parent	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000

29 - Interests in jointly controlled entities (continued)

(iii) Share of jointly controlled entities results and financial position:

	2007	2006	**2007**	2006
Current assets	**4,254**	278	**3,940**	-
Non-current assets	**45,595**	10,604	**35,105**	-
Total assets	**49,849**	10,882	**39,045**	-
Current liabilities	**1,011**	434	**273**	-
Non-current liabilities	**23,135**	-	**23,135**	-
Total liabilities	**24,146**	434	**23,408**	-
Revenues	**-**	-	**-**	-
Expenses	**19**	-	**-**	-
Loss from ordinary activities before income tax	**19**	-	**-**	-
Income tax expense	**-**	-	**-**	-
Loss from ordinary activities after income tax	**19**	-	**-**	-

As at 30 June 2007, the Group was not liable for any expenditure commitments of the Jointly Controlled Entities (2006: Nil).

There are no contingent liabilities, other than disclosed in Note 22, of the Jointly Controlled Entity for which the Group can be held liable, including guarantees for other venturers.

30 - Subsequent events

The following events occurred after balance date and have not been brought to account at 30 June 2007.

Caboolture Transaction

The Group settled the Caboolture transaction, approved by shareholders in April 2007, in August 2007. The Group on sold the property to a private investor the same month for a profit of $862,000. The profit will be booked in the Group's accounts in the year ended 30 June 2008.

31 - Earnings per share

	2007 Cents per Share	2006 Cents per Share
Basic earnings per share	0.75	1.86
Diluted earnings per share	0.63	1.65

	2007 No.	2006 No.
The weighted average number of shares on issue used in the calculation of basic earnings per share.	335,370,532	171,252,037
The weighted average number of shares on issue used in the calculation of diluted earnings per share.	356,228,376	193,230,059

There are no reconciling items between the net profit attributable to members of the parent entity as shown in the Income Statement and the amount used to calculate basic earnings per share.

32 - Financial Instruments

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default in its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group measures credit risk on a fair value basis.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

(c) Interest rate risk

The following table details the Group's exposure to interest rate risk as at the reporting date.

(d) Net fair value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

32 - Financial Instruments (continued)

(d) Net fair value (continued)

		Fixed Interest Rate Maturity					
	Average Interest Rate %	Variable Interest Rate $'000	Less than 1 Year $'000	1 to 5 Years $'000	More than 5 Years $'000	Non-Interest Bearing $'000	Total $'000
2007 Financial Assets							
Cash	5.46	4,767	-	-	-	-	4,767
Receivables	-	-	-	-	-	209	209
		4,767	-	-	-	209	4,976
2007 Financial Liabilities							
Trade payables	-	-	-	-	-	3,297	3,297
Bank loans	9.01	3,500	-	6,000	-	-	9,500
Finance lease	7.19	-	11	43	-	-	54
		3,500	11	6,043	-	3,297	12,851
2006 Financial Assets							
Cash	6.76	2,004	-	-	-	-	2,004
Receivables	-	-	-	-	-	98	98
		2,004	-	-	-	98	2,102
2006 Financial Liabilities							
Trade payables	-	-	-	-	-	369	369
Bank loans	8.77	3,500	-	6,000	-	-	9,500
Finance lease	7.19	-	11	55	-	-	66
Employee entitlements	-	-	-	-	-	12	12
		3,500	11	6,055	-	381	9,947

Hedging Activities

Fair Value Hedge

At 30 June 2007, the Group had an interest rate swap agreement in place with a notional amount of $6,000,000 whereby it receives a fixed rate of interest of 8.83%.

The swap agreement is being used to hedge the exposure to changes in the fair value of its 8.83% secured loan. The secured loan and interest rate swap have the same critical terms.

33 - Share based payment plan

	2007 No $	2007 Weighted Average Exercise Price $	2006 No $	2006 Weighted Average Exercise Price $
Outstanding Options at the beginning of the year	-	-	-	-
Granted during the year	11,000,000	45 cents	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	11,000,000	-	-	-
Exercisable at the end of the year	11,000,000	45 cents	-	-

The outstanding balance as at 30 June 2007 is represented by:

- 8,000,000 options over ordinary shares with an exercise price of 45 cents each, exercisable until 14 December 2008
- 1,000,000 options over ordinary shares with an exercise price of 45 cents each, exercisable until 20 December 2008
- 2,000,000 options over ordinary shares with an exercise price of 45 cents each, exercisable until 15 June 2009

The weighted average contractual life for the share options outstanding at 30 June 2007 is between one and two years.

The weighted average fair value of the options granted during the year was 5.72 cents.

The fair value of the equity settled share options granted under the option plan is estimated as at the grant date using the Black and Scholes model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the year ended 30 June 2007:

	2007	2006
Volatility (%)	60.25	-
Risk Free interest rate (%)	5.93	-
Weighted Average share price at grant date (cents)	31	-

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

Australian Stock Exchange Information

Top twenty shareholders

The percentage of the total holding of the 20 largest shareholders, as shown in the Company's Register of Members as at 21 September 2007 is 63.08% (2006: 65.76%) and the names and number of shares are as follows:

Name	Number	Percentage of Total Shareholdings
Pivot Group Pty Ltd	53,000,000	15.8%
Startrend Investments Pty Ltd	25,000,000	7.45%
Pivot Projects Pty Ltd	21,700,000	6.47%
Laurance Super Pty Ltd	20,000,000	5.96%
Charter Halls Fund Management Ltd	16,700,000	4.98%
Thorney Investments Pty Ltd	11,357,302	3.39%
Advent Capital Ltd	10,002,514	2.98%
National Nominees Ltd	9,000,085	2.68%
Citicorp Nominees Pty Ltd	6,159,867	1.84%
Citicorp Nominees Pty Ltd (CFSIL CWLTH Property 1 A/C)	5,757,489	1.72%
Laissez Faire Et Cie Pty Ltd	5,000,000	1.49%
Silver Lake Nominees Pty Ltd	4,050,000	1.21%
Merrill Lynch (Australia) Nominees Pty Ltd (Berndale A/C)	3,350,000	1.00%
Bernville Pty Ltd	3,300,000	0.98%
Dinky Di Sportswear Pty Ltd (Dinky Di A/C)	3,300,000	0.98%
Silver Lake Nominees Pty Ltd (D'Espeissis Super A/C)	3,277,778	0.98%
Fortis Clearing Nominees Pty Ltd (Settlement A/C)	2,892,512	0.86%
RBC Dexia Investor Services Australia Nominees Pty Ltd	2,721,811	0.81%
Anthony Peter Barton	2,500,000	0.75%
Lost Ark Nominees Pty Ltd (ONM BPFAM A/C)	2,500,000	0.75%
	211,569,358	**63.08%**

The substantial shareholders notices received by the Company as at 21 September 2007 are:

Shareholder	No of Shares Advised
Peter Laurance	95,000,000
Ben Laurance	25,000,000

Australian Stock Exchange Information (continued)

Distribution of shareholders as at 21 September 2007

There were 1,236 shareholders holding issued ordinary shares in the Company which were distributed among shareholders as follows:

Category	No. of Shareholders
1 - 1,000	12
1,001 - 5,000	148
5,001 – 10,000	145
10,001-100,000	698
100,001- and over	233
	1,236

There were 14 shareholders with less than the marketable parcel (1,076 shares).

Voting rights

On a show of hands, every member present in person or by proxy or attorney or duly appointed representative shall have one vote. On a poll, every member present as aforesaid shall have one vote for each share of which the member is the holder.

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