

ASX CODE

AXI

ISSUED CAPITAL

Ordinary Shares
433.6 M

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29 August 2014

ASX ANNOUNCEMENT

APPENDIX 4E PRELIMINARY FINAL REPORT

Adelaide, Australia, Friday 29 August 2014: Axiom Properties Limited (ASX:AXI) lodges the attached Appendix 4E Preliminary Final Report.

About Axiom Properties Ltd

Axiom Properties Ltd is a property development and investment business focused on developing and delivering quality property solutions. Axiom's principal objective is to create long term value for shareholders through creating a well-respected property development and investment company that consistently delivers above industry returns on capital.

For more information, please contact:

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Company Secretary
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Appendix 4E

PRELIMINARY FINAL REPORT

Name of entity:

AXIOM PROPERTIES LIMITED

ABN or equivalent company
reference:

40 0090 63834

Reporting period:

Year ended 30 June 2014

Previous corresponding period:

Year ended 30 June 2013

Results for announcement to the market

\$A'000

Revenues from ordinary activities	up /down	36% to	1,126
Profit from ordinary activities after tax attributable to members	up/ down	20% to	2,846
Net profit for the period attributable to members	up/ down	20% to	2,846

Dividends

It is not proposed to pay dividends.

This report does not include all the notes of the type normally included in an Annual Report. Accordingly, this report is to be read in conjunction with the most recent Annual Report and any public announcements made by the Company during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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PRELIMINARY FINAL REPORT

MANAGING DIRECTOR'S REVIEW

AUGUST 2014

The past year has been a landmark year for the Company, demonstrating a strong turnaround in the Company's operations and the consequential effects on the Group's balance sheet, outlook and results. During the height of the GFC the Board put in place a strategy of not only weathering the full effects of the economic headwinds faced but also a strategy to drive a successful business for the future. This strategy revolved around a number of key measures, most importantly:

1. Reduce ongoing overhead expenses to a sustainable level;
2. Focus on establishing and building on sustainable, recurring revenue stream/s;
3. Strengthen the balance sheet through building a strong equity asset base; and
4. Build a strong cash position to deploy into future initiatives and opportunities.

What is most pleasing about this years' result is that these measures outlined above are starting to translate into measurable results for the Company, evidenced by this year's profit result of \$2,846 million compared to last year's profit of \$2,374 million, an improvement of 20%.

During the year, a number of key milestones were achieved, bringing about a substantial improvement to the balance sheet. Amongst these key highlights is the completion of construction of the Company's flagship Churchill North Shopping Centre, a major sub-regional shopping centre located on Churchill Rd Kilburn, some 7km north of Adelaide's CBD. The Company has a 50% interest in this project, which opened for trading with Coles, Kmart and 60 specialty retailers on the 28 May 2014, and was officially opened by the Premier of South Australia subsequent to year end.

The effect of reaching Practical Completion of the Centre meant that, in line with Company policy, the Group was able to reclassify this asset (previously held at cost) from a development asset to an investment asset at market valuation. This had the effect on the Company's balance sheet of increasing the value of the asset from \$28.3 million to \$33.5 million, an uplift of \$5.2 million or 18%.

Also amongst the key highlights of this year was the fact that the agreement the Company had entered into with US retailing giant, Costco, on its 50% owned Churchill North project, became unconditional and was subsequently settled in June 2014. That agreement delivered an upfront cash contribution to the Group of \$9.875m for its 50% interest, which was used to pay down some of the Churchill Centre's debt, as well as boosting the Company's overall cash position by \$6.1m. Due to the nature of this transaction, the accounting standards require Axiom to record a long term liability on the Company's balance sheet so

that income is matched to the life of the lease agreement being 50 years. Therefore the effect on net tangible assets for this upfront payment is essentially neutral.

Also during the year the Company announced it would conduct a share buy-back with some of the proceeds of its improved cash position. The reasoning behind this was that the Directors were of the belief that the market price of the shares did not fully reflect the underlying value of the Group's assets. On a risk-adjusted basis at the time, the Company felt that this provided a compelling investment case for the benefit of its shareholders.

Another highlight of this past year has been the pre-committing and subsequent commencement of construction on the Company's 100% owned Churchill South project – a \$10 million, 5,500 sq.m Large Format Retail precinct. Construction started in May this year, with completion expected in November 2014. Again, the Company intends to hold this asset to strengthen its recurring income stream, and will re-classify the asset on its balance sheet from a development asset to an investment asset at market value when Practical Completion occurs.

The year ahead looks very promising for the Company, with substantial organic opportunities in the pipeline, being the development of subsequent stages of both Churchill North and South, as well as development opportunities at the Company's "Worldpark Adelaide" office development sites. In addition to this, the Company is reviewing several exciting, new property opportunities around Australia. The Group hopes to bring some or all of these into fruition over the next 12 months.

Lastly, I would like to thank all of our loyal shareholders for their continued support of the Company over what has been a challenging period. I'd also like to express my sincerest thanks to the Axiom team, its consultants and my fellow Directors, but in particular I'd like to thank our General Manager, Paul Rouvray and CFO Paul Santinon, for their dedication and determination over the past year. Without their support and application to the business the Company would not have enjoyed the turnaround success that it has experienced this year.



Ben Laurance
Managing Director

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PRELIMINARY FINAL REPORT

Consolidated Statement of Comprehensive Income

	Notes	Consolidated	
		2014 \$'000	2013 \$'000
Revenue from continuing operations	1	1,126	1,747
Other income	1	4,615	5,468
Loss on sale of investment property		-	(88)
Employee benefits expense		(1,700)	(1,599)
Depreciation and amortisation expense		(25)	(80)
Finance costs		(8)	(885)
Other expenses	1	(1,162)	(2,189)
Profit /(loss) before income tax benefit		2,846	2,374
Income tax benefit	2	-	-
Profit /(loss) for the year		2,846	2,374
Other comprehensive Income/(loss) for the year		-	-
Total comprehensive profit/ (loss) for the year		2,846	2,374

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PRELIMINARY FINAL REPORT

Consolidated Statement of Financial Position

	Notes	Consolidated	
		2014 \$'000	2013 \$'000
Current Assets			
Cash and cash equivalents	3	9,890	3,851
Trade and other receivables	4	613	844
Other assets	5	51	44
Total Current Assets		10,554	4,739
Non-Current Assets			
Property, plant and equipment	6	47	62
Other assets	5	42,516	11,795
Total Non-Current Assets		42,563	11,857
Total Assets		53,117	16,596
Current Liabilities			
Trade and other payables	7	5,511	820
Interest-bearing loans and borrowings	9	19,155	29
Other liabilities	8	238	198
Total Current Liabilities		24,904	1,047
Non-Current Liabilities			
Trade and other payables	7	9,661	-
Total Non-Current Liabilities		9,661	-
Total Liabilities		34,565	1,047
Net Assets		18,552	15,549
Equity			
Issued capital		63,656	63,499
Reserves		-	-
Accumulated losses		(45,104)	(47,950)
Parent entity interest		18,552	15,549
Non-controlling interest		-	-
Total Equity		18,552	15,549

Appendix 4E

PRELIMINARY FINAL REPORT

Consolidated Statement of Changes in Equity

Consolidated	Issued Capital	Accumulated losses	Reserves	Total	Non-controlling Interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2013	63,499	(47,950)	-	15,549	-	15,549
Profit for the year	-	2,846	-	2,846	-	2,846
Total comprehensive profit for the year	-	2,846	-	2,846	-	2,846
Units issues during the year	-	-	-	-	-	-
Performance rights issued during the year	-	-	157	157	-	157
Reserves transfer - exercise of performance rights	157	-	(157)	-	-	-
Balance at 30 June 2014	63,656	(45,104)	-	18,552	-	18,552
Balance as at 1 July 2012	63,267	(50,324)	230	13,173	5	13,178
Profit for the year	-	2,374	-	2,374	-	2,374
Total comprehensive income for the year	-	2,374	-	2,374	-	2,374
Units redeemed during the year	-	-	-	-	(5)	(5)
Share-based payments expense (net of expired performance rights)	-	-	2	2	-	2
Reserves transfer – exercise of performance rights	232	-	(232)	-	-	-
Balance at 30 June 2013	63,499	(47,950)	-	15,549	-	15,549

Appendix 4E

PRELIMINARY FINAL REPORT

Consolidated Statement of Cash Flows

	Notes	Consolidated	
		2014 \$'000	2013 \$'000
		Inflows/(Outflows)	
Cash flows from operating activities			
Receipts from customers		10,733	1,663
Payments to suppliers and employees		(1,544)	(3,720)
Payment of project development costs		(22,005)	(2,651)
Interest received		94	99
Finance costs		(8)	(507)
Other costs		(1,222)	-
Income tax received		-	14
Proceeds from sale of development property		-	1,600
Net cash (used) in operating activities	10	(13,953)	(3,502)
Cash flows from investing activities			
Proceeds from sale of investment property			30,700
Cash acquired in joint venture arrangement		875	3,748
Purchase of plant & equipment		(9)	(6)
Net cash provided by/(used in) investing activities		866	(34,442)
Cash flows from financing activities			
Proceeds from borrowings		22,626	356
Repayment of borrowings		(3,500)	(29,495)
Net cash (used in) financing activities		19,126	(29,139)
Net increase/(decrease) in cash and cash equivalents		6,039	(1,801)
Cash and cash equivalents at beginning of year		3,851	2,050
Cash and cash equivalents at end of year		9,890	3,851

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PRELIMINARY FINAL REPORT

Dividends

No dividend was paid or declared during the period.

Consolidated accumulated losses

	Current period - \$A'000	Previous corresponding period - \$A'000
Accumulated losses at the beginning of the financial period	(47,950)	(50,324)
Net profit attributable to members (<i>item 1.11</i>)	2,846	2,374
Net transfers from (to) reserves (<i>details if material</i>)	-	-
Net effect of changes in accounting policies	-	-
Dividends and other equity distributions paid or payable	-	-
Accumulated losses at end of financial period	(45,104)	(47,950)

NTA backing	Current period	Previous corresponding Period
Net tangible asset backing per ⁺ ordinary security	4.20 cents	3.54 cents

Earnings per Share	Current period	Previous corresponding Period
Basic Earnings per share	0.64 cents	0.54 cents
Diluted Earnings per share	N/A	N/A
Weighted average number of shares on issue used in the calculation of diluted earnings per share	N/A	N/A

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PRELIMINARY FINAL REPORT

Compliance statement

This report is based on accounts to which one of the following applies.

(Tick one)

- | | |
|--|--|
| <input type="checkbox"/> The accounts have been audited. | <input type="checkbox"/> The accounts have been subject to review. |
| <input checked="" type="checkbox"/> The accounts are in the process of being audited or subject to review. | <input type="checkbox"/> The accounts have not yet been audited or reviewed. |

If the accounts have not yet been audited or subject to audit review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:

Not Applicable

If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:

Not Applicable



Sign here:
Managing Director

Date: 29 August 2014

Name: Ben Laurance

Notes to Appendix 4E
For the year ended 30 June 2014

Note 1 – Revenue and Expenses

	2014	2013
	\$'000	\$'000
(a) Revenue		
<i>Sales revenue</i>		
Rental revenue	476	1,649
Development fee income	650	98
	<u>1,126</u>	<u>1,747</u>
(b) Other income		
Interest received	94	99
Profit on sale of leasehold interest	-	1,031
Gains arising from jointly controlled operations	875	4,338
Market movement in Churchill North Stage 1	3,507	-
Other income	139	-
	<u>4,615</u>	<u>5,468</u>
(c) Other expenses		
Audit and accountancy fees	168	221
Legal and consultancy fees	190	258
Insurances	113	147
Rent and outgoings	360	939
Travel and accommodation	99	55
Other expenses	232	569
	<u>1,162</u>	<u>2,189</u>

Notes to Appendix 4E
For the year ended 30 June 2014

2014 **2013**
\$'000 **\$'000**

Note 2 – Income Tax Expense

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

Operating profit/(loss) before income tax	2,846	2,374
Income tax benefit calculated at 30% (2013:30%) of operating profit/(loss)	854	712
Adjusted for tax effect of:		
Non-deductible expenses	58	7
Non-assessable income	(263)	(2)
Other assessable income	-	(351)
Utilisation of carried forward prior year tax losses – revenue	(219)	(4,765)
Utilisation of carried forward prior year tax losses – capital	-	(1,796)
Unused tax losses not recognised as deferred tax assets	1,187	114
Other deferred tax assets and tax liabilities not recognised	(1,617)	6,081
Adjustment in respect of current income tax of previous years	-	-
Income tax benefit applicable to ordinary activities	-	-

b) The components of tax expense/(benefit) comprise:

Current tax benefit	-	-
Deferred tax assets and liabilities not recognised/ written off	-	-
Total income tax benefit	-	-

c) Unrecognised deferred tax balances

The following deferred tax assets and liabilities have not been brought to account:

Deferred tax assets comprise:

Losses available for offset against future taxable income – revenue	12,012	10,931
Losses available for offset against future taxable income – capital	1,730	1,773
Impairment of investments in subsidiaries	938	938
Impairment of investment properties	578	578
Share issue expenses	-	71
Depreciation timing differences	48	48
Provisions and accruals	79	60
Unrealised loss on hedge	-	-
Prepayments and other	-	-
	15,385	14,399

Deferred tax liabilities comprise:

Construction expenditure capitalised	967	582
Lease incentives	395	-
Properties	786	-
Other	21	21
	2,169	603

Notes to Appendix 4E
For the year ended 30 June 2014

	2014	2013
	\$'000	\$'000
Note 3 – Cash and Cash Equivalents		
Cash at bank and on hand	3,377	1,451
Short-term deposits	6,513	2,400
	<u>9,890</u>	<u>3,851</u>
Note 4 – Current and Other Trade Receivables		
Trade receivables	555	745
GST recoverable	58	99
Other receivables	-	-
	<u>613</u>	<u>844</u>
Note 5 – Other Assets		
<i>Current</i>		
Prepayments	<u>51</u>	<u>44</u>
<i>Non-Current</i>		
Land at cost	7,700	7,700
Development assets at cost	1,311	4,095
Investment assets at fair value	33,505	-
	<u>42,516</u>	<u>11,795</u>
Note 6 – Property, Plant and Equipment		
At cost or fair value	<u>424</u>	<u>414</u>
Accumulated depreciation and impairment	(377)	(352)
Net carrying amount	<u>47</u>	<u>62</u>
Note 7 – Trade and Other Payables		
<i>Current</i>		
Trade payables	2,510	312
GST payable	804	-
Accrued expenses	1,167	508
Leasing Incentives	832	-
Revenue received in advance - Costco	198	-
	<u>5,511</u>	<u>820</u>
<i>Non-current</i>		
Revenue received in advance - Costco	<u>9,661</u>	<u>-</u>

Notes to Appendix 4E
For the year ended 30 June 2014

	2014	2013
	\$'000	\$'000
Note 8 – Other Liabilities		
<i>Current</i>		
Employee benefits	238	198
Income tax liability	-	-
	<hr/> 238	<hr/> 198
	<hr/> <hr/>	<hr/> <hr/>

Note 9 – Interest Bearing Loans and Borrowings

Current

Bank loans	19,133	-
Other loans	22	29
	<hr/> 19,155	<hr/> 29
	<hr/> <hr/>	<hr/> <hr/>

Note 10 – Cash Reconciliation

Reconciliation of loss for the year to net cash used in operating activities

Operating profit for the year after tax	2,846	2,374
Share of net (gain)/loss of jointly controlled entities	(875)	(4,338)
(Gain)/loss from sale of leasehold interest	-	(1,031)
Market movement in Churchill North Stage 1	(2,620)	-
Measurement in the fair value of interest rate derivative contracts	-	378
Expenditure on development assets	(28,101)	(2,822)
Proceeds from sale of property	-	1,600
Depreciation and amortisation	25	80
Equity-settled share based payment	157	(2)
Other expenditure	-	29
(Increase)/decrease in trade and other receivables	231	(273)
(Decrease)/increase in trade and other payables	4,533	548
(Decrease)/increase in other assets	(7)	(45)
(Decrease)/increase in Costco Lease Liability	9,859	-
Net cash used in operating activities	(13,952)	(3,502)

Notes to Appendix 4E

For the year ended 30 June 2014

Note 11 – Segment Reporting

	Continuing operations			Consolidated
	Investment Property	Development	Corporate	
	\$'000	\$'000	\$'000	
30 June 2014				
Segment revenue	3,937	1,054	749	5,740
Segment expenditure	(108)	(135)	(2,651)	(2,894)
Results from continuing operations	3,829	919	(1,902)	2,846
Included within segment result:				
Depreciation	-	-	(25)	(25)
Impairment and write off of non-current assets	-	-	-	-
Interest revenue	13	1	80	94
Income tax benefit	-	-	-	-
Segment assets	41,562	9,438	2,117	53,117
Segment liabilities	32,319	1,686	560	34,565
Capital Expenditure	28,101			

Note 12 – Interests in Jointly Controlled Entities

The Group has interests in the following joint ventures:

Name Of Entity	Principal Activity	Interest in Joint Venture		Voting Power	
		2014 %	2013 %	2014 %	2013 %
Churchill North Joint Venture	Development of land at Churchill Road North site.	50	50	50	50

The share of assets, liabilities, revenue and expenses of the jointly controlled operations, which are included in the consolidated financial statements, are as follows;

Notes to Appendix 4E
For the year ended 30 June 2014

Consolidated

2014 **2013**
\$'000 **\$'000**

Statement of Financial Position

Assets

Current Assets

Cash and cash equivalents	1,391	912
Trade and other receivables	7	733
Other assets	438	-
Total Current Assets	1,836	1,645

Non Current Assets

Investment assets	33,505	3,518
Total Non Current Assets	33,505	3,518
Total Assets	35,341	5,163

Liabilities

Current Liabilities

Trade and other payables	3,215	707
Accruals	413	-
Leasing incentives	832	-
Revenue received in advance - Costco	198	-
Total Current Liabilities	4,658	707

Non Current Liabilities

Borrowings	18,109	-
Revenue received in advance - Costco	9,661	-
Total Non current Liabilities	27,770	-
Total Liabilities	32,428	707
Net Assets	2,913	4,456

Statement of Comprehensive Income

Revenue and other income	3,837	4,458
Other expenses	105	2
Profit before Income Tax	3,732	4,456
Income tax expense	-	-
Net Profit for the period	3,732	4,456