AXIOM
PROPERTIES LIMITED

13 August 2004

Mr Marcus Hodge
Senior Companies Advisor
Australian Stock Exchange Limited
Level 8
Exchange Plaza
2 The Esplanade
Perth WA 6000

By Facsimile: 9221 2020

Dear Mr Hodge

APPENDIX 4C –JUNE 2004 QUARTER

We refer to your letter of the 12 August 2004.

We respond to the questions contained in your letter, in the same order as the questions appear, as follows:

1. In our previous release dated 13 May 2004 we stated that the settlement of a large undeveloped site (the Village Centre) was expected to settle by 30 June 2004. Due to circumstances beyond the company's control the settlement has not been completed to date.

   These circumstances have led the company and the purchasers of the site to restructure the sale into a Joint Venture. Axiom will receive $2.7m, receivable immediately, upon settlement of the Joint Venture. Settlement is expected to occur by 31 August 2004.

   In addition, the company has previously announced that it is entering a Joint Venture to develop the remainder of its substantial land holdings at Port Geographe with Macquarie Bank and interests associated with Mr Luke Saraceni via the Port Geographe Joint Venture ("PGJV"). Documentation in relation to the PGJV has been completed and settlement is anticipated by 31 August 2004.

2. The company will not continue to expend cash at the rate indicated in the Appendix 4C.

Ground Floor, 168 Stirling Highway, Nedlands WA 6009. PO Box 677, Nedlands WA 6909
Telephone:(+618) 9386 9711 Facsimile: (+618) 9386 9722 Email: axiom@axiompl.com.au
A.C.N. 009 063 834

2. Contd

   As mentioned in point 1 above, proceeds from the Village Centre Joint Venture are forecast by 31 August 2004. In addition, the company also expects to receive revenue from the PGJV upon its commencement, as reimbursement for project costs previously incurred by the company.

3. The negative operating cashflows reported on the Appendix 4C occurred because the Village Centre sales contract did not settle by 30 June 2004 as forecast. The company was not aware that settlement would not take place during the quarter until the last days of the quarter.

4. No.

5. – Receipts from customers were below budget for the period.
   - Payments for other operating activities were below budget for the period.
   - Net change in cash held was below budget.

6. As mentioned in point 3 above, the negative operating cashflows on the Appendix 4C occurred because the Village Centre sales contract did not settle by 30 June 2004 as forecast.

7. As mentioned in point 1 above, the company is in the process of completing the settlement of the PGJV. Documentation is complete and it includes a banking facility that will finance the company's activities through the early stages of the PGJV. It is anticipated that forecast distributions from the PGJV will be sufficient to repay the bank borrowings and then permit surplus funds to accrue to the company.

   Settlement of the PGJV is expected concurrently with the Village Centre Joint Venture by 31 August 2004.

8. Yes

9. In relation to Listing Rule 12.2, we comment:

   The company's financial position is expected to improve substantially as a result of the cash inflow from the settlements of the Village Centre Joint Venture and the PGJV by 31 August 2004. Forecast cashflows from the development of the company's very substantial land holdings via the PGJV at Port Geographe will progressively reduce the company's liabilities.

   Included in the company's Statement of Financial Position are stocks of developable land, which the company believes would be able to be sold if necessary. This land is valued on the basis of cost. The company believes that this land could be developed and sold at a profit.

9. Contd

The company's primary access to funds is via loans provided by its bankers. The company includes in its financial statements a "going concern" note, which states inter alia that the company is reliant on the continuing support of its bankers. The company has been advised by its bank that it remains supportive for the time being but the company's position will remain under review.

In relation to whether the company can pay its debts as and when they fall due, we confirm:

The company can pay its debts as and when they fall due.

Yours Sincerely
For and on behalf of Axiom Properties Limited

for Peter Meagher
Managing Director

ASX
AUSTRALIAN STOCK EXCHANGE

Australian Stock Exchange Limited
ABN 98 008 624 691
Level 8
Exchange Plaza
2 The Esplanade
Perth WA 6000

GPO Box D187
Perth WA 6840

Telephone 61 (08) 9224 0023
Facsimile 61 (08) 9221 2020
Internet http://www.asx.com.au

FAXED

12 August 2004

Mr Aaron Gardiner
Axiom Properties Limited
Ground Floor 168 Stirling Highway
NEDLANDS WA 6009

By facsimile: (08) 9386 9722

Dear Sir

Axiom Properties Limited (the "Company")

I refer to the Company's Quarterly Report in the form of Appendix 4C for the period ended 30 June 2004, released to Australian Stock Exchange Limited ("ASX") on 30 July 2004, (the "Appendix 4C").

I also refer to the ASX query dated 12 May 2004 relating to the Company's Quarterly Report for the period ended 31 March 2004 ("March Appendix 4C"), and to the Company's response to that query dated 13 May 2004 ("Previous Response").

ASX notes that the Company has reported the following.

1. No receipts from customers.

2. Net negative operating cash flows for the quarter of $881,000.

3. Cash at end of quarter of $41,000.

In light of the information contained in the Appendix 4C, please respond to each of the following questions.

1. In the Company's Previous Response, it noted that a joint venture with respect to the land holdings at Port Geographe was due to settle prior to 30 June 2004, having been delayed from a previous settlement date of 14 April 2004. Has this agreement now settled? If not, when does the Company expect settlement? In either case, what has been the nature of delay in settlement?

2. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 4C, the Company may not have sufficient cash to fund its activities for the next quarter. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?

3. In the Company's Previous Response, it noted that it did not expect to have negative operating cash flows similar to that reported in the March Appendix 4C. Negative operating cash flows now reported in the Appendix 4C are higher than that reported in the March Appendix 4C. When did the Company become aware that this result was likely? You may wish to outline any circumstances that may have arisen since your Previous Response, noting the dates of material events.

4. Does the Company now expect that it will have future negative operating cash flows similar to that reported in the Appendix 4C for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?

5. To what extent have the Company's actual revenues and expenses in the quarter, as reported in the Appendix 4C, matched the Company's anticipated revenues and expenses for that reporting period?

6. If the Company's actual revenues and expenses are not substantially in accordance with the Company's anticipated revenues and expenses, when did the Company become aware that its revenues and expenses would not substantially match the anticipated revenues and expenses? You may wish to outline any circumstances that may have had an effect on the Company's revenues and expenses.

7. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?

8. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?

9. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule. Please confirm whether or not the Company can pay its debts as and when they fall due.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me on **facsimile number (08) 9221 2020.** It should <u>not</u> be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than the close of business (ie **5.00pm W.S.T.) on Friday, 13 August 2004.**

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries regarding any of the above, please let me know.

Yours faithfully

Marcus Hodge
Senior Companies Advisor