

**DROMANA ESTATE LIMITED**  
**ABN 58 090 000 276**

**Appendix 4D - Half-Year Report**

The following information is given to the Australian Stock Exchange (ASX) under ASX listing rule 4.2A.3

**1. Reporting period: Half-year ended 31 December 2013**

Previous corresponding period: Half-year ended 31 December 2012

**2. Results for announcement to the market**

- 2.1** Revenue from ordinary activities was \$72 down from \$5,271 for the previous corresponding period.
- 2.2** Loss from ordinary activities after tax attributable to members was \$486,384 compared to \$215,490 for the previous corresponding period.
- 2.3** Net loss for the period attributable to members was up 124% to \$486,384 compared to \$215,490 for the previous corresponding period.
- 2.4** No dividends are proposed and no dividends were paid during the period.
- 2.5** The record date for determining entitlements to the dividends: - Not applicable.

**3. Net tangible assets per security**

	<b>Current period</b>	<b>Previous corresponding period</b>
Net tangible asset backing per ordinary security	0.000 cents	0.001 cents

**4. Entities over which control has been gained or lost during the period**

There were no entities over which control was gained or lost during the period.

**5. Dividends**

There were no dividends paid or payable during the period.

**6. Dividend Reinvestment Plan**

The company does not have a dividend reinvestment plan.

**7. Associates and Joint Venture Entities**

The company has no associate companies or joint venture entities.

**8. Audit Review Report**

The audit review report is attached as part of the half-year financial report.

**DROMANA ESTATE LIMITED**  
**ABN 58 090 000 276**

**DIRECTORS' REPORT**

Your directors present their report of the company for the half-year ended 31 December 2013.

**Directors**

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

Gabriel Chiappini (Chairman)

Geoffrey J. Bell

Jerko P Zuvela

**Review of Operations**

The company has reported a loss of \$486,384 for the six months to 31 December 2013. This loss includes an interest expense of \$30,247 on the convertible notes, costs of \$317,601 relating to the pursuit of new projects and administration costs of \$138,608 incurred in maintaining the company's status as a publicly listed company on the ASX. The Company's Corporate Advisers, Cygnet Capital, have advised that discussions are ongoing on a number of potential projects for Dromana to review.

The company's incurred costs of \$317,601 in conducting due diligence on the Longonjo Project in Angola which did not proceed as disclosed in the company's announcement to the Australian Stock Exchange on 15 November 2013.

The Directors continue to review investment opportunities for Dromana to participate in which can add to shareholder value.

**Auditor's Declaration**

The auditor's independence declaration under s307c of the Corporations Act 2001 for the half-year ended 31 December 2013 is set out on page 3.

This report is signed in accordance with a resolution of the Board of Directors.

Gabriel Chiappini  
Chairman

Dated this 18th day of February 2014.

CWS SINCOCK & CO  
CHARTERED ACCOUNTANTS

18<sup>th</sup> February 2014

The Board of Directors  
Dromana Estate Limited  
Suite 106  
1 Princess Street  
KEW VIC 3101

Dear Board Members,

Dromana Estate Limited

In accordance with section 307C of the *Corporations Act 2001*, I am please to provide the following declaration of independence to the directors of Dromana Estate Limited. As audit partner for the review of the financial statements of Dromana Estate Limited for the half-year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the audit independence requirements of the *Corporations Act 2001* in relation to the review: and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



CWS Sincock & Co  
Chartered Accountants



RJ Sincock  
Partner

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**STATEMENT OF COMPREHENSIVE INCOME**

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**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

	Note	31/12/2013 \$	31/12/2012 \$
Sales revenue		-	-
Other income		72	5,271
Longonjo Project Costs		(317,601)	-
Administration expenses		(138,608)	(190,514)
Finance costs		<u>(30,247)</u>	<u>(30,247)</u>
Loss before income tax		(486,384)	(215,490)
Income tax expense		<u>-</u>	<u>-</u>
<b>Loss for the half-year</b>		<u><b>(486,384)</b></u>	<u><b>(215,490)</b></u>
<b>Other comprehensive income</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the half-year</b>		<u><b>(486,384)</b></u>	<u><b>(215,490)</b></u>
Loss is attributable to:			
Members of Dromana Estate Limited		<u>(486,384)</u>	<u>(215,490)</u>
Total comprehensive income is attributable to:			
Members of Dromana Estate Limited		<u>(486,384)</u>	<u>(215,490)</u>
<b>Earnings per share</b>			
Basic earnings per share (cents)		<u>(0.003)c</u>	<u>(0.002)c</u>
Diluted earnings per share (cents)		<u>(0.003)c</u>	<u>(0.002)c</u>

The accompanying notes form part of these financial statements.

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**STATEMENT OF FINANCIAL POSITION  
 AS AT 31 DECEMBER 2013**

	31/12/2013 \$	30/6/2013 \$
<b>Current Assets</b>		
Cash and cash equivalents	93,655	323,841
Other current assets	<u>10,183</u>	<u>36,544</u>
<b>Total Current Assets</b>	<u>103,838</u>	<u>360,385</u>
<b>Non-Current Assets</b>		
Investments	<u>-</u>	<u>253,294</u>
<b>Total Non-Current Assets</b>	<u>-</u>	<u>253,294</u>
<b>Total Assets</b>	<u>103,838</u>	<u>613,679</u>
<b>Current Liabilities</b>		
Trade and other payables	<u>99,675</u>	<u>123,132</u>
<b>Total Current Liabilities</b>	<u>99,675</u>	<u>123,132</u>
<b>Non-Current Liabilities</b>		
Financial liabilities	<u>500,000</u>	<u>500,000</u>
<b>Total Non-Current Liabilities</b>	<u>500,000</u>	<u>500,000</u>
<b>Total Liabilities</b>	<u>599,675</u>	<u>623,132</u>
<b>Net Assets</b>	<u>(495,837)</u>	<u>(9,453)</u>
<b>Equity</b>		
Issued capital	15,178,609	15,178,609
Accumulated losses	<u>(15,674,446)</u>	<u>(15,188,062)</u>
<b>Total Equity</b>	<u>(495,837)</u>	<u>(9,453)</u>

The accompanying notes form part of these financial statements.

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## STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Issued Capital \$	Accumulated losses \$	Total \$
<b>Balance as at 1 July 2012</b>	15,178,609	(14,792,144)	386,465
<u>Transactions with owners</u>			
Issue of share capital	-	-	-
Transaction costs relating to issue of share capital	-	-	-
Total transactions with owners	-	-	-
<u>Comprehensive income</u>			
Loss for the year	-	(215,490)	(215,490)
Total comprehensive income for the period	-	(215,490)	(215,490)
<b>Balance at 31 December 2012</b>	15,178,609	(15,007,634)	170,975
<b>Balance as at 1 July 2013</b>	15,178,609	(15,188,062)	(9,453)
<u>Transactions with owners</u>			
Issue of share capital and options	-	-	-
Transaction costs relating to issue of share capital	-	-	-
Total transactions with owners	-	-	-
<u>Comprehensive income</u>			
Loss for the year	-	(486,384)	(486,384)
Total comprehensive income for the period	-	(486,384)	(486,384)
<b>Balance at 31 December 2013</b>	15,178,609	(15,674,446)	(495,837)

The accompanying notes form part of these financial statements.

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## STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	31/12/2013 \$	31/12/2012 \$
<b>Cash flows from operating activities</b>		
Receipts from customers	45,395	14,173
Payments to suppliers and employees	(275,653)	(232,478)
Interest received	72	5,271
Interest paid	-	-
Net cash used in operating activities	<u>(230,186)</u>	<u>(213,034)</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	-	-
Payment for investment in Unit Trust	-	-
Payment for property, plant and equipment	-	-
Net cash provided by / (used in) investing activities	<u>-</u>	<u>-</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares and Options	-	-
Proceeds from issue of Convertible Notes	-	-
Proceeds from borrowings	-	-
Repayment of borrowings	-	-
Net cash provided by / (used in) financing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash held	(230,186)	(213,034)
Cash at the beginning of the period	<u>323,841</u>	<u>917,302</u>
Cash at the end of the period	<u><u>93,655</u></u>	<u><u>704,268</u></u>

The accompanying notes form part of these financial statements.

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## NOTES TO THE HALF-YEAR FINANCIAL REPORT

### 1. Basis of Preparation of Half-Year Financial Statements

The financial statements for the interim half-year reporting period ended 31 December 2013 are a general purpose financial statement prepared in accordance with the requirements of the Corporations Act 2001 and Accounting Standard AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Dromana Estate Limited. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2013, together with any public announcements made during the half-year.

These condensed consolidated interim financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 30 June 2013 except for the adoption of:

AASB 101:	<i>Presentation of Financial Statements</i>
AASB 8:	<i>Operating Segments</i>
IAS 123:	<i>Borrowing Costs</i>
AASB Interpretation 13:	<i>Customer Loyalty Programs</i>

The adoption of AASB 101 makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. It also gives rise to additional disclosures. The measurement and recognition of the Company's assets, liabilities, income and expenses is unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income, for example revaluation of property plant and equipment. AASB 101 affects the presentation of owner changes in equity and introduces a 'Statement of comprehensive income'. A 'Statement of changes in equity' is now presented as a primary statement.

The adoption of AASB 8 has not affected the identified operating segment for the Group. However reported segment results are now based on internal management reporting information that is regularly reviewed by the chief operating decision maker. In the previous annual and interim financial statements, segments were identified by reference to the dominant source and nature of the Company's risks and returns.

The adoption of AASB 123 Borrowing Costs requires the capitalisation of borrowing costs to the extent they are directly attributable to the acquisition, production or construction of qualifying assets that need a substantial period of time to get ready for their intended use or sale. In accordance with the transitional provisions, no retrospective restatement of borrowing costs has been made. Borrowing costs will be capitalised only for qualifying assets with a commencement date after 1 January 2009. the adoption of AASB 123 does not have a significant effect on the results of the current period or prior periods presented.

The adoption of AASB Interpretation 13 Customer Loyalty Programmes, which clarifies when goods or services are soled together with a customer loyalty incentive, the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. The customer incentive programmes operated by the Company are short term in nature and the adoption of AASB Interpretation 13 does not have a significant effect on the results of the current or prior periods presented.



## NOTES TO THE HALF-YEAR FINANCIAL REPORT

### 1. Basis of Preparation of Half-Year Financial Statements (continued)

#### Going Concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal trading operations and the realisation of assets and settlement of liabilities in the ordinary course of business. The going concern basis adopted is reliant upon the continuing support from the Convertible Note holders not to call up outstanding interest and/or redeem their notes, together with the company being able to raise additional funding for working capital purposes.

### 2. Segment Information

The Company operates predominately in one geographical segment, being Australia and in one industry being investment.

### 3. Contingent Liabilities

The company has no contingent liabilities at the date of this report.

### 4. Events Subsequent to reporting date

There have been no material events occurring after balance date that have not been reported in the half-year financial statements.

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## DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes as set out on pages 4 to 9 are in accordance with the Corporations Act 2001, including:
  - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
  - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Gabriel Chiappini  
Chairman

Dated this 18th day of February 2014.

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CWS SINCOCK & CO  
CHARTERED ACCOUNTANTS

**Independent Auditors' Review Report  
To the Members of Dromana Estate Limited**

We have reviewed the accompanying half-year financial report of Dromana Estate Limited which comprises the balance sheet as at 31 December 2013, and the income statement, cash flow statement, statement of change in equity, for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 1 to 10.

**Directors' Responsibility for the Half-Year Financial Report**

The directors of the company are responsible for the preparation and fair presentation of the half-year 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 control relevant to the preparation and fair presentation of the half-year 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.

**Auditors' Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review on accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying the Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations-2001. As the auditor of Dromana Estate Limited, ASRE2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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**Auditors' Independence Declaration**

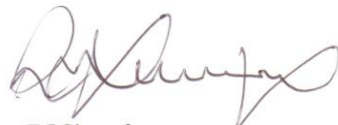
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Dromana Estate Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving the true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date: and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

  
CWS Sincock & Co  
Chartered Accountants

  
RJ Sincock  
Partner

Melbourne 18<sup>th</sup> February 2014

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