Dromana Estate Limited
ABN 58 090 000 276
Level 6 412 Collins Street
Melbourne 3000
Telephone: 61 3 9600 3242
Facsimile: 61 3 9600 3245
www.dromanaestate.com.au

October 31, 2005

Company Announcements Office,
Australian Stock Exchange Limited,
Level 4, 20 Bridge Street,
Sydney 2000.

Company Announcements Office,
London Stock Exchange plc,
10 Paternoster Square,
London EC4M 7LS

Please find attached the company's Appendix 4C for the period ended 30 September 2005.

As forecast, the cash position of the company remained tight during the quarter, due to the payment of grape growers for this current vintage and a reduction in the level of other payables.

This position has been exacerbated by the non receipt of funds due from Phillips Newman & Co Limited in regard to a Convertible Note. The company received an initial contribution of $170k and awaits the remaining balance.

Sales for the quarter were less than budget due to slower than forecast export sales.

Initial delays concerning ordering and shipping procedures as well as tastings of the new vintage wines has contributed to slower than forecast ordering from Phillips Newman, however we anticipate that this will be rectified in the coming months.

The company has placed a high priority on reducing its inventory levels and is currently implementing strategies to achieve a significant reduction in the level of inventory held.

The company confirms that it is in compliance with the Listing Rules, and in particular, Listing Rule 3.1.

The company also confirms that it is in compliance with Listing Rule 12.2 and considers that is in a good position to continue its recovery.

Chris Ritchie
Chief Operating Officer

Rule 4.7B

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

DROMANA ESTATE LIMITED

ABN

58 090 000 276

Quarter ended ("current quarter")

SEPTEMBER 2005

Consolidated statement of cash flows

Cash flows related to operating activities			Current quarter $A'000	Year to date 3 months $A'000
1.1	Receipts from customers		415	415
1.2	Payments for	(a) staff costs	(168)	(168)
		(b) advertising and marketing	(46)	(46)
		(c) research and development	-	-
		(d) leased assets	(25)	(25)
		(e) other working capital	(618)	(618)
1.3	Dividends received		-	-
1.4	Interest and other items of a similar nature received		-	
1.5	Interest and other costs of finance paid		(7)	(7)
1.6	Income taxes paid		-	
1.7	Other (provide details if material)		-	
	Net operating cash flows		(449)	(449)

			Current quarter $A'000	Year to date 3 months $A'000
1.8	Net operating cash flows (carried forward)		(449)	(449)
	Cash flows related to investing activities			
1.9	Payment for acquisition of:	(a) businesses (item 5)		
		(b) equity investments		
		(c) intellectual property		
		(d) physical non-current assets	(7)	(7)
		(e) other non-current assets		

1.10	Proceeds from disposal of: (a) businesses (item 5) (b) equity investments (c) intellectual property (d) physical non-current assets (e) other non-current assets		
1.11	Loans from other entities	49	49
1.12	Loans repaid by other entities	-	
1.13	Other – Repayment of Debt	-	
	Net investing cash flows	42	42
1.14	**Total operating and investing cash flows**	(407)	(407)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	170	170
1.16	Proceeds from sale of forfeited shares		
1.17	Proceeds from borrowings	230	230
1.18	Repayment of borrowings		
1.19	Dividends paid		
1.20	Other (provide details if material)		
	Net financing cash flows	400	400
	Net increase (decrease) in cash held	(7)	(7)
1.21	Cash at beginning of quarter/year to date	86	86
1.22	Exchange rate adjustments to item 1.20		
1.23	**Cash at end of quarter**	79	79

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	
1.25	Aggregate amount of loans to the parties included in item 1.12	

1.26 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities (Convertible Note)	1,470	1,470
3.2	Credit standby arrangements	-	-

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
4.1	Cash on hand and at bank	79	86
4.2	Deposits at call		
4.3	Bank overdraft		
4.4	Other (provide details)		
	Total: cash at end of quarter (item 1.23)	79	86

Acquisitions and disposals of business entities

		Acquisitions *(Item 1.9(a))*	Disposals *(Item 1.10(a))*
5.1	Name of entity	NIL	NIL
5.2	Place of incorporation or registration		
5.3	Consideration for acquisition or disposal		
5.4	Total net assets		
5.5	Nature of business		

		Acquisitions *(Item 1.9(a))*	Disposals *(Item 1.10(a))*
5.1	Name of entity	NIL	NIL
5.2	Place of incorporation or registration		
5.3	Consideration for acquisition or disposal		
5.4	Total net assets		
5.5	Nature of business		

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.

2 This statement does give a true and fair view of the matters disclosed.

Sign here: .... Date: October 31, 2005
(Company Secretary)

Print name: Christopher Warren Ritchie

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.

   - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
   - 9.2 - itemised disclosure relating to acquisitions
   - 9.4 - itemised disclosure relating to disposals
   - 12.1(a) - policy for classification of cash items
   - 12.3 - disclosure of restrictions on use of cash
   - 13.1 - comparative information

3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.