
Dromana Estate Limited
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25 August 2014

STOCK EXCHANGE ANNOUNCEMENT

APPENDIX 4E – PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

We advise that for the year ended 30 June 2014 Dromana Estate Limited (“Dromana” or “the Company”) has reported a loss of \$871,061 (2013 loss \$395,918) for the 12 month period to 30 June 2014.

The loss comprised of the following items:

Operating loss for the year	(\$210,899)
Interest paid on the convertible notes on issue during the year	(\$60,000)
Cloud Central acquisition costs expensed	(\$97,524)
Impairment of unsecured loan to Cloud Central	(\$163,223)
Expenditure on Longonjo Project expensed	<u>(\$339,415)</u>
Loss for the year	<u>(\$871,061)</u>

The operating loss of \$210,899 before one-off items includes Corporate Advisory Fees of \$66,000 and Directors Fees of \$78,000 and administration costs of \$66,899 in maintaining the company’s status as a publicly listed company on the ASX. Interest expenses totalling \$60,000 were paid in respect of the convertible notes issued in the December 2011 capital raising.


The company’s incurred costs of \$339,415 on the Longonjo Project in Angola which did not proceed. The company successfully settled the Statutory Demand and executed a Deed of Settlement and Release with the vendors of Longonjo as disclosed in the company’s announcement to the Australian Stock Exchange on 15 November 2013.

During the year the company completed a capital raising by way of share placement of 80,000,000 shares raising \$374,273 to fund the acquisition of Cloud Central Pty Ltd. The company terminated its agreement with Cloud Central Pty Ltd and the acquisition did not proceed as disclosed in the company’s announcement to the Australian Stock Exchange on 11 July 2014. The company incurred costs totalling \$97,524 which have been expensed and provided loans funds to Cloud Central Pty Ltd totalling to \$163,223 for which an impairment provision has been made.

As at 30 June 2014 the company had current cash reserves of \$252,243. The company has also undertaken a cost reduction programme to meet its ongoing commitments while the future direction of the company is being determined.

On 8 August 2014 the company announced a 3-for-1 renounceable entitlements issue at \$0.001 per share to raise a total of \$691,817 with the appointment of Cygnet Capital to act as Underwriter and Lead Manager. The funds raised from the issue will enable the company to recapitalise its balance sheet and pursue corporate opportunities to significantly add to shareholder value.

A General Meeting of Shareholders has been called for 18 September 2014 to consider and approve five Resolutions relating to the conversion of the \$500,000 of Convertible Notes at \$0.001 per share , the granting of Placement Options, the issue of shares to Cygnet Capital as the Underwriting Fee and the issue of shares to Mr Gabriel Chiappini and Mr Geoffrey Bell in lieu of Directors Fees.



Gabriel Chiappini
Chairman

Dated this 25th day of August 2014

Appendix 4E

Preliminary final report

The following information is given to the Australian Stock Exchange (ASX) under ASX listing rule 4.3A.

Name of entity

DROMANA ESTATE LIMITED ABN 58 090 000 276
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Reporting period:– **Financial year ended 30 June 2014**

Previous corresponding period: Financial year ended 30 June 2013

Results for announcement to the market

				\$A'000
Revenues from ordinary activities	Down	100%	to	0
Profit/(Loss) from ordinary activities after tax attributable to members	Up	120%	to	(871)
Profit/(Loss) for the period attributable to members	Up	120%	to	(871)
Dividends	Amount per security		Franked amount per security	
Reporting period:				
Final dividend	nil			nil
Interim dividend	nil			nil
Previous corresponding period:				
Final dividend	nil			nil
Interim dividend	nil			nil
Record date for determining entitlements to the dividend	Not applicable			
No dividend is to be paid in respect of the reporting period.				
Refer attached ASX announcement regarding commentary on revenue, earnings and business outlook				

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

	Note	2014 \$	2013 \$
Sales revenue	2	-	-
Cost of sales		<u>-</u>	<u>-</u>
Gross profit		-	-
Other revenue from ordinary activities	2	149	7,326
Administration expenses		(211,048)	(265,190)
Borrowing expenses		(60,000)	(60,000)
Peru project costs written off		(78,053)	(78,053)
Longonjo Project expenses		(339,415)	-
Cloud Central Acquisition Expenses		(97,524)	-
Impairment of Unsecured Loan		<u>(163,223)</u>	<u>-</u>
Profit/(Loss) before income tax expense	3,4	(871,061)	(395,917)
Income tax (expense) benefit	5	<u>-</u>	<u>-</u>
Profit/(Loss) for the year		<u>(871,061)</u>	<u>(395,917)</u>
Net loss attributable to members of Dromana Estate Limited		<u>(871,061)</u>	<u>(395,917)</u>
Basic earnings (loss) per share (cents per share)	6	<u>(0.38)¢</u>	<u>(0.26)¢</u>
Diluted earnings (loss) per share (cents per share)	6	<u>(0.38)¢</u>	<u>(0.26)¢</u>

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014**

	Note	2014 \$	2013 \$
Current Assets			
Cash and cash equivalents		252,243	323,841
Trade and other receivables		<u>27,678</u>	<u>36,544</u>
Total Current Assets		<u>279,921</u>	<u>360,385</u>
Non-Current Assets			
Investments at valuation	9	<u>-</u>	<u>253,294</u>
Total Non-Current Assets		<u>-</u>	<u>253,294</u>
Total Assets		<u>279,921</u>	<u>613,679</u>
Current Liabilities			
Trade and other payables		286,162	123,132
Financial liabilities		<u>-</u>	<u>-</u>
Total Current Liabilities		<u>286,162</u>	<u>123,132</u>
Non-Current Liabilities			
Financial liabilities		<u>500,000</u>	<u>500,000</u>
Total Non-Current Liabilities		<u>500,000</u>	<u>500,000</u>
Total Liabilities		<u>786,162</u>	<u>623,132</u>
Net Assets		<u>(506,241)</u>	<u>(9,453)</u>
Equity			
Issued capital		15,178,608	15,178,608
Accumulated losses		<u>(16,059,122)</u>	<u>(15,188,061)</u>
Total Equity		<u>(506,241)</u>	<u>(9,453)</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014**

	Share Capital \$	Accumulated losses \$	Total \$
Balance as at 1 July 2012	15,178,608	(14, 792,143)	386,465
Shares issued during the year	-	-	-
Transaction costs	-	-	-
Profit/(Loss) for the year	-	(395,918)	(395,918)
Balance at 30 June 2013	<u>15,178,608</u>	<u>(15,188,061)</u>	<u>(9,453)</u>
Shares issued during the year	400,000	-	400,000
Transaction costs	(25,727)	-	(15,727)
Profit/(Loss) for the year	-	(871,061)	(871,061)
Balance at 30 June 2014	<u>15,552,381</u>	<u>(16,059,122)</u>	<u>(506,241)</u>

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 \$	2013 \$
Cash Flows from Operating Activities			
Receipts from customers		65,131	27,370
Payments to suppliers & employees		(332,968)	(376,665)
Interest received		149	7,326
Interest & other costs of finance paid		(14,959)	(60,287)
Income tax refund		-	-
Net cash used in operating activities	11(a)	<u>(282,648)</u>	<u>(402,256)</u>
Cash Flows from Investing Activities			
Payment for financial assets		-	(191,206)
Net cash provided by (used in) investing activities		<u>-</u>	<u>(191,206)</u>
Cash Flows from Financing Activities			
Proceeds from issue of shares		400,000	-
Costs of share issue		(25,727)	-
Loans to related entities		(163,223)	-
Net cash provided by financing activities		<u>211,050</u>	<u>-</u>
		(71,598)	(593,462)
Cash at the beginning of the year		<u>323,841</u>	<u>917,303</u>
Cash at the end of the year		<u>252,243</u>	<u>323,841</u>

NOTES TO THE PRELIMINARY FINAL REPORT

1. Basis of Preparation

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E. The accounting policies adopted in the preparation of this report are consistent with those adopted and disclosed in the December 2013 half year report.

	2014 \$	2013 \$
2. Revenue from Ordinary Activities		
Operating activities		
- sale of goods	-	-
Total Sales Revenue	<u>-</u>	<u>-</u>
Non-operating activities		
- amounts received in settlement of legal matters	-	-
- interest received	149	7,326
- other revenue	-	-
Total Other Revenue	<u>149</u>	<u>7,326</u>
Interest revenue from:		
- other persons	<u>149</u>	<u>7,326</u>

3. Profit/(Loss) for the year

Profit/(Loss) from ordinary activities before income tax has been determined after:

a) Expenses:

Auditors Remuneration	5,950	4,000
Borrowing costs:		
- other related parties	<u>60,000</u>	<u>60,000</u>
Total borrowing costs	<u>60,000</u>	<u>60,000</u>

b) Significant expenses:

The following significant expense item is relevant in explaining the financial performance:

Corporate Advisory Fees	(66,000)	(91,000)
Directors Fees – non-executive	(78,000)	(108,000)
Cloud Central acquisition costs	(97,524)	-
Impairment of Unsecured Loan	(166,223)	--
Legal expenses	(2,253)	-
Longonjo Project Costs	(339,415)	-
Peru Project Costs	-	(78,053)
Net revenue/(expense) from individually significant items	<u>(746,415)</u>	<u>(277,053)</u>

NOTES TO THE PRELIMINARY FINAL REPORT

	Note	2014 \$	2013 \$
4. Income Tax Expense			
The prima facie income tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:			
Prima facie tax expense (benefit) on loss from ordinary activities before income tax at 30%			
		(261,318)	(118,775)
Add (less) tax effect:			
Current year losses not brought to account as future income tax benefit		261,318	118,775
Diminution in value of investment		<u>-</u>	<u>-</u>
Income tax (expense) benefit		<u><u>-</u></u>	<u><u>-</u></u>
5. Earnings per Share			
		2014 ¢ per share	2013 ¢ per share
Basic earnings (loss) per share	a	(0.38)¢	(0.26)¢
Diluted earnings (loss) per share	b	(0.38)¢	(0.26)¢
(a) <u>Basic earnings per share</u>			
Earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:			
		2013 \$	2012 \$
Earnings (loss)		<u>(395,918)</u>	<u>(298,156)</u>
		Parent entity shares	
		2014 No.	2013 No.
Weighted average number of ordinary shares		<u>164,641,928</u>	<u>150,605,764</u>

NOTES TO THE PRELIMINARY FINAL REPORT

5. Earnings per Share (continued)

(b) Diluted earnings per share

Earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share are the same as used in the calculation of diluted earnings per share and are shown in (a) above:

The following potential ordinary shares are not dilutive and are therefore excluded from the weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share:

Number	Exercise price	Expiry date
<u>50,000,000</u>	\$0.01	30 November 2014
<u>50,000,000</u>		

6. Net Tangible Assets per Security

	2014 ¢ per share	2013 ¢ per share
Net tangible assets per security	<u>(0.002)¢</u>	<u>(0.004)¢</u>

7. Dividends

Dividends paid or proposed:

No dividends have been paid or proposed in respect of the current financial year.
No dividends were paid or proposed in respect of the previous financial year.

Dividend reinvestment plan:

The Company has in place a dividend reinvestment plan. Under the plan, instead of receiving a dividend, participating shareholders will be issued with ordinary shares in Dromana Estate Limited at a discount.

8. Details of entities over which control has been gained during the year

There were no entities over which control was gained during the year.

NOTES TO THE PRELIMINARY FINAL REPORT

9.

(a) Details of associates and joint venture entities

Name of associate or joint venture entity	Reporting entity percentage holding		Contribution to net profit from ordinary activities during the period	
	2014	2013	2014	2013
	%	%	\$	\$

(b) Investments at valuation

	2014	2013
	\$	\$
Options in Sable Minerals Pty Ltd	-	50,000
Capitalised Longonjo Project costs	-	203,294
	<u>-</u>	<u>253,294</u>

10. **Share Capital**

Ordinary shares	Number	\$
At the beginning of the year	150,605,764	15,178,608
1:4 share consolidation	-	-
Shares issued during the year	<u>80,000,000</u>	<u>374,273</u>
Balance at 30 June 2014	<u>230,605,764</u>	<u>15,552,381</u>

Note	2014	2013
	\$	\$

11. **Notes to the Statement of Cash Flows**

(a) Reconciliation of loss from ordinary activities after related income tax to net cash flows from operating activities

Profit/(Loss) from ordinary activities after related income tax	(871,061)	(395,917)
Impairment of unsecured loan	163,223	-
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:		
(Increase)/decrease in trade and other receivables	9,366	(13,402)
(Increase)/decrease in other current assets	253,294	-
Increase/(decrease) in trade and other payables	162,530	7,063
Increase/(decrease) in provisions	-	-
Net cash from operating activities	<u>(282,648)</u>	<u>(402,256)</u>

NOTES TO THE PRELIMINARY FINAL REPORT

	Note	2014 \$	2013 \$
11. Notes to the Statement of Cash Flows (continued)			
<i>(b) Non-cash financing and investing activities</i>			
During the reporting period the company acquired no plant and equipment.			
<i>(c) Financing facilities</i>			
<u>Loans</u>			
Convertible Note facility		<u>500,000</u>	<u>500,000</u>
		500,000	500,000
Amount utilised		<u>500,000</u>	<u>500,000</u>
Unused Convertible Note and Loan facilities		<u> -</u>	<u> -</u>
Leasing and hire purchase facility			
Amount of facility		-	-
Amount utilised		<u> -</u>	<u> -</u>
Unused leasing and hire purchase facility		<u> -</u>	<u> -</u>

12. Commentary on results for the period

The accompanying ASX announcement of the directors provides a commentary on the results for the period.

13. Events subsequent to balance date

The company appointed Cygnet Capital to act as Underwriter and Lead Manager for a 3-for-1 renounceable entitlements issue at \$0.001 per share to raise a total of \$691,817. The funds raised from the issue will enable Dromana to recapitalise its balance sheet and allow the company to pursue corporate opportunities to significantly add to shareholder value.

14. Audit

This report is based on financial accounts which are in the process of being audited. The accounts are not likely to be subject to dispute or qualification.

Garry W Bell
Chief Financial Officer

Dated this 25th day of August 2014.