



Monday, 16 January 2006

Dromana Estate Limited Rights Issue - Panel Receives Application

The Takeovers Panel advises that it has received an application dated 15 January 2006 from Mr John Hempton, a shareholder in Dromana Estate Limited (**Dromana**), and Mr Simon Maher, a director of a corporate trustee for a trust that is a shareholder of Dromana (together known as **Shareholders**), in relation to a 1 for 1 non-renounceable rights issue (**Rights Issue**) to be conducted by Dromana, the terms of which are set out in a prospectus dated 11 January 2006.

The Rights Issue is jointly underwritten by entities associated with three of the four directors of Dromana. The Rights Issue seeks to raise \$1.5m and is underwritten by the Directors to the extent of \$1m.

The Shareholders' application alleges that unacceptable circumstance exist in relation to the Rights Issue and the above underwriting agreement. The application submits that the Rights Issue and the underwriting agreement are likely to deliver control of Dromana to the Directors at a deflated price.

The Shareholders' seek interim orders that:

- no Dromana shares be issued by Dromana under the Rights Issue to participants or the underwriters until the above application has been determined by the Panel; and
- the 19 January 2006 Dromana shares ex-rights trading date, be delayed.

The Panel has not decided whether to conduct proceedings in relation to the application and makes no comment on the merits of the application. It also notes that it has not received submissions from the other parties to the application.

The President of the Panel is appointing a sitting Panel to consider the application.

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