

RATTOON HOLDINGS LIMITED

ANNUAL REPORT 2005

Rattoon Holdings Limited

ABN 16 076 611 268

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Chairman's Report

Rattoon Holdings Limited's principal activity is investing in and managing investments in unlisted and illiquid Australian entities. Unlisted entities make up the majority of operating entities within Australia. As these entities are not listed, opportunities for the general investor to invest in these businesses are limited.

Rattoon's objective is to identify these unlisted Australian entities and provide a mechanism whereby investors can access the investment opportunity that these unlisted entities represent. This also provides an opportunity for these unlisted entities to access additional equity, or to provide their equity holders with a liquidity mechanism.

The Directors of the Company are continually assessing further opportunities for Rattoon and will report to shareholders on these as more certainty is gained over current opportunities.

Over the past twelve months I am pleased to report that Rattoon Holdings Limited has:

- Further invested in the Estate of the Late George Adams, which listed on the ASX as Tattersalls Limited subsequent to year end;
- Invested in NSX Limited;
- Provided opportunity for small shareholders to exit via a share-buy back, thereby reducing the number of shareholders in Rattoon from over 3,500 to 822; and,
- Recorded a profit before interest and tax of in excess of \$800,000.

The Directors of Rattoon have recently advised of their intention to distribute Tattersalls shares held by the Company to Rattoon's shareholders. After considering the various options for a distribution and receiving appropriate legal and taxation advice, the Board of Rattoon has resolved to offer an equal access buy-back offer ("Offer") to all Rattoon shareholders. Details of the Offer will be forwarded to shareholders along with this Annual Report. I encourage all shareholders to read this Offer in detail.

Although we did not achieve the targeted objectives in our well-publicised offer for interests in the Estate of the Late George Adams (now Tattersall's Limited), I am pleased with the accomplishments of the Company this financial year.

I also take this opportunity to express my appreciation for the efforts over the past year of my fellow Directors and the efforts of Gordon Moffatt whom I replaced as Chairman in March.

Regards,

A handwritten signature in blue ink, appearing to read 'H Henderson', followed by a long horizontal flourish.

Hugh Henderson
Chairman

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Corporate Governance

This statement outlines the main Corporate Governance practices that were in place throughout the financial year, unless otherwise stated.

(i) Board of Directors

Rattoon Holdings Limited ("the Company") acknowledges that the Corporations Law clearly establishes that the Board is ultimately responsible for all matters relating to the running of the Company.

In general, the Board is responsible for and has the authority to determine all matters relating to the policies, practices, management and operations of the Company. The Board has the ultimate responsibility for the objectives and successful operations of the Company.

(ii) Statement Of Compliance Philosophy

Rattoon Holdings Limited is a company of integrity and therefore will not breach the law or proper ethical standards. Accordingly, it is part of the philosophy of this company that it will at all times comply with the law (or particular laws) and will demonstrate ethical behaviour. We believe that ensuring everyone in our company complies with the law is simply a part of good management.

(iii) Composition of the Board

Since good governance principles require independence, transparency and flexibility, the Board acknowledges the importance of board structure and, as a consequence, the Board seeks to use the following provisions as guidance when implementing an effective governance structure in the Company.

In accordance with the Constitution, the Board will comprise between four and eight individual Directors. Generally, this will be a number of four (4) including the Chairman.

The Board shall contain a relevant blend of expertise in

- Accounting;
- Finance;
- Business; and,
- Legal skills

Directors are appointed under the terms contained in the Constitution.

Subject to the number of Directors allowed under the Constitution, a Director may be appointed by an ordinary resolution of the Company in a general meeting while the Board may appoint at any time additional Directors. Such Directors shall only hold office until the next annual general meeting of the Company.

As contained in the Company's Constitution, the length of appointment for a Director is three years. To ensure a gradual and controlled movement of Directors, the longest-serving third of all Directors are expected to retire at each annual meeting, but shall be eligible for re-election. However, in the interest of ensuring continual supply of new talent to the Board, Directors are only expected to serve for a maximum of three terms. The exception to this policy is a Chairman who is eligible to serve an additional term in that role.

(iv) Conflict of Interest and Related Party Transactions

Directors must:

- Disclose to the Board actual or potential conflicts of interest which may exist or might reasonably be thought to exist between the interests of the Director or the Director's personnel interests and the interests of any other related parties in carrying out the activities of the Company; and

- At the request of the Board within seven days or such further period as may be allowed, take such steps as are necessary and reasonable to remove any conflict of interest referred to above.

If a Director cannot or is unwilling to remove a conflict of interest as required, then the Director must absent herself or himself from the room when discussing matters about which the conflict relates.

(v) Audit Committee

The Audit Committee is responsible for overseeing and appraising the quality of the external audit and the internal control procedures.

The Audit Committee will comprise at least one Independent Director who will chair the meetings. The Audit Committee will not contain any Executive Directors.

The Committee will meet with the external auditors at least once a year. Full details are provided in the committee's terms of reference.

(vi) Remuneration Committee

The Remuneration Committee will:

- Set policies for senior officers' remuneration;
- Set policies for Directors' remuneration; and,
- Make specific recommendations to the Board on remuneration of Directors and senior officers;

The Remuneration Committee will comprise at least one Independent Director. It will not contain any Executive Directors. It will meet annually.

(vii) Compliance Committee

The Compliance Committee will be responsible for:

Setting, reviewing and ratifying corporate compliance policies;

- Overseeing the implementation of a corporate compliance system.
- Referring to the Board, if necessary, any substantial or unusual decisions regarding compliance; and
- Reviewing the declaration from the Company Secretary on compliance and certifying that the Company is complying with its legal obligations.

The Compliance Committee will comprise at least one Independent Director. Additionally, the Company Secretary will be a member of the Committee. Any other Director is able to attend any meeting of the Compliance Committee.

(viii) Legal Compliance

The Compliance Committee is charged with implementing appropriate compliance systems within the organisation. In particular, the Company Secretary will oversee the Company's compliance system. The Company Secretary will work in conjunction with relevant parties to ensure all areas of compliance are covered within the Company.

(ix) Directors Remuneration

By serving on the board of a limited company, the directors of a corporation assume a significant responsibility. The company offers its non-employee directors a highly competitive compensation package, which includes a retainer, meeting fees, liability insurance at the board's discretion, business travel accident insurance, and a restricted stock plan. The package will be recommended each year by the remuneration committee, for adoption by the board.

Directors' Report

The Board of Directors of Rattoon Holdings Limited (the 'Company') present the following report for the year ended 30 June 2005 accompanied by the Financial Statements of the Company for the year ended 30 June 2005.

The Directors Report, Financial Statements, Directors Declaration, Independent Audit Report and Corporate Governance Statement have, to the extent possible, been prepared in accordance with the requirements of the Corporations Act 2001 and the Listing Rules of the NSX.

1 Directors

The names of the Directors in office at any time during or since the end of the financial year are:

Michael Naphtali	Hugh Henderson
Hugh Robertson	Gordon Moffatt (resigned 31 March 2005)
Graeme Cureton (appointed 4 April 2005)	

2 Principal Activities

The Company's principal activity is investing in and managing investments in large private and illiquid listed Australian entities.

3 Review and Results of Operations

The Company has reported a net profit attributable to members of \$751,154 for the twelve months ending 30 June 2005.

4 Trading Result

The profit after tax of the Company for the year was:

	2005 \$	2004 \$
Profit from Ordinary Activities Before Income Tax	<u>751,154</u>	<u>1,308,742</u>
Net Profit Attributable to Members of the Company	<u>751,154</u>	<u>1,308,742</u>

5 Dividends

No dividends were paid during the year and no dividend will be declared for the year.

6 Significant Change in State Of Affairs

The following significant changes to the state of affairs of the Company occurred during the financial year:

- 14 November 2004 - the completion of a shareholder top-up facility and small holdings sale facility. 145 of the Company's Shareholders took up the opportunity to acquire additional Rattoon shares under the Top-Up Facility, 316 with unmarketable parcels elected to retain their existing shareholding and 3230 elected to divest their shareholding under the Small Holdings Sale Facility.

7 Events Subsequent to Balance Date

Rattoon has 6.7 million shares in Tattersall's Limited ("Tattersall's") which it acquired as a result of its investment in the Estate of the Late George Adams. Tattersall's Limited was admitted to the Australian Stock Exchange on 6 July 2005 (code : TTS).

On 18 July 2005, the Directors of Rattoon confirmed their intention to distribute Tattersall's shares held by Rattoon to Rattoon's shareholders. After considering the various options for a distribution and receiving appropriate legal and taxation advice, the Board of Rattoon has resolved to offer an equal access buy-back offer ("Offer") to all Rattoon shareholders. Details

of the Offer will be forwarded to shareholders with the Company's Annual Report in September 2005.

There have been no other events that have arisen in the interval between the end of the Financial year and the date of this report any matter or circumstance that in the opinion of the Director's of the Company has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

8 Likely Developments

Likely developments in the operations of the Company known at the date of this report have been covered generally within this report. Further information as to likely developments in the operations of the Company including the expected results of those operations in subsequent financial years would, in the opinion of the Directors, prejudice the interests of the Company and has therefore not been included in this report.

9 Performance in Relation to Environmental Regulation

The Company's operations are not regulated by any significant environmental regulation under a Law of the Commonwealth, or of a State or Territory, and accordingly no environmental disclosure is required.

10 Information On Directors

As at the date of this report, the names, particulars of the qualifications, experience and special responsibilities (if any) of each director are:

Hugh Henderson (61)

Chairman

Appointed 4 December 1996

Experience and Expertise

Mr Henderson is a mechanical engineer by training, and has held Chief Executive positions in the UK, the USA and Australia in a broad spectrum of manufacturing and IT companies. Since 1996 he has had his own business brokerage company, MacFarlane Partners, which offers a variety of consultancy services to its clients, primarily in the areas of strategic restructure, capital raising, acquisition, divestment of assets and IPO. He is a Fellow of the Australian Institute of Directors, and a Fellow of the Chartered Institute of Management.

Other Current Listed Company Directorships

None

Former Listed Company Directorships (in last 3 years)

None

Special Responsibilities

Chair of the Audit Committee

Chair of the Remuneration Committee

Chair of the Corporate Governance Committee

Interests in Shares and Options

8,570 Ordinary Shares in Rattoon Holdings Limited

Michael Naphtali (56)

Non-Executive Director

Appointed 3 February 2000

Experience and Expertise

Mr Naphtali graduated from Monash University with a Bachelor of Economics (Honours) degree and obtained an MBA from the University of Chicago. In 1998 he co-founded Hindal Corporate Pty Ltd with David Beatty. Michael operates as a key adviser and business consultant, predominantly to large private clients on strategy, financing, succession, restructuring and tax matters, acquisitions, asset disposals and capital raising. I

Other Current Listed Company Directorships
Non-Executive Director, Becton Property Group Limited

Former Listed Company Directorships (in last 3 years)
None

Special Responsibilities
Member of the Remuneration Committee

Interests in Shares and Options
628,915 Ordinary Shares in Rattoon Holdings Limited

Hugh Robertson (44)
Non-Executive Director
Appointed – 1 July 2003

Experience and Expertise
Hugh Robertson has had over 20 years experience in the Stockbroking and Investment Industry.

Other Current Listed Company Directorships
Director, OAMPS Limited
Non-Executive Director, Catalyst Recruitment Systems Limited

Former Listed Company Directorships (in last 3 years)
None

Special Responsibilities
None

Interests in Shares and Options
950,351 Ordinary Shares in Rattoon Holdings Limited

Graeme Cureton (60)
Non-Executive Director
Appointed – 4 April 2005

Experience and Expertise
Graeme has substantial experience in the financial and commercial sectors.

Other Current Listed Company Directorships
Executive Director, Guinness Peat Group Plc
Director, Capral Aluminium Limited
Director, Greens Foods Limited
Director, CPI Group Limited

Former Listed Company Directorships (in last 3 years)
None

Special Responsibilities
None

Interests in Shares and Options
100,000 Ordinary Shares in Rattoon Holdings Limited

11 Meetings of Directors

The number of meetings of Directors held (or deemed to be held pursuant to the Constitution), including meetings of Committees of Directors, during the year including their attendance was as follows:

Director	Board Meetings		Audit Committee		Remuneration Committee		Corporate Governance Committee	
	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)
M Naphtali	16	14	-	-	1	1	-	-
H Henderson	16	16	2	2	1	1	1	1
G Moffatt ¹	11	11	2	2	-	-	1	1
H. Robertson	16	16	-	-	-	-	-	-
G. Cureton ²	4	3	-	-	-	-	-	-

(A) Number of meetings held while in office

(B) Number of meetings attended

¹ Resigned as Chairman and Director of Rattoon Holdings Ltd on 31 March 2005.

² Appointed as Non-Executive Director of Rattoon Holdings Ltd on 4 April 2005.

12 Remuneration report

The remuneration report is set out under the following main headings:

- (a) Remuneration policy
- (b) Detail of Directors and Senior Executives Remuneration
- (c) Service Agreements
- (d) Share Based Remuneration

(a) Remuneration policy

The Company's broad policy for the management of emoluments of Board members and Senior Executives is as follows:

Non-executive Directors

The Company's Constitution provides that the Board will determine the total remuneration paid to Directors for their services as Directors in respect of each year and its distribution amongst them, provided that the total amount does not exceed the maximum amount approved from time to time by shareholders in a general meeting.

The level of fees and salaries of companies of a similar size to Rattoon Holdings Limited in the market place are taken into account when setting remuneration packages for non-executive directors. Mr M Naphtali, Mr H Robertson and Mr G Cureton did not wish to receive Directors fees during the year.

The Company may also pay the directors' travelling and other expenses that they properly incurred in attending directors' meetings or any meetings of committees of directors, in attending any general meetings of the Company, and in connection with the Company's business.

In addition, any director who being willing is called on to perform extra services or to make any special exertions or to undertake any executive or other work for the Company beyond his or her ordinary duties may be remunerated either by a fixed sum or a salary as determined by the directors.

Senior Executives

In determining the remuneration of Senior Executives, consideration is given to the nature and level of responsibility and performance of the Senior Executives and market competitive remuneration rates. To assist in this process, where necessary the Company obtains input from external specialist remuneration advisors and participates in comprehensive external executive reward surveys.

(b) Detail of Directors and Senior Executives Remuneration

The Directors of Rattoon Holdings Limited and their remuneration for the year ended 30 June 2005 are detailed below.

Emoluments of Executive Directors and other Senior Executives during the financial year ended 30 June 2005 were determined by a Remuneration Committee (refer Main Corporate Governance Statement for further details). In this respect, consideration was given to normal commercial rates of remuneration for similar levels of responsibility. Emoluments comprised fixed salaries. There are no unexpired periods of service contracts relating to the appointment of the Directors.

Details of remuneration

Details of the remuneration of each Director of Rattoon Holdings Limited and the specified executive of the Company, including their personally-related entities, are set out in the following tables. All elements of remuneration are not directly related to performance.

Directors of Rattoon Holdings Limited

2005	Primary			Post-employment		Equity	
Name	Cash salary and fees \$	Cash bonus \$	Non-monetary benefits \$	Super-annuation \$	Retirement benefits \$	Options \$	Total \$
Mr G Moffatt	32,700	-	-	-	-	-	32,700
Mr H Henderson	30,000	-	-	2,700	-	-	32,700
Mr M Naphtali	-	-	-	-	-	-	-
Mr H Robertson	-	-	-	-	-	-	-
Mr G Cureton	-	-	-	-	-	-	-
Mr R Parrab	-	-	-	-	-	-	-
Mr M Lipshut	-	-	-	-	-	-	-
Mr A Surtees	-	-	-	-	-	-	-
Total	62,700	-	-	2,700	-	-	65,400

Specified executive of Rattoon Holdings Limited

2005	Primary			Post-employment		Equity	
Name	Cash salary and fees \$	Cash bonus \$	Non-monetary benefits \$	Super-annuation \$	Retirement benefits \$	Options \$	Total \$
Mr M Jackson	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

For the year ended 30 June 2005, the Company did not employ any executives within the business.

Mr Matthew Jackson was the executive with the greatest authority for the strategic direction and management of the Company ("specified executive") during the current and prior financial year (refer (c)).

(c) Service Agreements

Remuneration and other terms of employment for the Chairman and other non-executive Directors are not formalised in service agreements.

Mr Jackson performed his duties as Financial Controller/Company Secretary under an agreement the Company entered into with Hindal Securities Limited to provide accounting, administrative and company secretarial support to the Company. This agreement is for no fixed term and may be terminated by Rattoon Holdings Limited with one months notice. Under this agreement Hindal

provides accounting and administrative support to the Company for \$4,000 per month (plus GST). This agreement was in place for all of the 2005 financial year.

(d) Share Based Remuneration

The Company did not remunerate any Directors or Specified Executives with options or shares during the financial year ended 30 June 2005.

13 Directors' Shareholdings

The relevant interests of each Director in the number of ordinary shares of the Company or any Related Body Corporate at the date of this report are:

	Beneficial Interest	Non-Beneficial Interest	Options
M Naphtali	-	628,915	-
H Henderson	8,570	-	-
H Robertson	950,351	-	-
G Cureton	-	100,000	-

The Directors have no rights to subscribe for equity of debt securities that may be issued by the Company.

Refer to Note 19 for details of the option plans and Note 18 for details on related party transactions.

14 Indemnification of Officers and Auditors

During the year the Company paid a premium to insure Directors listed in this report and senior executives against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity for the Company. The terms of the policy prohibit disclosure of the premium paid.

The Auditors of the financial report have not been indemnified by the Company.

15 Shareholder Details

In accordance with NSX Listing Rules requirements, the top 10 shareholders of the Company as at 18 August 2005 are as follows:

	Number of Shares	% of Shares Issued
Bell Potter Nominees Ltd	7,853,975	17.39%
Invia Custodian Pty Ltd	4,287,814	9.49%
Giovanni Nominees Pty Ltd	3,605,740	7.98%
Charmof Nominees Pty Ltd	2,000,000	4.43%
Invia Custodian Pty Ltd	1,849,611	4.10%
Westpac Custodian Nominees	1,570,902	3.48%
Invia Custodian Pty Ltd	1,233,074	2.73%
Giovanni Nominees Pty Ltd	1,005,428	2.23%
ANZ Nominees Ltd	955,429	2.12%
Bungeeltap Pty Ltd	920,351	2.10%
	25,282,324	56.05%

Details of the Company's distribution of equity holders are contained at the end of the annual report.

16 Auditor's Independence Declaration

A copy of the auditor's independence declaration, as required under section 307c of the Corporations Act 2001, is set out on the next page.

Signed in accordance with a resolution of the Board of Directors at Melbourne this 23rd day of September 2005.



Hugh Henderson
Chairman

23rd September, 2005

The Board of Directors

Rattoon Holdings Limited
Level 10, 350 Collins Street,
Melbourne VIC 3000

Auditor's Independence Declaration

This declaration is made in connection with our audit of the financial report of Rattoon Holdings Limited for the year ended 30th June 2005 and in accordance with the provisions of the Corporations Act 2001.

We declare that, to the best of our knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to this audit;
- No contraventions of the Code of Professional Conduct of the Institute of Chartered Accountants in Australia in relation to this audit.

Yours faithfully



HORWATH MELBOURNE

Chartered Accountants



NICHOLAS E. BURNE

Partner

Statement of Financial Performance

For the year ended 30 June 2005

	Note	2005 \$	2004 \$
Revenue from operating activities	2	1,871,224	516,810
Other revenues from ordinary activities	2	-	1,676,329
Total Revenue from ordinary activities		1,871,224	2,193,139
Employee and sub-contractor costs	3	(126,375)	(140,090)
Professional fees		(647,050)	(319,918)
Other expenses from ordinary activities	3	(290,672)	(424,389)
Total expenses from ordinary activities excluding borrowing costs		(1,064,097)	(884,397)
Borrowing and Related Expenses		(55,973)	-
Total expenses	3	(1,120,070)	(884,397)
Profit from ordinary activities before income tax expense		751,154	1,308,742
Income tax expense relating to ordinary activities	4	-	-
Net profit	13	751,154	1,308,742
Total changes in equity other than those resulting from transactions with owners as owners	13	751,154	1,308,742
Basic earnings per share (cents per share)	16	1.78	4.33

Statement of Financial Position

As at 30 June 2005

	Note	2005 \$	2004 \$
Current assets			
Cash assets	5	1,011,742	712,008
Receivables	6	255,995	225,790
Other	7	160,296	54,450
Total current assets		1,428,033	992,248
Non-current assets			
Other financial assets	8	21,008,706	7,852,090
Total non-current assets		21,008,706	7,852,090
Total assets		22,436,739	8,844,338
Current liabilities			
Payables	9	159,593	27,948
Interest-bearing liabilities	10	10,017,461	-
Total current liabilities		10,177,053	27,948
Total liabilities		10,177,053	27,948
Net assets		12,259,686	8,816,390
Shareholders' equity			
Contributed equity	12	35,488,5687	32,796,426
Accumulated losses	13	(23,228,882)	(23,980,036)
Total shareholders' equity		12,259,686	8,816,390

Statement of Cash Flows

For the year ended 30 June 2005

		2005	2004
		\$	\$
	Note	Inflows / (Outflows)	Inflows / (Outflows)
Cash flows from operating activities			
Interest and trust distributions received		1,694,793	291,020
Payments to suppliers and employees		(1,048,293)	(898,457)
Net cash provided by/(used in) operating activities	17(ii)	646,500	(607,437)
Cash flows from investing activities			
Proceeds from sale of Trading Portfolio		200,247	2
Payment for Trading Portfolio		(13,410,370)	(7,698,335)
Loan funds provided		-	(240,549)
Repayment of loan funds		153,754	86,794
Net cash (used in)/provided by investing activities		(13,056,369)	(7,852,088)
Cash flows from financing activities			
Proceeds from issue of shares (net)		2,692,142	9,148,422
Proceeds from borrowings		10,000,000	-
Net cash provided by financing activities		12,692,142	9,148,422
Net increase in cash held		282,273	688,897
Cash at the beginning of the financial year		712,008	23,111
Cash at the end of the financial year	17(ii)	994,281	712,008

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Notes to the Financial Statements

1. Statement Of Significant Accounting Policies

The financial report is a general-purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers Rattoon Holdings Limited (the 'Company'). The Company is a company limited by shares, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs, and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied unless otherwise stated.

(a) Recoverable Amounts

The carrying amounts of non-current assets do not exceed the net amounts that are expected to be recovered through cash inflows and outflows arising from continued use and subsequent disposal. The expected net cash flows included in determining the recoverable amounts have not been discounted to their present values.

(b) Income Tax

Tax effect accounting procedures are followed whereby the income tax expense in the statement of financial performance is matched with the accounting result after allowing for permanent differences.

Income tax on net cumulative timing differences is set aside to the provision for deferred income tax or future tax benefit accounts at the current company tax rate. Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

(c) Cash

For the purposes of the statement of cash flows, cash includes cash at bank and on hand, and bank deposits including interest bearing term deposits which mature within three months of the date of acquisition and net of bank overdrafts.

(d) Receivables

Trade accounts receivable, amounts due from related parties and other receivables represent the principal amounts due at balance date less provisions for doubtful debts.

(e) Investments

Non-current investments are measured on the cost basis. Investments in other unlisted entities are carried at the lower of cost and recoverable amount.

(f) Revenue Recognition

(i) Dividend, Distribution and Interest Income

Dividend and distribution revenue is recognised when the right to receive payment is established. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield basis.

(ii) Sales of investments

Sales of investments are recognised when the contract for sale has been completed.

All revenue is stated net of GST.

Notes to the Financial Statements (continued)

1. Statement Of Significant Accounting Policies (continued)

(g) Borrowings

Borrowings are recognised in the financial report on the basis of the nominal amounts outstanding at balance date plus accrued interest. Borrowing costs are recognised as an expense in the period in which they are incurred.

(h) Accounts Payable

Accounts Payable represents the principal amounts outstanding at balance date plus, where applicable, any accrued interest.

(i) GST

Revenues, expenses and assets are recognised net of the amounts of GST, except where the amount of GST incurred is not recovered from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(j) Net Working Capital Deficiency

Notwithstanding the deficiency in net working capital, the financial report has been prepared on a going concern basis as the directors believe that the Company will be able to generate sufficient cash flows to satisfy its debts as and when they fall due and that the bank bills which are disclosed as a current liability will continue to be made available to the Company as the Company's major asset is capable of being traded at any given time.

2. Revenue

	Note	2005 \$	2004 \$
Operating activities			
• dividends/distributions received or receivable		1,631,032	444,718
• interest received or receivable	2(a)	39,945	72,092
• proceeds from sale of investments		200,247	-
		1,871,224	516,810
Non-operating activities			
• loan forgiveness	3(iv)	-	1,676,329
		-	1,676,329
Total Revenue from ordinary activities		1,871,224	2,193,139
(a) Interest from:			
• other persons		39,945	72,092

Notes to the Financial Statements (continued)

3. Profit from Ordinary Activities

	Note	2005 \$	2004 \$
Profit from ordinary activities before income tax has been determined after:			
(i) Employee and sub-contractor costs			
• sub-contractor costs		52,800	74,690
• directors fees		73,575	65,400
		126,375	140,090
(ii) Other expenses:			
• voluntary administrator fees		-	23,111
• insurance		67,975	18,150
• share registry		21,127	46,264
• accounting fees	15	29,545	130,933
• printing and postage		19,231	69,625
• auditors remuneration	15	19,489	74,560
• cost of sale of listed shares		100,000	-
• filing fees		14,288	41,913
• other expenses		19,017	19,833
		290,672	424,389
(iii) Revenue and net gains			
• profit on sale of listed shares		100,247	-
(iv) The following significant item is relevant in explaining the financial performance during the prior year:			
• loan forgiveness	2	-	1,676,329

On 2 April 2002 the Company and all wholly owned subsidiaries were placed into Voluntary Administration due to poor trading. On 19 April 2002 the Company became subject to a Deed of Company Arrangement and the Deed Administrators under the Deed assumed control of the Company. In April 2002, the Deed Administrators sold the Company's Australian and Asian operating subsidiaries to Sirius Telecommunications Ltd. On 30 January 2004 the Deed of Company Arrangement between John Ross Lindholm and John Menzies Spark (as Administrators) and the Company, had been wholly effectuated. The financial impact of the Company entering into the Deed of Company Arrangement is noted above.

Notes to the Financial Statements (continued)

4. Income Tax Expense

	2005	2004
	\$	\$
<hr/>		
The income tax expense for the financial year differs from the amount calculated on the profit. The differences are reconciled as follows:		
Profit from ordinary activities before income tax expense	751,153	1,308,742
Prima facie tax payable on profit from ordinary activities before tax income tax at 30% (2004: 30%)	225,346	392,623
Tax Effect of Permanent Differences		
Imputation Credits attached to Distribution	187,855	-
Tax losses not brought to account		131,908
Non-Assessable forgiveness of trade creditors and convertible notes under Deed of Company Arrangement		(502,899)
Deductible capital expenditure		(21,632)
Tax Effect of Timing Differences		
Accrued Superannuation	90	
Prepaid Bill Discount (see Note 1)	(48,089)	
Income Tax adjusted for Permanent Differences	365,232	-
	<hr/>	<hr/>
Less Imputation Credits	(365,232)	-
	<hr/>	<hr/>
Income Tax Expense	-	-
	<hr/>	<hr/>
(b) Future income tax benefits not brought to account, the benefits of which will only be realised if the conditions for deductibility are met.		
Imputation credits available	261,051	
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

Notes to the Financial Statements (continued)

5. Cash

		2005	2004
	Note	\$	\$
Cash at bank		11,742	9,759
Deposits at call		1,000,000	702,249
	18(a)	1,011,742	712,008

Interest

Interest is receivable on cash at bank and deposits at call at prevailing rates which averaged 4.75% over the year.

6. Receivables

	2005	2004
	\$	\$
Accrued distribution	201,975	225,790
Other debtors	54,020	-
	255,995	225,790

7. Other Assets

	2005	2004
	\$	\$
Prepayments	160,296	54,450
	160,296	54,450

8. Other Financial Assets

	2005	2004
	\$	\$
Non-current		
Investments in listed corporations		
• at cost – shares in NSX Limited	400,000	-
Other Investments		
• at cost – shares in Tattersall's Limited (2004: notional units in the Estate of the late George Adams)	20,608,706	7,698,335
• at cost – loan to the Estate of the late George Adams	-	153,755
	21,008,706	7,852,090

As disclosed in Note 22, Tattersalls Limited listed on the Australian Stock Exchange on 7 July 2005.

Notes to the Financial Statements (continued)

9. Payables

	2005	2004
	\$	\$
Current		
Trade creditors	93,269	15,572
Other unsecured creditors and accruals	66,323	12,376
	159,592	27,948

10. Interest Bearing Liabilities

	2005	2004
	\$	\$
Current		
Unsecured liabilities		
Bank overdrafts	17,461	-
Secured liabilities		
Bank Bills	10,000,000	-
	10,017,461	-

The bank loan is a floating/ rate bill facility provided by the National Australia Bank Limited. The expiry date of the facility is 30 April 2006 with repayments being interest only. The facility is provided on a secured basis with the security comprising first-ranking Registered Mortgage Debenture (RMD) over the whole of the Company's assets. The facility is subject to a number of covenants including but not limited to interest cover ratio and gearing Ratios.

**The carrying amount of non-current assets
pledged as security are:**

Registered mortgage	21,008,706	-
---------------------	-------------------	---

11. Statement Of Operations By Segments

During the year ended 30 June 2005 the company operated in a single segment being investment in Australian unlisted entities, solely within Australia.

Notes to the Financial Statements (continued)

12. Contributed Equity

	Note	2005 \$	2004 \$
Ordinary shares \$			
At the beginning of the reporting period		32,796,426	23,648,004
Shares issued during the year	12(i)	2,692,140	9,545,000
Cost of raising equity		(276,620)	(396,578)
At reporting date		35,211,946	32,796,426
Ordinary shares – number			
At the beginning of the reporting period		39,179,847	99,958,475
Share consolidation (100:1)	12(ii)	-	(98,958,628)
Shares issued during the year	12(i)	5,982,533	38,180,000
At reporting date		45,162,380	39,179,847

(i) Issue of Shares During the Year

On 31 May 2005 a private placement of 5,982,533 shares at \$0.45 cents per share was made to professional investors.

(ii) Share Consolidation

On 1 July 2003 a General Meeting of Shareholders approved a Share consolidation of 100 to 1, which resulted in the number of shares being reduced from 99,958,475 to 999,847.

Options:

At balance date, the following options were in existence:

Option Holder	Note	Issue Date	No. of Options	Exercise Price \$	Expiry Date
Former Executive Director		19/06/01	1,200,000	50.00	30/04/07
Other Options	(iii)	19/06/01	7,300,000	35.00	Various
Former Executive Director		29/11/01	1,200,000	25.00	30/04/07
Total unquoted options on issue			9,700,000		

(iii) Various

3.3 million options expire in 3 years from the date the barrier price of \$50.00 is reached. 4.0 million options expire 3 years from the date the barrier price of \$75.00 is reached.

13. Accumulated Losses

	Note	2005 \$	2004 \$
Accumulated losses at the beginning of the financial year		(23,980,036)	(25,288,778)
Net profit attributable to the members of the Company		751,154	1,308,742
Dividends provided for or paid	14	-	-
Accumulated losses at the end of the financial year		(23,228,883)	(23,980,036)

Notes to the Financial Statements (continued)

14. Dividends

	2005	2004
	\$	\$
Unfranked dividends paid during the year	-	-
Balance of franking account at year-end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and franking credits that may be prevented from distribution in subsequent financial years.	-	-

15. Auditors' Remuneration

	2005	2004
	\$	\$
Remuneration of the auditor of the Company for:		
• audit and review of the financial reports	19,489	74,560
• other services	29,545	130,933
	49,034	205,493

16. Earnings Per Share

	2005	2004
Basic earnings per share (cents)	1.78	4.33
Diluted earnings per share (cents)	1.78	4.33
Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share	42,157,586	30,194,943
Weighted average number of potential ordinary shares used in the calculation of diluted earnings per share	42,157,586	30,194,943

Notes to the Financial Statements (continued)

17. Cash Flow

(i) Cash policy

For the purposes of the statements of cash flows, cash includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statements of financial position as follows:

(ii) Reconciliation of cash

	Note	2005 \$	2004 \$
Cash at bank		1,011,742	712,008
Bank overdrafts		(17,461)	-
		994,281	712,008
<hr/>			
Profit from ordinary activities after income tax		751,154	1,308,742
Loan forgiveness		-	(1,676,329)
Less Investing Activities:			
Sale of Trading Portfolio Investments		(200,247)	-
Net cash provided by/(used in) operating activities before change in assets and liabilities		550,907	(367,587)
<hr/>			
Decrease/(Increase) in other assets		(105,846)	(42,006)
Increase in receivables		(30,205)	(225,790)
Increase in accounts payable		131,644	27,946
Net cash provided by/(used in) operating activities		646,500	(607,437)

18. Related Party Transactions

During the year the following transactions took place with related parties:

(i) Director-related entities

Michael Naphtali is Chairman of Hindal Securities Pty Ltd. Under an agreement between the Company and Hindal Corporate Pty Ltd, Hindal Securities ("Hindal") provided accounting, administrative and share registry services during the year for fees totalling \$52,800 (2004: \$54,628). These fees were on normal commercial terms.

Mr Naphtali is Chairman of Hindal Securities Pty Ltd who received fees in relation to advisory services for the fund raisings by the Company and investment acquisitions by the Company. These comprised fees of \$142,013 (2004: \$175,000). These fees were on normal commercial terms.

Hugh Robertson is an associate of Bell Potter Securities Limited ("Bell Potter"). Under agreement between the Company and Bell Potter, Bell Potter provided advisory services in relation to capital raisings by the Company during the year for fees totalling \$134,607 (2004: \$186,578). These fees were on normal commercial terms. Bell Potter also provided brokerage services in relation to the shareholder top-up facility and small shareholder sale facility for fees totalling \$6,483 (2004: Nil).

Remuneration and retirement benefits paid or payable, or otherwise made available, to the directors of the Company are disclosed in the Remuneration Report in the directors report.

Notes to the Financial Statements (continued)

18. Related Party Transactions (continued)

The Company has indemnified each current director and the Company Secretary against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position with the Company except where the liability arises out of conduct involving a lack of good faith. The agreements stipulate that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has paid insurance premiums in respect of directors' and officers' liability and legal expenses insurance contracts, for current and former directors and officers, insuring them against liabilities, costs and expenses arising out of conduct which does not involve a wilful breach of duty. This insurance premium covers the period 1 April 2005 to 30 June 2005.

Apart from the details disclosed in this note, no director has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

Shares and Option Transactions with Directors as at Balance Date:

	Shares 2005	Options 2005	Shares 2004	Options 2004
Shares acquired by directors and their related entities	-	-	6,420,000	-
Aggregate number of shares and share options held by current directors and their related entities in Rattoon Holdings Limited at balance date.	1,687,836	-	6,433,472	-

19. Employee and Director Share Plan

(i) Staff Option Plan No. 2

Any person who is a permanent full or part-time employee or Executive Director of the Company or any Subsidiary is eligible to participate in the scheme. The Directors determine the terms and conditions applicable to the issue of any options under this scheme subject to requirements that any options issued must be exercisable with a maximum period of 5 years from the date of issue and that the exercise price of options must not be less than the market value of a share on the date of the offer of the option to an eligible person and 20 cents per share. No options can be granted under this scheme if, after the grant of the options the number of all current unexercised options would exceed 7.5% of the total number of shares in the capital of the Company on issue at that time.

As at 30 June 2005, the Company did not employ any permanent staff.

	No. of Options	
Note	2005	2004
Employee Options in existence at beginning of period	1,250,000	3,893,500
Lapsed under the scheme	(750,000)	(2,643,500)
Employee Options in existence at end of period	500,000	1,250,000

(ii) Non-Executive Director Options

No options have been issued to Non-Executive Directors other than outlined in Note 21.

(iii) Executive Director Options

As at 30 June 2005, the Company did not have any Executive Directors.

Notes to the Financial Statements (continued)

20. Financial Instruments

(i) Interest Risk Exposure

The Company manages its exposure to interest rate fluctuations through policies and procedures approved by the Board of Directors.

The Company does not engage in any significant transactions, which are speculative in nature.

Exposures to interest rate risks on financial assets and liabilities are summarised as follows:

	Non-Interest Bearing	1 Year or Less	Over 1 to 5 Year s	More than 5 Years	Floating Interest Rate	Total
2005	\$	\$	\$	\$	\$	\$
Financial Assets:						
Cash	-	-	-	-	1,011,742	1,011,742
Receivables	255,995	-	-	-	-	255,995
Investments	21,008,706	-	-	-	-	21,008,706
	21,264,801	-	-	-	1,011,742	22,276,443
<i>Effective Interest Rates</i>					4.75%	
Financial Liabilities:						
Unsecured Liabilities	(159,592)	-	-	-	-	(159,593)
Unsecured bank overdraft	-	-	-	-	(17,461)	(16,408)
Borrowings	-	(10,000,000)	-	-	-	(10,000,000)
	(159,592)	(10,000,000)	-	-	(17,461)	(10,177,053)
<i>Effective Interest Rates</i>		6.50%			5.25%	
Net Financial Assets	21,105,109	(10,000,000)	-	-	994,281	12,099,390

	Non-Interest Bearing	1 Year or Less	Over 1 to 5 Years	More than 5 Years	Floating Interest Rate	Total
2004	\$	\$	\$	\$	\$	\$
Financial Assets:						
Cash	-	-	-	-	712,008	712,008
Receivables	225,790	-	-	-	-	225,790
Investments	7,852,090	-	-	-	-	7,852,090
	8,077,880	-	-	-	712,008	8,789,888
<i>Effective Interest Rates</i>		-	-	-	4.90%	
Financial Liabilities:						
Unsecured Liabilities	(27,948)	-	-	-	-	(27,948)
	(27,948)	-	-	-	-	-
<i>Effective Interest Rates</i>	-	-	-	-	4.90%	
Net Financial Assets	8,049,932	-	-	-	712,008	8,761,940

(ii) Credit Risk Exposure

The economic entity had no significant concentrations of credit risk with any single counterparty or group of counterparties.

Notes to the Financial Statements (continued)

21. Directors and Executive Disclosures

Directors

The following persons were directors of Rattoon Holdings Limited during the financial year:

Chairman – Non-Executive

Mr G Moffatt (resigned 31 March 2005)

Mr H Henderson (Non-Executive Director, appointed Chairman 31 March 2005)

Non-Executive Directors

Mr M Naphtali

Mr H Robertson

Mr G Cureton (appointed 4 April 2005)

Mr G Moffatt resigned from his position as Chairman and non-executive director on 31 March 2005.

Executive (other than directors) with the greatest authority for strategic direction and management

The following person was the executive with the greatest authority for the strategic direction and management of the Company ("specified executive") during the financial year:

Name	Position
Mr M Jackson	Financial Controller/Company Secretary

The above person was also a specified executive during the year ended 30 June 2005.

Remuneration of Directors and Executives

In accordance with Corporations Amendment Regulations 2005 (No. 4), all information regarding the remuneration of directors and executives that is required by AASB 1046 *Director and Executive Disclosures by Disclosing Entities* has been included in the Directors Report of this Annual Report.

Equity instrument disclosures relating to directors and executives

Options provided as remuneration

No options were granted or vested during the year.

Shares provided on exercise of remuneration options

No remuneration options were exercised during the year.

Option holdings

The numbers of options over ordinary shares in the company held during the financial year by each director of Rattoon Holdings Limited and the specified executive of the company is set out below.

	Balance at the start of the year	Granted during the year as remuneration	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors of Rattoon Holdings Limited						
Mr G Moffatt	-	-	-	-	-	-
Mr H Henderson	-	-	-	-	-	-
Mr M Naphtali	-	-	-	-	-	-
Mr H Robertson	-	-	-	-	-	-
Mr G Cureton	-	-	-	-	-	-
Specified executive of the company						
Mr M Jackson	-	-	-	-	-	-

No options are vested and unexercisable at the end of the year.

Notes to the Financial Statements (continued)

21. Directors and Executive Disclosures (continued)

Share holdings

The numbers of shares in the Company held during the year by each director of Rattoon Holdings Limited and the specified executive of the company, including their personally-related entities, are set out below.

	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
<i>Directors of Rattoon Holdings Limited</i>				
Mr G Moffatt ⁽¹⁾	4,000,000	-	(2,000,000)	2,000,000
Mr H Henderson	8,570	-	-	8,570
Mr M Naphtali	228,350	-	-	228,350
Mr H Robertson	920,351	-	30,000	950,351
Mr G Cureton	-	-	-	-

⁽¹⁾ G Moffatt resigned 31 March 2005

Specified executives of the entity

Mr M Jackson	79	-	(79)	-
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Loans to directors and executives

There were no loans made to directors of Rattoon Holdings Limited or the specified executive of the company at any stage during the financial year.

22. Impact Of Adopting International Financial Reporting Standards

The Company is preparing and managing the transition to Australian Equivalents to International Reporting Standards (AIFRS) effective for the financial years commencing from 1 January 2005. The adoption of AIFRS will be reflected in the Company's financial statements for the half-year ending 31 December 2005 and for year ending the 30 June 2006.

On the first time adoption of AIFRS, comparatives for the financial year ended 30 June 2005 are required to be restated. The majority of the AIFRS transitional adjustments will be made retrospectively against retained earnings at 31 July 2004.

The Company's Board and Management have assessed the significance of the expected changes and is preparing for their implementation. The impact of the alternative treatments and elections under AASB 1: First Time Adoption of Australian Equivalents to International Financial Reporting Standards has been considered where applicable.

The Directors are of the opinion that the key material differences in the Company's accounting policies on conversion to AIFRS and the financial effect of these differences, where known, are as follows. Users of the financial statements should note, however, that the amounts disclosed could change if there are any amendments by standard setters to the current AIFRS or implementation of the AIFRS requirements changes from the continuing work of the Company's AIFRS committee.

Notes to the Financial Statements (continued)

22. Impact Of Adopting International Financial Reporting Standards (continued)

Investments

Under *AASB 139: Financial Instruments: Recognition and Measurement*, financial instruments are classified into four categories, which determines the accounting treatment of the item. The categories and various treatments are:

Category	Treatment
Held to maturity	Measured at amortised cost;
Held for trading	Measured at fair value with unrealised gains or losses charged to the profit and loss;
Loans and receivables	Measured at amortised cost;
Available for sale instruments	Measured at fair value with unrealised gains or losses taken to equity.

The Company's financial assets comprise Investments held for trading. Under *AASB 139: Financial Instruments: Recognition and Measurement*, the measurement of Investments held for trading at fair value differs to current accounting policy which measures current and non-current investments at cost with an annual review by directors to ensure the carrying amounts are not in excess of the recoverable value of the instrument. The impact of the change may be material.

Investments held by the Company at 30 June 2005 restated to adhere to *AASB 139: Financial Instruments: Recognition and Measurement* are as follows:

Investment	Carrying value as at 30 June 2005 (at Cost) *	Carrying value as at 30 June 2005 under AASB 139 (at fair value)[#]	Unrealised Gain / (Loss)
Tattersalls Limited	\$20,608,706	\$20,608,706	\$-
NSX Limited	\$400,000	\$411,200	\$11,200
Total	\$21,008,706	\$21,019,906	\$11,200

*last traded share price on Australian Stock Exchange (ASX) on 30 June 2005

[#]Tattersalls Limited listed on the ASX on 7 July 2005. As such cost base of investment in Tattersall's Limited has been used as fair value.

As at close of trade on Tuesday 20 September 2005 the share price of Tattersall's Limited shares was \$3.31, valuing the Company's investment in Tattersall's Limited at \$22,057,291, an unrealised gain of \$1,448,584.

Income Tax

The Company currently adopts the liability method of tax-effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. Under *AASB 112: Income Taxes*, the entity will be required to adopt a balance sheet approach under which deferred tax liabilities and assets are recognised attributable to temporary differences between taxable income and accounting profit.

There will be no significant impact on the balance sheet at 30 June 2005 with regards to the changes in the method of accounting for income tax.

Under *AASB 112*, the Company will be required to recognise an additional tax asset or liability reflecting the deferred tax effect of measuring the investment portfolio at market value as described above. The additional deferred tax liability or asset on the investment portfolio will be reflected in income tax expense.

Notes to the Financial Statements (continued)

23. Contingent Liabilities

There are no known contingent liabilities as at reporting date.

24. Events Subsequent To Balance Date

Rattoon has 6.7 million shares in the Tattersall's Limited ("Tattersall's") which it acquired as a result of its investment in the Estate of the Late George Adams. Tattersalls' Limited was admitted to the Australian Stock Exchange on 6 July 2005 (code : TTS).

On 18 July 2005, the Directors of Rattoon confirmed their intention to distribute Tattersalls shares held by Rattoon to Rattoon's shareholders. After considering the various options for a distribution and receiving appropriate legal and taxation advice, the Board of Rattoon has resolved to offer an equal access buy-back offer ("Offer") to all Rattoon shareholders. Details of the Offer have been forwarded to shareholders in August 2005.

There have been no other events that have arisen in the interval between the end of the Financial year and the date of this report any matter or circumstance that in the opinion of the Director's of the Company has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

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Rattoon Holdings Limited
ABN 16 076 611 268

Directors' Declaration
30 June 2005

The directors of Rattoon Holdings Limited declare that:

- (a) in the directors' opinion, the financial statements and notes for the financial year ended 30 June 2005 are in accordance with the Corporations Act 2001, including:
 - (i) section 296 (compliance with accounting standards); and
 - (ii) section 297 (true and fair view); and
- (b) 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; and
- (c) the directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



Hugh Henderson
Chairman



Michael Naphtali
Director

Dated this 23rd day of September 2005.

HORWATH MELBOURNE

Chartered Accountants

A member of Horwath International

Level 30, 525 Collins Street Melbourne 3000

GPO Box 4736

Victoria 3001 Australia

Independent audit report to members of Rattoon Holdings Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Rattoon Holdings Limited (the Company), for the year ended 30 June 2005.

The company has disclosed information about the remuneration of directors and executive ("remuneration disclosures"), as required by Accounting Standard AASB 1046, under the heading "remuneration report" in the directors report, as permitted by the Corporations Regulations 2001. These remuneration disclosures are identified in the directors' report as being subject to audit. The remuneration report also contains information not subject to audit, which has been identified as such.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows and whether the remuneration disclosures comply with Accounting Standard AASB 1046 and the Corporations Regulations 2001.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Audit opinion

In our opinion, the financial report of Rattoon Holdings Limited is in accordance with:

(a) the Corporations Act 2001, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2005 and of its performance for the year ended on that date; and
- (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia; and

(c) the remuneration disclosure, that are contained in the directors' report and identified as being subject to audit comply with Accounting Standard AASB 1046 and the Corporations Regulations 2001.

Dated the 23rd day of September 2005.



HORWATH MELBOURNE

Chartered Accountants



NICHOLAS E. BURNE

Partner

Rattoon Holdings Limited
ABN 16 076 611 268

Shareholder Information

Tax File Number (TFN) Information

While it is not compulsory for a shareholder to provide a TFN, the Company is obliged to deduct tax from any unfranked portion of a dividend payment to shareholders resident in Australia who have not supplied such information. If you have not already supplied your TFN, you may do so by writing to Security Transfer Registrars Pty Ltd.

Changing Name or Address

Changes to your name or address must be advised in writing to Security Transfer Registrars Pty Ltd. If you are sponsored by a broker, your notice in writing must be sent to your sponsoring broker.

Share Registry

The Company's Share Register is maintained by Security Transfer Registrars Pty Ltd. Shareholders enquiries about their shareholdings should be addressed to:

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153
Telephone 61 8 9315 0933
Facsimile 61 8 9315 2233
Email registrar@securitytransfer.com.au

Please quote your shareholder number on all communications with the Share Registrar or the Company.

Substantial Shareholders

The number of shares held by substantial Shareholders are set out below:

Shareholders	Number of Ordinary Shares	% of Issued
Guinness Peat Group plc	7,176,994	15.89%
Giovanni Nominees Pty Ltd	4,611,168	10.21%
Thorney Pty Ltd	3,390,434	7.51%

Voting Rights

Shares

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at Shareholders' meetings.

Options

Each option is convertible to one ordinary share. There are no voting rights attached to the unissued ordinary shares. Voting rights will be attached to the unissued ordinary shares when the options have been exercised.

NSX Additional Information

Additional information required by the Stock Exchange of Newcastle Limited ("NSX") Listing Rules and not disclosed elsewhere in this report is set out below.

Stock Exchange Listing

The Company's shares are listed on the Stock Exchange of Newcastle Limited and trade under the NSX code RTN.

Distribution of equity security holders

The number of issued shares as at the date of this report was 45,162,380 held by 822 shareholders whose voting rights are one vote for each share held.

Category	Number of Shareholdings	Number of Shares
1 –1,000	260	120,970
1,001 – 5,000	230	568,327
5,001 – 10,000	100	927,173
10,001 – 100,000	187	6,082,125
100,001 and over	45	37,463,785
Totals	822	45,162,380

Ten largest Shareholders

The top 10 shareholders as at 31 July 2004 are as follows:

	Number of Shares	% of Shares Issued
Bell Potter Nominees Ltd	7,853,975	17.39%
Invia Custodian Pty Ltd	4,287,814	9.49%
Giovanni Nominees Pty Ltd	3,605,740	7.98%
Charmof Nominees Pty Ltd	2,000,000	4.43%
Invia Custodian Pty Ltd	1,849,611	4.10%
Westpac Custodian Nominees	1,570,902	3.48%
Invia Custodian Pty Ltd	1,233,074	2.73%
Giovanni Nominees Pty Ltd	1,005,428	2.23%
ANZ Nominees Ltd	955,429	2.12%
Bungeeltap Pty Ltd	920,351	2.10%
	25,282,324	56.05%

5 Year Summary of the Results, Assets and Liabilities of Rattoon Holdings Limited

For the years ended 30 June¹

	2001 \$	2002 \$	2003 \$	2004 \$	2005 \$
Profit and Loss					
Revenue from operating activities	12,161,779	17,546,819	13,183	2,193,139	1,871,224
Total expenses (excluding borrowing costs)	(21,002,711)	(27,121,239)	(395,159)	(884,397)	(1,064,097)
Borrowing costs expense	(111,062)	(337,449)	-	-	(55,973)
Total expenses	(21,113,773)	(27,458,688)	(395,159)	(884,397)	(1,120,070)
Profit (Loss) from ordinary activities before income tax expense	(8,951,994)	(9,911,869)	(381,976)	1,308,742	751,154
Income tax expense / (Provision for deferred tax)	-	-	-	-	-
Net profit (loss)	(8,951,994)	(9,911,869)	(381,976)	1,308,742	751,154
Basic earnings per share (cents per share)	(11.41)	(9.92)	(0.38)	4.33	1.78
Balance Sheet					
Current Assets	5,446,357	195,791	35,555	992,248	1,428,033
Non-Current Assets	12,696,232	2,327,000	426,245	7,852,090	21,008,706
<i>Total Assets</i>	18,147,589	2,522,791	461,800	8,844,338	22,436,739
Current Liabilities	9,171,290	1,382,995	587,358	27,948	10,177,053
Non-Current Liabilities	464,459	2,552,358	1,515,216	-	-
<i>Total Liabilities</i>	9,635,749	3,935,353	2,102,574	27,948	10,177,053
Net Assets / (Liabilities)	8,506,840	(1,412,562)	(1,640,774)	8,816,390	12,259,686
Contributed equity	23,648,004	23,648,004	23,648,004	32,796,426	35,488,568
Accumulated losses	(15,141,164)	(25,060,566)	(25,288,778)	(23,980,036)	(23,228,882)
Total shareholders' equity/(deficit)	11,048,103	8,506,840	(1,412,562)	(1,640,774)	12,259,686

¹ Agreed to Audited Accounts

Rattoon Holdings Limited

ABN 16 076 611 268

Corporate Directory

Directors Of The Company

Hugh Henderson
Michael Naphtali
Hugh Robertson
Graeme Cureton

Company Secretary

Matthew Jackson

Registered Office of the Company

Rattoon Holdings Limited

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MELBOURNE VIC 3000

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SHARE REGISTRY

Security Transfer Registrars Pty Ltd

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APPLECROSS WA 6153

Shareholder enquiries:	+61 (08) 9315 0933
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Auditor

Horwath Melbourne Chartered Accountants

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MELBOURNE VIC 3004

Newcastle Stock Exchange Sponsoring Broker

Bell Potter Securities Limited

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MELBOURNE VIC 3000

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Newcastle Stock Exchange Nominated Adviser

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