

RATTOON

H o l d i n g s L i m i t e d

A.B.N. 16 076 611 268
INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2005

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DIRECTOR'S REPORT

The Board of Directors of Rattoon Holdings Limited ('Rattoon') present the following report for the half-year ended 31 December 2005.

1 DIRECTORS

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

Hugh Henderson
Graeme Cureton

Michael Naphtali
Hugh Robertson

2 REVIEW AND RESULTS OF OPERATIONS

During the six months to 31 December 2005 Rattoon continued to manage its existing investment portfolio and consider additional investments in Australian entities. Whilst a number of investment opportunities were considered, the Directors of Rattoon concluded that none met the criteria that justified an investment be made.

In October 2005 shareholders approved an "Equal Access Buy-Back" whereby Rattoon ordinary shares were bought back in consideration for Tattersalls Limited shares held by the Company. The net result of the buy-back was the cancellation of 6,807,187 Rattoon ordinary shares and the reduction in the Company's Tattersalls shareholding of 567,190 shares.

3 AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required by Section 307C of the Corporations Act 2001 is set out in the following Report.

Signed in accordance with a resolution of the Board of Directors at Melbourne this 15th Day of March 2006.



.....
Hugh Henderson
Chairman

INCOME STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	Note	31 Dec 2005	31 Dec 2004
		\$	\$
Revenue from continuing operations		24,887	187,889
Profit on sale of available for sale investments		128,968	-
Total income from continuing operations	2	153,855	187,889
Finance costs		(360,034)	(1,597)
Employee and sub-contractor costs		(27,572)	(67,275)
Professional fees		(61,939)	(154,031)
Filing fees		(6,849)	(4,191)
Other expenses		(19,712)	(1,290)
Total expenses		(476,106)	(228,384)
Profit (Loss) from continuing operations before income tax expense		(322,251)	(40,495)
Income tax expense		-	-
Net profit (loss) from continuing operations after income tax expense attributable to the members		(322,251)	(40,495)
Basic earnings (loss) per share (cents per share)		(0.84 cents)	(0.10 cents)
Diluted earnings (loss) per share (cents per share)		(0.84 cents)	(0.10 cents)

The accompanying notes form part of these financial statements

BALANCE SHEET AS AT 31 DECEMBER 2005

	Note	31 Dec 2005	30 June 2005
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		680,381	1,011,742
Receivables		135,133	416,291
TOTAL CURRENT ASSETS		815,514	1,428,033
NON-CURRENT ASSETS			
Available for sale financial assets	3	19,856,294	21,008,706
TOTAL NON-CURRENT ASSETS		19,856,294	21,008,706
TOTAL ASSETS		20,671,808	22,436,739
CURRENT LIABILITIES			
Payables		15,753	159,593
Interest Bearing Liabilities		10,000,000	10,017,460
TOTAL CURRENT LIABILITIES		10,015,753	10,177,053
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		10,015,753	10,177,053
NET ASSETS		10,656,055	12,259,686
EQUITY			
Contributed equity	4	33,605,496	35,488,568
Reserves		601,692	-
Accumulated Losses		(23,551,133)	(23,228,882)
TOTAL EQUITY		10,656,055	12,259,686

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	Contributed Equity	Available for sale investments reserve	Accumulated Losses	Total
	\$	\$	\$	\$
Balance at 1.7.04	32,796,427	-	(23,980,037)	8,816,390
Loss attributable to members of the company	-	-	(40,495)	(40,495)
Balance at 31.12.04	32,796,427	-	(24,020,532)	8,775,895
Balance at 1.7.05	35,488,568	-	(23,228,882)	12,259,686
Loss attributable to members of the company	-	-	(322,251)	(322,251)
Share buy back during the half year period	(1,883,072)	-	-	(1,883,072)
Available for sale financial assets	-	601,692	-	601,692
Balance as at 31.12.05	33,605,496	601,692	(23,551,133)	10,656,055

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	31 Dec 2005	31 Dec 2004
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(540,762)	(196,616)
Interest and trust distributions received	226,862	324,579
Net cash provided by (used in) operating activities	(313,900)	127,963
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for available for sale investments	-	(500,000)
Net cash used in investing activities	-	(500,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds / (repayment) of borrowings	-	51,252
Net cash provided by financing activities	-	51,252
Net (decrease) / increase in cash held	(313,900)	(320,785)
Cash at 1 July	994,281	712,008
Cash at 31 December	680,381	391,223

The accompanying notes form part of these financial statements

NOTE 1: BASIS OF PREPARATION

The half year financial statements are a general purpose financial report that has been prepared in accordance with Accounting Standards AASB 134: Interim Financial Reporting, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act* 2001.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2005 and any public announcements made by Rattoon Holdings Limited during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act* 2001.

As this is the first interim financial report prepared under Australian equivalents to International Financial Reporting Standards ('AIFRS'), the accounting policies applied are inconsistent with those applied in the 30 June 2005 annual report as this report was presented under previous Australian Accounting Standards ('AGAAP'). As the transition from previous AGAAP to AIFRS did not alter the company's equity and its profit or loss, reconciliations were not applicable. Some reclassifications were made in the balance sheet and income statement.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

(a) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of taxes paid. Revenue is recognised for the major business activities as follows:

(i) Dividend income

Dividend and distribution revenue is recognised on an accruals basis when the right to receive payment is established.

(ii) Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield basis.

(b) Income Tax

The charge for current income tax expense is based on the profit for the period adjusted for any non-assessable or disallowed items.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand and deposits held at call.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AT 31 DECEMBER 2005

(d) Investments and other financial assets

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on the trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

The fair values of quoted investments are determined by reference to the last available bid price of the security, as quoted on its primary stock exchange on the day of valuation, or an alternative basis if deemed more appropriate.

The Company assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(e) 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.

31 Dec 2005	31 Dec 2004
\$	\$

NOTE 2: PROFIT (LOSS) FROM CONTINUING OPERATIONS

The following revenue and expense items are relevant in explaining the financial performance for the interim period:

Revenue

Operating activities

• Trust/dividend distributions received or receivable	-	166,464
• interest received or receivable	24,887	21,425
	24,887	187,889

Non-operating activities

• profit on sale of available for sale investments	128,968	-
	128,968	-

Total Revenue from continuing operations

153,855	187,889
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Other expenses:

• auditors remuneration – audit	14,406	20,555
• secretarial costs	31,900	26,400
• legal fees	10,598	15,671

	31 Dec 2005 \$	30 June 2005 \$
NOTE 3: AVAILABLE FOR SALE FINANCIAL ASSETS		
Investments in listed corporations		
• at fair value – shares in Tattersalls Ltd	19,448,294	20,608,706
• at fair value – shares in NSX Ltd	408,000	400,000
	19,856,294	21,008,706

NOTE 4: CONTRIBUTED EQUITY

Ordinary shares \$

At the beginning of the reporting period		35,488,568	32,796,428
Shares issued during the period		-	2,692,140
Shares bought back during period	4 (i)	(1,883,072)	-
At reporting date		33,605,496	35,488,568

Ordinary shares – number

At the beginning of the reporting period		45,162,380	39,179,847
Share bought back and cancelled during period	4 (i)	(6,807,187)	-
Shares issued during the period		-	5,982,533
At reporting date		38,355,193	45,162,380

Share Equal Access Buy-Back

- (i) On 21 October 2005 a General Meeting of Shareholders approved a buy-back of ordinary shares on the basis that 12 ordinary shares would be bought back in consideration of 1 ordinary share in Tattersalls Limited. Under this buy-back Rattoon Holdings Limited bought back 6,807,187 shares at a cost of \$1,883,072. As this transaction was a share for share exchange it is not reflected in the Statement of Cash Flows.

NOTE 5: STATEMENT OF OPERATIONS BY SEGMENTS

During the half year ended 31 December 2005 the company operated in a single segment being investment in Australian private entities, solely within Australia.

NOTE 6: CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 December 2005 and there has been no change in contingent liabilities since the last annual reporting date.

NOTE 7: EVENTS SUBSEQUENT TO BALANCE DATE

On February 24, 2006 Tattersalls Limited declared a fully franked dividend of 8.75 cents per share to be paid on April 5, 2006. Based on Rattoon's shareholding in Tattersalls Limited at December 31, 2005 and assuming Rattoon still holds this shareholding on the dividend entitlement date, the dividend payment to Rattoon will be \$533,456. Apart from this, there has not arisen in the interval between the end of the interim period 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 periods.

RATTOON HOLDINGS LIMITED

ABN 16 076 611 268

**DIRECTOR'S DECLARATION
31 DECEMBER 2005**

The directors of Rattoon Holdings Limited declare that:

- (a) in the directors' opinion, the financial statements and notes for the half-year ended 31 December 2005 are in accordance with the Corporations Act 2001, including:
 - (i) section 304 (compliance with accounting standards); and
 - (ii) section 305 (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.

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

Dated this 15th day of March 2006.

15th March 2005

The Directors
Rattoon Holdings Limited
Level 10, 350 Collins Street
MELBOURNE VIC 3000

AUDITOR'S INDEPENDENCE DECLARATION

This declaration is made in connection with my half year review of the financial report of Rattoon Holdings Limited for the period ended 31 December 2005 and in accordance with the provisions of the Corporations Act 2001.

As lead auditor I declare that, to the best of my knowledge and belief, there have been:

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

Yours faithfully
HORWATH MELBOURNE



NICHOLAS E. BURNE
Partner

Independent review report to the members of Rattoon Holdings Limited

HORWATH MELBOURNE

Chartered Accountants

A member of Horwath International

525 Collins Street,
Melbourne,
Victoria, 3000

We have conducted an independent review of the accompanying financial report of Rattoon Holdings Limited (the company) for the half-year ended 31 December 2005. The financial report comprises the balance sheet at 31 December 2005, income statement, statement of changes in equity, cash flow statement, summary of significant accounting policies and other explanatory notes, and the directors' declaration for the half year then ended.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Accounting Standards in Australia and the *Corporations Act 2001*. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the 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.

Auditor's Responsibility

Our responsibility is to perform an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia and the Corporations Act 2001, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing and Assurance Standards applicable to review engagements. A review is limited primarily to inquiries of the company's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

We are independent of the company and have complied with the independence requirements of the *Corporations Act 2001*.

Statement

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 Rattoon Holdings Limited is not in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2005 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.

Dated the 15th day of March 2006.



HORWATH MELBOURNE

Chartered Accountants



Nicholas E. Burne
Partner