

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 2006

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DIRECTORS' REPORT

The Board of Directors of Rattoon Holdings Limited ('Rattoon' or 'the Company') present the following report for the half-year ended 31 December 2006.

1 DIRECTORS

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

Graeme Cureton
Hugh Robertson
Peter Landos

2 REVIEW AND RESULTS OF OPERATIONS

The six month period to 31 December, 2006 was in accordance with the expectation of the Directors. The \$1,447,080 profit (2005: \$322,251 loss) for the period will be increased in the full year by the dividend expected from Tattersall's Limited in March 2007. The Company has also enjoyed a significant appreciation in its investment portfolio due to the increase in the Tattersall's share price.

Rattoon's share price has also experienced a healthy increase of approximately 50% over the six month period.

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 28th day of February 2007.



.....
Graeme Cureton
Chairman

INCOME STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	Note	31 Dec 2006	31 Dec 2005
		\$	\$
Revenue from continuing operations		3,211,024	24,887
Profit on sale of available for sale investments		-	128,968
Total income from continuing operations	2	3,211,024	153,855
Finance costs		(1,511,735)	(360,034)
Employee and sub-contractor costs		-	(27,572)
Professional fees		(202,300)	(61,939)
Filing fees		(6,642)	(6,849)
Other expenses		(43,267)	(19,712)
Total expenses		(1,763,944)	(476,106)
Profit/(Loss) from continuing operations before income tax expense		1,447,080	(322,251)
Income tax expense		-	-
Net profit (loss) from continuing operations after income tax expense attributable to the members		1,447,080	(322,251)
Basic earnings (loss) per share (cents per share)		0.29 cents	(0.84 cents)
Diluted earnings (loss) per share (cents per share)		0.29 cents	(0.84 cents)

The accompanying notes form part of these financial statements

BALANCE SHEET AS AT 31 DECEMBER 2006

	Note	31 Dec 2006 \$	30 June 2006 \$
CURRENT ASSETS			
Cash and cash equivalents		46,441	925,843
Receivables		39,825	35,456
TOTAL CURRENT ASSETS		86,266	961,299
NON-CURRENT ASSETS			
Available-for-sale financial assets	3	282,889,805	17,672,536
TOTAL NON-CURRENT ASSETS		282,889,805	17,672,536
TOTAL ASSETS		282,976,071	18,633,835
CURRENT LIABILITIES			
Payables		31,519	42,919
Interest Bearing Liabilities		103,832,106	10,000,000
TOTAL CURRENT LIABILITIES		103,863,625	10,042,919
NON-CURRENT LIABILITIES			
Deferred Tax Liability		11,827,262	-
TOTAL NON-CURRENT LIABILITIES		11,827,262	-
TOTAL LIABILITIES		115,690,887	10,042,919
NET ASSETS		167,285,184	8,590,916
EQUITY			
Contributed equity	4	157,979,659	33,605,495
Reserves		31,290,957	(1,582,067)
Accumulated Losses		(21,985,431)	(23,432,512)
TOTAL EQUITY		167,285,184	8,590,916

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	Contributed Equity	Available for sale investments reserve	Accumulated Losses	Total
	\$	\$	\$	\$
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)
Available-for-sale financial assets (net of tax)	-	601,692	-	601,692
Total recognised gains and losses for the period	-	601,692	(322,251)	279,441
Transactions with equity holders:				
Share buy-back during the half-year period	(1,883,072)	-	-	(1,883,072)
Balance as at 31.12.05	33,605,496	601,692	(23,551,133)	10,656,055
Balance at 1.7.06	33,605,496	(1,582,067)	(23,432,512)	8,590,917
Profit attributable to members of the company	-	-	1,447,080	1,447,080
Available-for-sale financial assets (net of tax)	-	32,873,024	-	32,873,024
Total recognised gains and losses for the period	-	32,873,024	1,447,080	34,320,104
Transactions with equity holders:				
Share issue during the half-year period	124,374,163	-	-	124,374,163
Balance as at 31.12.06	157,979,659	31,290,957	(21,985,432)	167,285,184

The accompanying notes form part of these financial statements

CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	31 Dec 2006	31 Dec 2005
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(1,779,691)	(540,762)
Interest and dividends received	3,211,024	226,862
Net cash provided by (used in) operating activities	1,431,333	(313,900)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for available for sale investments	(103,876,823)	-
Net cash used in investing activities	(103,876,823)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	7,733,982	
Proceeds from borrowings	93,832,106	-
Net cash provided by financing activities	101,566,088	-
Net decrease in cash held	(879,402)	(313,900)
Cash at 1 July	925,843	994,281
Cash at 31 December	46,441	680,381

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 2006 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*.

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

The financial statements have been prepared on the historical cost basis except for available-for-sale financial assets which are carried at fair value.

The following are the significant accounting policies adopted for the reporting period and are consistent with those of the previous financial year and the corresponding interim reporting period. The annual financial report for the year ended 30 June 2006 includes a full list of accounting policies adopted by the company.

(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 Company 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.

(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 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.

31 Dec 2006 31 Dec 2005
\$ \$

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

• Dividends received or receivable	3,187,248	-
• interest received or receivable	23,776	24,887
	3,211,024	24,887
• profit on sale of available-for-sale investments	-	128,968
	-	128,968
Total Revenue from continuing operations	3,211,024	153,855

Other expenses:

• auditors remuneration – audit	17,620	14,406
• secretarial costs	42,900	31,900
• legal fees	38,996	10,598
• consulting fees	99,000	-
• insurance costs	27,500	-

**NOTE 3: AVAILABLE-FOR-SALE
FINANCIAL ASSETS**

Investments in listed corporations

• at fair value – shares in Tattersalls Ltd	282,417,805	17,192,536
• at fair value – shares in NSX Ltd	472,000	480,000
	282,889,805	17,672,536

		31 Dec 2006 \$	30 June 2006 \$
NOTE 4: CONTRIBUTED EQUITY			
Ordinary shares \$			
At the beginning of the reporting period		33,605,496	35,488,568
Shares issued during the period	4 (i)	124,374,163	-
Shares bought back during period		-	(1,883,072)
At reporting date		<u>157,979,659</u>	<u>33,605,496</u>
Ordinary shares – number			
At the beginning of the reporting period		38,355,193	45,162,380
Share bought back and cancelled during period		-	(6,807,187)
Shares issued during the period	4 (i)	462,658,365	-
At reporting date		<u>501,013,558</u>	<u>38,355,193</u>

(i) Shares Issued During Period

As per resolutions passed by shareholders at a General Meeting held on 28 September, 2006 the Company issued 216,481,366 ordinary shares to each of GPG Australia Nominees Limited and Thorney Investment Group as part consideration for the purchase of Tattersall's shares from each entity.

Further, the Company issued 29,695,633 ordinary shares for subscription, net of transaction costs of \$7,733,982, from professional and sophisticated investors.

NOTE 5: SEGMENT REPORTING

During the half-year ended 31 December 2006 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 2006 and there has been no change in contingent liabilities since the last annual reporting date.

NOTE 7: EVENTS SUBSEQUENT TO BALANCE DATE

There have been no events subsequent to balance date that require additional disclosure.

DIRECTOR'S DECLARATION
31 DECEMBER 2006

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 2006 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:


.....
Graeme Cureton
Chairman

Dated this 28th day of February 2007.

28 February 2007

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 2006 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 any code of professional conduct in Australia in relation to this review.

Yours faithfully

HORWATH MELBOURNE ASSURANCE SERVICES PTY LTD



PAUL CARR
Director

**HORWATH MELBOURNE ASSURANCE
SERVICES PTY LTD***Chartered Accountants*

A member of Horwath International

525 Collins St Melbourne 3000
GPO Box 4736 Melbourne
Victoria 3001 Australia**Independent auditors' review report to members of Rattoon Holdings Limited**

We have reviewed the accompanying half-year financial report of Rattoon Holdings Limited, which comprises the balance sheet at 31 December 2006, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year 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 half-year 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 express an opinion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of an Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the financial report is not fairly presented, in all material respects, in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. As the auditor of Rattoon Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

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 2006 and its performance for the half-year ended on that date; and
- b) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

Dated the 28th day of February 2007

Horwath Melbourne Assurance Services
HORWATH MELBOURNE ASSURANCE
SERVICES PTY LTD
Chartered Accountants


Paul Carr
Director