

RATTOON Holdings Limited

A.B.N. 16 076 611 268

**ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2007**

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Chairman's Report

Introduction

Rattoon's financial performance and outlook remains leveraged with the performance of its major investment, Tattersall's Limited.

As at 30 June 2007, the market value of the Company's investment in Tattersall's was approximately \$328million, based on a then Tattersall's share price of \$4.69 (this is before offsetting any potential affect from potential capital gains tax). By contrast, the Company's other equity investment in NSX Limited fell to a market value of \$352,000.

The decision to invest in Tattersall's has proven successful as was the Company's confidence in the merged Unitab / Tattersall's business model of Tattersall's.

Summary of the Financial Performance for the year

The Company has reported a profit after tax of \$18,017,893 under Australian Equivalents to International Financial Reporting Standards ("AIFRS").

The Company's major items of revenue for the year has been derived from:

- Selling some Tattersall's shares during the year.
- Earning income by writing call options over Tattersall's shares.
- Dividends earned from Tattersall's on the Company's shareholding in Tattersall's.

More financial details are set out in the Financial Statements.

Outlook and Summary

The Company continues to provide an opportunity to shareholders to obtain a leveraged exposure to Tattersall's.

I would like to thank my Board colleagues, Hugh Robertson and Peter Landos for their support during the year and we look forward to another satisfactory year.



Graeme Cureton

Chairman

Directors' Report

The Board of Directors of Rattoon Holdings Limited (the "Company") present the following report for the year ended 30 June 2007 accompanied by the Financial Statements of the Company for the year ended 30 June 2007.

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:

Graeme Cureton
Hugh Robertson
Peter Landos

2. Principal Activities

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

3. Review and Results of Operations

The Company has reported a net profit attributable to shareholders of \$18,017,893 for the twelve months ending 30 June 2007. The net profit is made up primarily of dividends received from available-for-sale investments, profits from the disposal of available for sale investments and option income earned.

The Company increased its shareholding in Tattersall's Limited substantially during the year, purchasing 75,914,857 shares. 12,011,500 shares in Tattersall's Limited were sold during the year, yielding a pre-tax realised profit of \$15,718,119. At 30 June 2007, the Company held 5.53% of the issued share capital of Tattersall's Limited.

The Company issued an additional 467,097,247 shares during the period. A \$185,000,000 margin loan facility was established with the National Australia Bank to enable the entity to have sufficient liquid funds for trading purposes.

4. Trading Result

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

	2007	2006
	\$	\$
Profit (Loss) after Income Tax	<u>18,017,893</u>	<u>(203,630)</u>
Net Profit (Loss) Attributable to Shareholders of the Company	<u>18,017,893</u>	<u>(203,630)</u>

A summary of the results for the Company for the last five financial years is outlined on page 47 of this report.

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5. Dividends

An interim dividend of 0.6 cents per share franked to 100% at 30% corporate income tax rate was paid to the holders of fully paid ordinary shares on 20 April 2007.

A further interim dividend of 1.5 cents per share franked to 100% at 30% corporate income tax rate was paid to the holders of fully paid ordinary shares on 18 May 2007.

Total dividends paid to shareholders during the year amounted to \$10,587,866.

6. Investments

The Financial Statements accompanying this report have been prepared under AIFRS guidelines. Under AIFRS, assets must be shown at fair value – commonly construed as market value. Rattoon's two major investment assets – shares in Tattersall's Limited and NSX Limited – at 30 June 2007 are:

	Fair Value	Cost	Share Price
Tattersall's Limited	\$328,300,005	\$237,261,969	\$4.69
NSX Limited	\$352,000	\$400,000	\$0.44

7. Significant Change in State Affairs

During the financial year, the Company substantially increased its shareholding in Tattersall's Limited, purchasing 75,914,857 shares. The Company issued an additional 467,097,247 shares during the period and established a \$185,000,000 margin loan facility with the National Australia Bank to enable the entity to have sufficient liquid funds for trading purposes.

8. Events Subsequent to Balance Date

There have been no events that have arisen in the interval between the end of the financial year and the date of this report, or 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.

9. 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 operation 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.

10. 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.

11. Information on Directors

As at the date of this report, the names, particulars of the qualifications, experience and special responsibilities of each Director and Company Secretary are:

Graeme Cureton (63)

Chairman

Appointed – 4 April 2005

Experience and Expertise

Graeme is an Executive Director with the Guinness Peat Group and has substantial experience in the financial and commercial sectors.

Other Current Listed Company Directorships

Executive Director, Guinness Peat Group Plc

Director, Capral Aluminium Limited

Alternate Director, Tooth & Co Limited

Former Listed Directorships (in last 3 years)

Director, Australian Wealth Management Limited

Alternate Director, Director, CPI Group Limited

Director, Greens Foods Limited

Special Responsibilities

Chair of the Corporate Governance Committee

Chair of the Remuneration Committee

Member of the Audit Committee

Interests in Shares and Options

420,570 Ordinary Shares in Rattoon Holdings Limited

Hugh Robertson (46)

Non-Executive Director

Appointed – 1 July 2003

Experience and Expertise

Hugh has had over 20 years experience in the Stockbroking and Investment Industry and is a Senior Adviser with Bell Potter Securities Limited.

Other Current Listed Company Directorships

Director, Wentworth Holdings Limited

Director, NSX Limited

Former Listed Directorships (in last 3 years)

Director, OAMPS Limited

Director, Catalyst Recruitment Systems Limited

Special Responsibilities

Chair of the Audit Committee

Member of the Remuneration Committee

Member of the Corporate Governance Committee

Interests in Shares and Options

1,000,000 Ordinary Shares in Rattoon Holdings Limited

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Peter Landos (36)
Non-Executive Director
Appointed – 11 May 2006

Experience and Expertise

Peter is a qualified Accountant and is an Investment Manager with the Thorney Investment Group. Peter has substantial investment and commercial experience.

Other Current Listed Company Directorships

Alternate Director, Adacel Technologies Limited
Alternate Director, McPhersons Limited

Former Listed Directorships (in last 3 years)

None

Special Responsibilities

Member of the Audit Committee
Member of the Remuneration Committee
Member of the Corporate Governance Committee

Interests in Shares and Options

115,625 Ordinary Shares in Rattoon Holdings Limited

Martin Casey (40)
Company Secretary
Appointed – 27 April 2007

Experience and Expertise

Martin is a qualified Lawyer and is a Director of Hindal Securities Pty Ltd. Martin has substantial investment banking and commercial experience.

12. 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)
H Robertson	12	12	2	2	1	1	1	1
G Cureton	12	11	2	2	1	1	1	1
P Landos	12	12	2	2	1	1	1	1

(A) Number of meetings held while in office

(B) Number of meetings attended

13. Remuneration Report

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

- Remuneration policy
- Detail of Directors and Senior Executives Remuneration
- Service Agreements
- 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 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.

b) Detail of Directors and Senior Executives Remuneration

The Directors of Rattoon Holdings Limited and their remuneration for the year ended 30 June 2007 are detailed below.

Emoluments of Directors and Senior Executives during the financial year ended 30 June 2007 were determined by the Remuneration Committee (refer 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 remuneration of each Key Management Personnel of Rattoon Holdings Limited, 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

2007		Primary		Post-Employment		Equity	Total
Name	Cash salary and fees \$	Cash bonus \$	Non-monetary benefits \$	Super-annuation \$	Retirement benefits \$	Options \$	
Mr G Cureton	-	-	-	-	-	-	-
Mr H Robertson	36,697	-	-	3,303	-	-	40,000
Mr P Landos	-	-	-	-	-	-	-
Total	36,697	-	-	3,303	-	-	40,000

Fees (\$44,000 inc GST) that would have been paid each to Mr G Cureton and Mr P Landos have been paid to their respective employers.

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Senior Executives of Rattoon Holdings Limited

Name	Primary			Post-Employment		Equity	Total
	Cash salary and fees \$	Cash bonus \$	Non-monetary benefits \$	Super-annuation \$	Retirement benefits \$	Options \$	
Mr M Casey (appointed 27 April 2007)	-	-	-	-	-	-	-
Mr K Stonehouse (resigned 27 April 2007)	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

For the year ended 30 June 2007, the Company did not employ any executives within the business. In addition to the Board, Messer's Casey and Stonehouse were the executives with the greatest authority for the strategic direction and management of the Company ("Specified Executive") during the financial year, through their respective roles as Company Secretary.

c) Service Agreements

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

Hindal Securities Pty Ltd provides 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, secretarial and administrative support to the Company for \$6,500 per month (plus GST). This agreement was in place for all of the 2007 financial year. In addition, Hindal may become entitled to additional corporate advisory fees.

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 2007.

14. 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
H Robertson	1,000,000	-	-
G Cureton	304,945	115,625	-
P Landos	-	115,625	-

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.

There have been no options granted over unissued shares of the Company during or since the end of the financial year.

15. Indemnification of Officers and Auditors

During the financial year, the Company paid a premium to insure Directors and Officers 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 this report have not been indemnified by the Company.

16. Non Audit Services

No non-audit services were provided by BDO Kendalls Audit & Assurance (VIC) Pty Ltd for the year.

17. Shareholder Details

In accordance with NSX Listing Rules requirements, the top 10 shareholders of the Company as at June 30 2007 are as follows:

	Shareholder Name	Number of Shares	% of Shares Issued
1	Guinness Peat Group plc	224,240,471	44.36
2	Thorney Investment Group	220,960,430	43.72
3	Invia Custodian Pty Ltd	9,491,661	1.88
4	National Nominees	7,423,907	1.47
5	Fadmoor Pty Ltd	5,264,249	1.04
6	River Cap Pty Ltd	4,105,239	0.81
7	ANZ Nominees	4,028,768	0.80
8	Invia Custodian Pty Ltd	3,905,536	0.77
9	CVC Ltd	2,555,104	0.51
10	Invia Custodian Pty Ltd	2,508,477	0.50

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

Signed in accordance with a resolution of the Board of Directors at Melbourne this 28th day of September 2007.



Graeme Cureton
Chairman

28th September 2007

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

Auditor's Independence Declaration

As lead auditor for the audit of Rattoon Holdings Limited for the year ended 30 June 2007, 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 the audit; and
- any applicable code of professional conduct in relation to the audit.

BDO KENDALLS AUDIT + ASSURANCE (VIC) PTY LTD

BDO Kendalls Audit & Assurance (VIC) Pty Ltd
Chartered Accountants



Paul Carr
Director

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 acknowledges that the Corporate Law clearly establishes that the Board is ultimately responsible for all matters relating to the running of Rattoon.

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 structure in the Company.

In accordance with the Constitution, the Board may comprise between three and fifteen individual Directors.

The Board shall contain a relevant blend of expertise in

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

Directors are appointed under 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 at a General Meeting, while the Board may appoint additional Directors at any time. 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 of all Directors are expected to retire at each Annual General 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 Third 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 Directors personal 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. Due to the nature and size of operations, there are no independent directors on the Audit Committee. The Audit Committee does not contain any Executive Directors.

The Committee meets 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:

- Sets policies for senior officers' remuneration;
- Sets policies for Directors' remuneration; and
- Makes specific recommendations to the Board on remuneration of Directors and senior officers;

Due to the nature and size of operations, there are no independent directors on the Remuneration Committee. It does not contain any Executive Directors. It meets annually.

(vii) Compliance Committee

The Compliance Committee is 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.
- Establishing written policies and procedures to ensure compliance with the NSX continuous disclosure requirements

The Company Secretary is 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 oversees the Company's compliance system. The Company Secretary works 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 assume a significant responsibility. The Company may offer its non-employee Directors a competitive compensation package, which may include a retainer, meeting fees, liability insurance at the Board's discretion, business travel, accident insurance, and a restricted stock plan. The package is recommended each year by the remuneration committee, for adoption by the Board.

Income Statement

For the year ended 30 June 2007

	Note	2007 \$	2006 \$
Revenue from continuing operations	3 (i)	25,463,678	707,578
Other income	3 (ii)	649,727	-
Employee and sub-contractor costs	3 (iii)	(125,800)	(120,100)
Professional fees		(253,887)	(42,759)
Accounting fees		(36,158)	(14,008)
Auditors remuneration	14	(27,659)	(26,284)
Insurance		(55,000)	-
Other expenses	3 (iv)	(45,716)	(29,096)
Finance costs		(4,752,836)	(678,961)
Profit (Loss) from continuing operations before income tax		20,816,349	(203,630)
Income tax expense	4	(2,798,456)	-
Profit (Loss) after tax from continuing operations		18,017,893	(203,630)
Profit after tax from discontinued operations		-	-
Net profit (loss) for the year		18,017,893	(203,630)
Profit (Loss) attributable to members of Rattoon Holdings Limited		18,017,893	(203,630)

Earnings/(loss) per share (cents per share)

Basic earnings/(loss) per share	16	4.82	(0.49)
Diluted earnings/(loss) per share	16	4.82	(0.49)

Notes to the financial statements are included on pages 19 - 41

Balance Sheet

As at 30 June 2007

	Note	2007 \$	2006 \$
Current assets			
Cash and cash equivalents	5	485,219	925,843
Trade and other receivables	6	14,239	35,456
Total current assets		499,458	961,299
Non-current assets			
Available-for-sale financial assets	7	328,652,005	17,672,536
Other financial assets	8	649,727	-
Total non-current assets		329,301,732	17,672,536
Total assets		329,801,190	18,633,835
Current liabilities			
Trade and other payables	9	472,981	42,919
Interest-bearing liabilities	10	92,142,103	10,000,000
Current tax liability		2,798,456	-
Total current liabilities		95,413,540	10,042,919
Non-Current liabilities			
Deferred tax liabilities	11	27,230,930	-
Total non-current liabilities		27,230,930	-
Total liabilities		122,644,470	10,042,919
Net assets		207,156,720	8,590,916
Shareholders' equity			
Issued capital	12	159,465,271	33,605,495
Reserves	12	63,693,934	(1,582,067)
Accumulated losses		(16,002,485)	(23,432,512)
Total shareholders' equity		207,156,720	8,590,916

Notes to the financial statements are included on pages 19 - 41

Cash Flow Statement

For the year ended 30 June 2007

		2007	2006
		\$	\$
	Note	Inflows / (Outflows)	Inflows / (Outflows)
Cash flows from operating activities			
Interest received		77,819	45,154
Dividends received		9,211,757	533,456
Distributions received		-	201,975
Payments to suppliers and employees		(92,937)	(293,877)
Finance costs paid		-	(2,135)
Net cash provided by operating activities	17 (iii)	9,196,639	484,573
Cash flows from investing activities			
Proceeds from entering into options in options written portfolio		455,983	-
Proceeds from sale of available-for-sale financial assets		60,708,023	-
Purchase of available-for-sale financial assets		(146,757,116)	-
Net cash used in investing activities		(85,593,110)	-
Cash flows from financing activities			
Proceeds from issue of shares		9,420,446	-
Share issue transaction costs		(266,000)	-
Proceeds from borrowings		92,142,103	-
Repayment of borrowings		(10,000,000)	-
Dividends paid		(10,587,866)	-
Finance costs paid		(4,752,836)	(553,011)
Net cash provided by/(used in) financing activities		75,955,847	(553,011)
Net decrease in cash and cash equivalents		(440,624)	(68,438)
Cash and cash equivalents at the beginning of the financial year		925,843	994,281
Cash and cash equivalents at the end of the financial year	17 (ii)	485,219	925,843

Notes to the financial statements are included on pages 19 - 41

Statement of Changes in Equity

For the year ended 30 June 2007

	Note	Contributed Equity	Available for Sale Financial Assets Reserve	Accumulated Losses	Total
		\$	\$	\$	\$
At 1 July 2005		35,488,568	11,200	(23,228,882)	12,270,886
Revaluation decrement on available-for-sale financial assets		-	(1,593,267)	-	(1,593,267)
Net income recognised directly in equity		-	(1,593,267)	-	(1,593,267)
Loss for the year		-	-	(203,630)	(203,630)
Total recognised income and expense for the year		-	(1,593,267)	(203,630)	(1,796,897)
Share buy back		(1,883,073)	-	-	(1,883,073)
At 30 June 2006		33,605,495	(1,582,067)	(23,432,512)	8,590,916
Revaluation increment on available-for-sale financial assets		-	92,572,101	-	92,572,101
Deferred Tax Liability		-	(27,296,100)	-	(27,296,100)
Net income recognised directly in equity		-	65,276,001	-	65,276,001
Profit for the year		-	-	18,017,893	18,017,893
Total recognised income and expense for the year		-	65,276,001	18,017,893	83,293,894
Issue of Share Capital	12	126,060,606	-	-	126,060,606
Payment of dividends		-	-	(10,587,866)	(10,587,866)
Share Issue Costs		(266,000)	-	-	(266,000)
Related Income tax		65,170	-	-	65,170
At 30 June 2007		159,465,271	63,693,934	(16,002,485)	207,156,720

Notes to the financial statements are included on pages 19 - 41

Notes to the Financial Statements

For the year ended 30 June 2007

1. Corporate Information

The financial report of Rattoon Holdings Limited for the year ended 30 June 2007 was authorised for issue in accordance with a resolution of the Directors on 28th September 2007. Rattoon Holdings Limited is a company limited by shares incorporated in Australia whose shares are traded on the National Stock Exchange.

Rattoon Holdings Limited (the "Company") is an investment company and the principal activity is investing in listed and unlisted Australian companies and managing these investments through to exit.

2. Statement of Significant Accounting Policies

a) Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with the requirements of the Australian Accounting Standards and the Corporations Act 2001. The financial report has been prepared on an accruals basis and is based on historical cost, except for available-for-sale financial assets that have been measured at fair value.

The financial report is presented in Australian dollars, which is the functional and presentation currency of the entity.

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.

b) Statement of Compliance

The financial report complies with Australian Accounting Standards that include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and the notes thereto, complies with International Financial Reporting Standards ('IFRS').

c) Income Tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

Notes to the Financial Statements (continued)

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

d) Other Taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

e) Cash and Cash Equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

f) Trade and Other Receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Notes to the Financial Statements (continued)

g) Investments

(i) Available-for-sale financial assets

Available for sale financial assets comprise holdings of marketable equity securities. They are included in non current assets unless management intends to dispose the investment within 12 months of the balance sheet date.

(ii) Recognition and de-recognition

Purchases and sales of investments are recognised on trade date being the date the Company commits to purchase or sell the asset. Available-for-sale financial assets are initially recognised at fair value plus transaction costs and are subsequently measured at fair value.

(iii) Gains and Losses on Investments

Unrealised gains and losses arising from changes in the fair value of long term investments are recognised in equity in the available-for-sale financial assets reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

(iv) Fair Value

The fair values of quoted investments are based on current published bid prices at the reporting date.

(v) Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial asset 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, the cumulative loss – measured as the difference between the acquisition cost and the current market value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement are not reversed through the income statement.

h) Call Options

The Company sells options in the Exchange traded and Over the Counter call option markets to enhance income. Where the Company sells a call option, it is obligated to deliver securities at an agreed price if the holder exercises the option. Options written are initially brought to account at the amount received upfront for entering into the contract (the premium) and subsequently revalued to current fair value. Income from options is only recognised in profit from continuing operations when the option is closed out, expires or is exercised. Unrealised gains and losses on open options positions are included in the income statement

Notes to the Financial Statements (continued)

i) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(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.

All revenue is stated net of GST.

j) Interest-Bearing Loans and Borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of transaction costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. The effective interest rate is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised and as well as through the amortisation process.

Borrowing costs are recorded as expenses in the period in which they are incurred.

k) Accounts Payable

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

l) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds. If the Company reacquires its own equity instruments e.g as a result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

m) Earnings Per Share

Basic Earnings Per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Notes to the Financial Statements (continued)

Diluted Earnings Per Share

Diluted earnings per share adjusts the figures used in the determination of basis earnings per share to take into account the after tax income effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

n) Net Working Capital Deficiency

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 margin loan which is disclosed as a current liability will continue to be made available to the Company as the Company's major non-current asset is capable of being traded at any given time.

o) Adoption of New and Revised Accounting Standards

The following new accounting standards, amendments to standards and interpretations have been issued, but are not mandatory for financial reporting years ended on 30 June 2007. They are expected to impact the Company in the period of initial application. All of the following are available for early adoption, but have not been applied in preparing this financial report. None of the other standards or amendments released will affect the Company. No standards have been adopted early.

AASB 7: Financial Instruments: Disclosures (released August 2005)

AASB 7 replaces the disclosure requirements for financial instruments in AASB 132 Financial Instruments: Disclosure and Presentation and is applicable to annual reporting periods commencing on or after 1 January 2007. The Company expects to adopt the new standard on this date. Application will not affect any of the amounts recognised in the financial report, but will require significant additional disclosures in relation to financial instruments.

AASB 2005-10: Amendments to Australian Accounting Standards (released September 2005)

AASB 2005-10 makes consequential amendments to AASB 132 and nine other standards arising from the release of AASB 7 and is applicable to annual reporting periods commencing on or after 1 January 2007. The Company expects to adopt the amendments arising from the adoption of AASB 7 for the financial year ended 30 June 2008. Application will not affect any of the amounts recognised in the financial report, but will affect some disclosures.

AASB 101: Presentation of Financial Statements (released October 2006)

The revised version of AASB 101 results from an Australian Accounting Standards Board's (AASB) decision that, in principle, all options that currently exist under International Financial Reporting Standards (IFRS) should be included in Australian Equivalents to International Financial Reporting Standards (AIFRS), and additional Australian disclosures initially required should be eliminated, other than those now considered particularly relevant in the Australian reporting environment or where there would be a conflict with the Corporations Act. The revised standard is applicable for annual reporting periods commencing on or after 1 January 2007, and the Company will adopt the revised standard from that date. Application is not expected to affect any of the amounts recognised in the financial report, but will affect some disclosures.

Notes to the Financial Statements (continued)

AASB 2007-4: Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments (released April 2007)

AASB 2007-4 makes amendments to 34 standards as a result of an AASB decision that, in principle, all options that currently exist under IFRS should be included in AIFRS, and additional Australian disclosures initially included should be eliminated, other than those now considered particularly relevant in the Australian reporting environment or where there would be a conflict with the Corporations Act. The amendment is applicable to annual reporting periods commencing on or after 1 July 2007, and the Company will adopt these changes for the financial year ended 30 June 2008. Application is not expected to affect any of the amounts recognised in the financial report, but will affect some disclosures.

AASB 8: Operating Segments (released February 2007) and AASB 2007-3: Amendments to Australian Accounting Standards arising from AASB 8 (released February 2007)

AASB 8: Operating Segments replaces the disclosure requirements of AASB 114: Segment Reporting. AASB 2007-3 makes consequential amendments to 10 other standards as a result of the adoption of AASB 8. The new standard and its consequential amendments are applicable to annual reporting periods commencing on or after 1 January 2009. The Company will adopt the new standard, together with its consequential changes, for the financial report dated 30 June 2010. Application will not affect any of the amounts recognised in the financial report, but will require disclosures in relation to operating segments instead of business and geographical segments.

p) Critical Judgements and Significant Accounting Estimates

The preparation of financial statements requires the directors to make judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(i) Critical judgements in applying the accounting policies - Available-for-sale financial assets

The Company follows the guidance in AASB 139: Financial Instruments: Recognition and Measurement in classifying investments in listed companies as available-for-sale financial assets. Investments are not designated as fair value through profit or loss as the Company does not manage these investments based on their fair values in accordance with a documented risk management strategy.

(ii) Critical judgements in applying the accounting policies – Non-current available-for-sale financial assets

The Company has classified the available-for-sale investments as non-current as it is not expected to dispose of a significant portion of these investments in the foreseeable future. Based on the Company's nature of business during the current year, the directors still determine the investments to be available-for-sale but utilise judgement to liquidate small holdings when it is determined to be in the best interests of the shareholders. This is not an investment strategy and is only undertaken in certain undetermined conditions.

Notes to the Financial Statements (continued)

(iii) Critical judgements in applying the accounting policies – Interest rate swaps

The Company follows the guidance in AASB 139 in accounting for interest rate swaps as financial assets at fair value through profit or loss. All the interest rate swaps are entered into to hedge interest rate risks by converting floating rate debt to fixed interest rates. The Directors have decided not to follow the documentation and other requirements of AASB 139 that are necessary in order to classify the interest rate swaps as cash flow hedges.

(iv) Critical judgements in applying the accounting policies – Impairment of available-for-sale financial assets

The Company follows the guidance in AASB 139 on determining when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the directors evaluate, among other things, the duration and extent to which the fair value of the investment is less than cost and the financial health of and near term business outlook for the investee.

(v) Critical judgements in applying the accounting policies – Deferred tax liabilities

The Company follows the requirements of AASB 112 Income Taxes and deferred tax liabilities have been recognised for Capital Gains Tax (CGT) on the unrealised gain in the investment portfolio at current tax rates. As the Directors do not intend to dispose of the portfolio, this tax liability may not be crystallised at the amount disclosed in Note 11. In addition, the tax liability that arises on disposal of these securities may be impacted by changes in tax legislation relating to treatment of capital gains and the rate of taxation applicable to such gains at the time of disposal.

Apart from these, there are no other key assumptions.

q) Derivative Financial Instruments

The Company has hedged a proportion of its short-term borrowings against changes in interest rates by entering into an interest rate swap agreement. Interest rate swaps are recognised at 'fair value' on the balance sheet. The Company does not apply hedge accounting and recognises interest rate swaps at fair value through the profit and loss.

Notes to the Financial Statements (continued)

3. Revenues and Expenses

	2007	2006
	\$	\$
(i) Revenue from Continuing Operations		
• dividends received or receivable	9,211,760	533,456
• interest received or receivable	77,819	45,154
• profit on sale of available-for-sale investments	15,718,119	128,968
• income from options written	455,980	-
	25,463,678	707,578
	2007	2006
	\$	\$
(ii) Other income		
• gain in movements of interest rate swap	649,727	-
	649,727	-
	2007	2006
	\$	\$
(iii) Employee and sub-contractor costs		
• sub-contractor costs	85,800	74,800
• Directors fees (including superannuation)	40,000	45,300
	125,800	120,100
(iv) Other expenses:		
• share registry	10,107	4,032
• printing and postage	13,607	7,190
• filing fees	20,869	11,340
• other expenses	1,133	6,534
	45,716	29,096

Notes to the Financial Statements (continued)

4. Income Tax Expense

(a) Income tax expense

	2007	2006
	\$	\$
Current tax	2,798,456	-
Deferred tax	-	-
	2,798,456	-

(b) The income tax expense for the financial year differs from the amount calculated on the profit/(loss). The differences are reconciled as follows:

	2007	2006
	\$	\$
Profit (Loss) from continuing operations before income tax expense	20,816,349	(203,630)
Income tax at 30% (2006: 30%)	6,244,905	(61,089)
Imputation credits attached to dividends	1,184,368	68,587
	7,429,273	7,498
Prior year tax losses not recognised now recouped	(576,861)	(44,860)
Other differences not recognised	(106,061)	37,362
Imputation Credits	(3,947,895)	-
Income Tax Expense Arising From Current Tax	2,798,456	-

(c) Deferred tax asset not brought to account, the benefits of which will only be realised if the conditions for deductibility are met:

	2007	2006
	\$	\$
Imputation credits available	265,146	854,907
Unused tax losses	-	576,861

5. Cash and Cash Equivalents

		2007	2006
	Note	\$	\$
Cash at bank		25,725	1,511
Deposits at call		459,494	924,332
	17 (ii)	485,219	925,843

Interest is receivable on cash at bank and deposits at call at prevailing rates, which averaged 5.84% at year end (2006: 4.98%).

Notes to the Financial Statements (continued)**6. Trade and Other Receivables**

	2007	2006
	\$	\$
Other receivables	14,239	35,456
	14,239	35,456

7. Available-For-Sale Financial Assets

	2007	2006
	\$	\$
Non-current		
a) Investments in listed corporations are represented by:		
• At fair value – shares in Tattersalls Limited	328,300,005	17,192,536
• At fair value – shares in NSX Limited	352,000	480,000
	328,652,005	17,672,536
b) Movements during the financial year		
Opening balance at 1 July	17,672,536	21,008,706
Acquisitions	263,397,272	-
Disposals	(44,989,904)	(1,754,103)
Changes in fair value of investment	92,572,101	(1,582,067)
Closing balance at 30 June	328,652,005	17,672,536

During the year the Company purchased 75,914,857 shares (2006: Nil) and sold 12,011,500 shares in Tattersall's Limited (2006: 567,190). At 30 June 2007, 70,000,001 shares were held in Tattersalls Limited (30 June 2006: 6,096,644). The Tattersall's Limited share price at 30 June 2007 was \$4.69 (30 June 2006: \$2.82).

4,500,000 shares with a market value of \$21,105,000 (2006: Nil) were lodged as collateral for sold option positions written by the Company in the Exchange Traded and Over the Counter Option Market. The market values of these investments are included as part of the total of the

Company's listed securities and the Company retains its dividend entitlements on these shares.

At 30 June 2007, 800,000 shares were held in NSX Limited (2006: 800,000). The NSX Limited share price at 30 June 2007 was \$0.44 (30 June 2006: \$0.60).

Rattoon Holdings Limited

A.B.N. 16 076 611 268

Notes to the Financial Statements (continued)**8. Other Financial Assets**

	2007	2006
	\$	\$
Non current financial asset carried at fair-value through profit and loss – Interest Rate Swap	649,727	-
	649,727	-

The Company manages its cash flow interest rate risk by using floating to fixed interest rate swaps. Interest rate swaps are recognised at fair value through the profit and loss.

9. Trade and Other Payables

	2007	2006
	\$	\$
Current		
Trade payables	39,481	39,565
Outstanding settlements – options written	309,500	-
Other payables and accruals	124,000	3,354
	472,981	42,919

Payables are non-interest bearing and unsecured. Outstanding settlements relate to premiums received for sold option positions written by the Company in Exchange Traded and Over the Counter options. As at balance date, these contracts were for 1,500,000 exchange-traded and 3,000,000 over-the-counter options.

10. Interest Bearing Liabilities

	2007	2006
	\$	\$
Current		
Secured Liabilities		
Bank Bills	-	10,000,000
Margin Loan	92,142,103	-
	92,142,103	10,000,000

The margin loan is a rolling floating rate facility provided by the National Australia Bank Limited, with repayments being interest only. (Facility limit \$185,000,000). 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 and a mortgage over 65,000,001 Tattersall's Limited shares. The facility is subject to a number of covenants including, but not limited to, interest cover ratio and gearing ratios. The margin loan has a floating interest rate, which was 7.08% at 30 June 2007.

Notes to the Financial Statements (continued)

10. Interest Bearing Liabilities (continued)

(a) Assets pledged as security

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

Registered mortgage	304,850,005	17,192,536
---------------------	--------------------	------------

(b) Financing arrangements

	2007	2006
	\$	\$
Loan Facilities		
Total Facilities:		
Bank Bills	-	10,000,000
Margin Loan	185,000,000	-
	185,000,000	10,000,000

Facilities utilised at balance date:

Bank Bills	-	10,000,000
Margin Loan	92,142,103	-
	92,142,103	10,000,000

Facilities not utilised at balance date:

Margin Loan	92,857,897	-
	92,857,897	-

The unused amounts of the margin loan facility may be drawn at any time.

11. Deferred Tax Liabilities

	2007	2006
	\$	\$
Deferred tax liabilities on unrealised gains in the available-for-sale financial assets	27,230,930	-
	27,230,930	-

Notes to the Financial Statements (continued)

12. Issued Capital and Reserves

	Note	2007 \$	2006 \$
Shares:			
Ordinary shares issued and fully paid \$			
At the beginning of the reporting period		33,605,495	35,488,568
Shares issued during the year	12 (i)	126,060,606	-
Shares bought back during the year	12 (ii)		(1,883,073)
Cost of raising equity		(266,000)	-
Related income tax on cost of raising equity		65,170	
At reporting date		159,465,271	33,605,495
Ordinary shares issued and fully paid– number			
At the beginning of the reporting period		38,355,193	45,162,380
Shares issued during the year	12 (i)	467,097,247	-
Shares bought back during the year	12 (ii)	-	(6,807,187)
At reporting date		505,452,440	38,355,193

(i) Issue of Shares During the Year

As per resolutions passed by shareholders at a General Meeting held on September 28, 2006 the Company issued 216,481,366 ordinary shares to each of Guinness Peat Group plc 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 \$7,734,000 from professional and sophisticated investors.

The Company also issued 4,438,882 under a Share Purchase Plan offered to all Rattoon shareholders. The Share Purchase Plan was announced on 9 March 2007 and was available to shareholders registered on 9 March 2007.

(ii) Share Consolidation

On 1 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 for 1 ordinary share in Tattersall's Limited. Under this buy-back Rattoon Holdings Limited bought back 6,807,187 shares at a cost of \$1,883,073. As this transaction was a share for share exchange, it is not reflected in the Cash Flow Statement.

Share Options:

At balance date, the following options were in existence:

Option Holder	Note	Issue Date	No. of Options	Exercise Price \$	Expiry Date
Other Options	(iii)	19/06/01	7,300,000	35.00	Various
Total unquoted options on issue			7,300,000		

Notes to the Financial Statements (continued)

12. Issued Capital and Reserves (continued)

(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.

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.

No new options have been granted during the year.

Reserves:

Available-For-Sale Financial Assets Reserve

Changes in the fair value of investments classified as available for sale financial assets are taken to the available-for-sale Financial Assets Reserve, as described in Note 2(g). Amounts are recognised in the profit and loss when the associated assets are sold or impaired. During the year, \$15,718,119 (2006: \$128,968) was transferred to the profit and loss on shares sold.

13. Dividends

	2007	2006
	\$	\$
Dividends paid during the year	10,587,866	-
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.	265,145	854,907

14. Auditors' Remuneration

	2007	2006
	\$	\$
Remuneration of the auditor of the Company for:		
• audit and review of the financial reports#	27,659	25,850
• tax and accounting services**	-	434
	27,659	26,284

Fees paid to BDO Kendalls Audit & Assurance (VIC) Pty Ltd

** Fees paid to BDO Kendalls (VIC) Pty Ltd

15. Segment Information

During the year ended 30 June 2007 the Company operated in a single segment being investment in Australian entities, solely within Australia.

Notes to the Financial Statements (continued)

16. Earnings Per Share

	2007	2006
	\$	\$
The following reflects the income and share information used in the calculations of basic and diluted earnings per share from continuing operations:		
Net Profit/(Loss)	18,017,893	(203,630)
Earnings/(loss) used in calculating basic and diluted earnings per share	18,017,893	(203,630)
	2007	2006
	cents	cents
Basic earnings per share (cents)	4.82	(0.49)
Diluted earnings per share (cents)	4.82	(0.49)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share	373,987,513	41,786,761
Weighted average number of potential ordinary shares used in the calculation of diluted earnings per share	373,987,513	41,786,761

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 Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

(ii) Reconciliation of cash

	2007	2006
	\$	\$
Cash and cash equivalents	485,219	925,843
Balances per statement of cash flows	485,219	925,843

Notes to the Financial Statements (continued)

17. Cash Flow (continued)

(iii) Reconciliation of Net Cash Flow From Operating Activities to Profit

Profit (Loss) from continuing activities after income tax	18,017,893	(203,630)
Less:		
Profit from sale of available-for-sale financial assets	(16,174,099)	(128,968)
Gain from movement in fair value of swap	(649,727)	-
Plus:		
Finance costs paid	4,752,836	553,011
Net cash provided by operating activities before change in other assets and liabilities	5,946,903	220,413
Increase in tax payable	2,798,456	-
Decrease in other assets	-	124,840
Decrease in receivables	21,218	255,994
Increase (Decrease) in accounts payable	430,062	(116,674)
Net cash provided by operating activities	9,196,639	484,573

18. Related Party Transactions

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

(i) Key Management Personnel Related Entities

Martin Casey is a Director of Hindal Securities Pty Ltd. Under an agreement between the Company and Hindal Securities Pty Ltd ("Hindal"), Hindal provided accounting, administrative, corporate advisory and company secretarial services during the year for fees totalling \$85,800 (2006: \$74,800). These fees were on normal commercial terms. There are no outstanding balances at year end.

Hugh Robertson is a Director of NSX Limited. Under an agreement between the Company and NSX Limited ("NSX"), NSX provided stock exchange services to the Company during the year for fees totalling \$17,782 (2006: \$8,663). These fees were on normal commercial terms.

Hugh Robertson is also a Senior adviser at Bell Potter Securities Limited. Bell Potter is one of the broking houses that share trades are executed through.

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 cost and expenses.

Notes to the Financial Statements (continued)**18. Related Party Transactions (continued)****(ii) Transactions with shareholders**

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

The above transaction had the effect of making Guinness Peat Group plc and Thorney Investment Group major shareholders, holding 44.36% and 43.72% of the share capital respectively at 30 June 2007.

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

Shares and Option Transactions with Directors as at Balance Date:

	Shares 2007	Options 2007	Shares 2006	Options 2006
Shares acquired by Directors and their related entities	285,844	-	-	-
Aggregate number of shares and share options held by current Directors and their related entities in Rattoon Holdings Limited at balance date.	1,536,195	-	1,250,351	-

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 Parent Entity 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 2007, the Company did not employ any permanent staff.

Notes to the Financial Statements (continued)

19. Employee and Director Share Plan (continued)

	2007	2006
Employee Options in existence at beginning of period	-	500,000
Lapsed under the scheme	-	(500,000)
Employee Options in existence at end of period	-	-

(ii) Non-Executive Director Options

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

(iii) Executive Director Options

No options have been issued to Directors other than as outlined in Note 21. As at 30 June 2007, the Company did not have any Executive Directors.

20. Financial Instruments

The Company's activities expose it to a variety of financial risks; market risk (including price risk), liquidity risk and cash flow interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company uses derivative financial instruments such as interest rate swaps to hedge certain risk exposures.

Risk management is carried out by the Company Secretary under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well written policies covering specific areas, such as mitigating interest rate risks, use of derivative financial instruments and investing excess liquidity.

(i) Market Risk

The Company is exposed to equity securities price risk. This arises from investments held by the Company and classified on the balance sheet as available-for-sale financial assets.

(ii) Credit Risk

The Company has no significant concentrations of credit risk with any single counterparty or group of counterparties. The Company has policies that limit the amount of credit exposure to any one financial institution. The maximum amount of credit risk is the fair value of financial assets on the balance sheet.

(iii) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities; the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Notes to the Financial Statements (continued)

20. Financial Instruments (continued)

(iv) Cash Flow and Interest Rate Risk

As the Company has no significant interest bearing assets, the Company's income and operating cash flows are not materially exposed to changes in market interest rates.

The Company's interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. The Company's policy is to fix the rates for approximately 100% of its borrowings. This policy has been complied with at the year end.

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

2007	Non-Interest Bearing	Fixed Interest Maturing in:			Floating Interest Rate	Total
		1 Year or Less	Over 1 to 5 Year s	More than 5 Years		
	\$	\$	\$	\$	\$	\$
Financial Assets:						
Cash	-	-	-	-	485,219	485,219
Investments	328,652,005	-	-	-	-	328,362,005
	328,652,005	-	-	-	485,219	328,847,224
<i>Effective Interest Rates</i>	-	-	-	-	5.84%	-
Financial Liabilities:						
Unsecured Liabilities	(472,981)	-	-	-	-	(472,981)
Borrowings	-	-	-	-	(92,142,103)	(92,142,103)
	(472,981)	-	-	-	(92,142,103)	(92,615,084)
<i>Effective Interest Rates</i>	-	-	-	-	7.15%	
Net Financial Assets	328,179,024	-	-	-	(91,656,884)	236,232,140

Notes to the Financial Statements (continued)

20. Financial Instruments (continued)

2006	Non-Interest Bearing	Fixed Interest Maturing in:			Floating Interest Rate	Total
		1 Year or Less	Over 1 to 5 Year s	More than 5 Years		
	\$	\$	\$	\$	\$	\$
Financial Assets:						
Cash	-	-	-	-	925,843	925,843
Investments	17,672,536	-	-	-	-	17,672,536
	17,672,536	-	-	-	925,843	18,598,379
<i>Effective Interest Rates</i>	-	-	-	-	4.98%	-
Financial Liabilities:						
Unsecured Liabilities	(42,919)	-	-	-	-	(42,919)
Borrowings	-	(10,000,000)	-	-	-	(10,000,000)
	(42,919)	(10,000,000)	-	-	-	(10,042,919)
<i>Effective Interest Rates</i>	-	6.9%	-	-	-	-
Net Financial Assets	17,629,617	(10,000,000)	-	-	925,843	8,555,460

Interest Rate swap contracts

The Company manages its cash flow interest rate risk by using floating to fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally the Company raises long term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Company borrowed at fixed rates directly. Under the interest rate swaps, the Company agrees with other parties to exchange, at specific monthly intervals, the difference between the fixed contract rates and floating rate interest amounts, calculated by reference to agreed notional principal amounts. The following table details the notional principle amounts and remaining terms of interest rate swap contracts outstanding as at the reporting date:

	Average Contracted fixed interest rate		Notional principal amount	
	2007 %	2006 %	2007 \$	2006 \$
Outstanding floating for fixed contracts				
2 to 5 years	6.53	-	115,000,000	-
			115,000,000	-

The interest rate swaps settle on a monthly basis. The floating rate on the interest rate swaps is the Australian BBSW.

Notes to the Financial Statements (continued)

20. Financial Instruments (continued)

(v) Fair Value

The fair value of all financial assets and financial liabilities are the carrying values on the balance sheet.

21. Key Management Personnel Disclosures

Directors

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

Chairman – Non-Executive

Mr G Cureton

Non-Executive Directors

Mr H Robertson

Mr P Landos

Executives (other than Directors) with the greatest authority for strategic direction and management

The following persons were the Executives with the greatest authority for the strategic direction and management of the Company during the financial year:

Name	Position
Mr M Casey (appointed 27 April 2007)	Company Secretary
Mr K Stonehouse (resigned 27 April 2007)	Financial Controller/Company Secretary

The above Executives were also Key Management Personnel during the year ended 30 June 2007.

Remuneration of Key Management Personnel

	2007	2006
	\$	\$
Short-term employee benefits	36,697	41,250
Post-employment benefits	3,303	4,050
Share-based payments	-	-
	40,000	45,300

In accordance with Corporations Amendment Regulations 2006 (No. 4), information regarding the remuneration of Key Management Personnel that is required by AASB 124 *Related Party Disclosures* has been included in the Directors Report of this Annual Report.

Equity instrument disclosures relating to Key Management Personnel

Options provided as remuneration

No options were granted or vested during the year.

Notes to the Financial Statements (continued)

21. Key Management Personnel Disclosures (continued)

Shares provided on exercise of remuneration options

No remuneration options were exercised during the year.

Option holdings

No Key Management Personnel of the Company held options in the Company during the financial year.

Share holdings

The numbers of shares in the Company held during the year by each Key Management Personnel, including their personally-related entities, are set out below:

2007

	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</i>				
Mr H Robertson	950,351	-	49,649	1,000,000
Mr G Cureton	300,000	-	120,570	420,570
Mr P Landos	-	-	115,625	115,625
<i>Executives</i>				
Mr M Casey ¹	-	-	-	-
Mr K Stonehouse ²	-	-	-	-

¹ M Casey appointed 27 April 2007

² K Stonehouse resigned 27 April 2007

2006

	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</i>				
Mr H Henderson ³	8,570	-	-	8,570
Mr M Naphtali ³	628,915	-	-	628,915
Mr H Robertson	950,351	-	-	950,351
Mr G Cureton	300,000	-	-	300,000
Mr P Landos ⁴	-	-	-	-

³ H Henderson and M Naphtali resigned 11 May 2006

⁴ P Landos appointed 11 May 2006

Notes to the Financial Statements (continued)

21. Key Management Personnel Disclosures (continued)

2006

	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>Executives</i>				
Mr K Stonehouse ⁵	3,250	-	(3,250)	-
Mr M Jackson ⁶	-	-	-	-

⁵ K Stonehouse appointed 18 November 2005

⁶ M Jackson resigned 18 November 2005

Loans to Key Management Personnel

There were no loans made to the Key Management Personnel of the Company at any stage during the financial year.

22. Contingent Liabilities

There are no known contingent liabilities as at reporting date.

23. Events Subsequent to Balance Date

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

Directors' Declaration

30 June 2007

The directors of the company declare that:

1. In the director's opinion, the financial statements, comprising the income statement, balance sheet, cash flow statement, statement of changes in equity, and accompanying notes, are in accordance with the Corporations Act 2001 and:
 - i) comply with Accounting Standards and the Corporations Regulations 2001; and
 - ii) give a true and fair view of the company's financial position as at 30 June 2007 and of its performance for the year ended on that date.
2. 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.
3. The directors have been given the declarations 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:



Graeme Cureton
Chairman



Hugh Robertson
Director

Dated this 28th day of September 2007.



BDO Kendalls Audit & Assurance Pty Ltd

ABN 17 114 673 540

525 Collins Street Melbourne 3000
GPO Box 4736 Melbourne
Victoria 3001 Australia

Independent audit report to members of Rattoon Holdings Limited

Report on the Financial Report and AASB 124 Remuneration Disclosures Contained in the Directors' Report

We have audited the accompanying financial report of Rattoon Holdings Limited, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the year then ended.

We have also audited the remuneration disclosures contained in the directors' report. As permitted by the *Corporations Regulations 2001*, the company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), required by Accounting Standard AASB 124 *Related Party Disclosures*, under the heading "Remuneration Report" in page 7 to 9 of the directors' report and not in the financial report.

Directors' Responsibility for the Financial Report and the AASB 124 Remuneration Disclosures Contained in the Directors' Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, comply with International Financial Reporting Standards.

The directors of the company are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibility is to also express an opinion on the remuneration disclosures contained in the directors' report based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and the remuneration disclosures contained in the directors' report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report and the remuneration disclosures contained in the directors' report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report and the remuneration disclosures contained in the directors' report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures contained in the directors' report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

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

Auditor's Opinion on the Financial Report

In our opinion:

- (a) the financial report of Rattoon Holdings Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2007 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Auditor's Opinion on the AASB 124 Remuneration Disclosures Contained in the Directors' Report

In our opinion the remuneration disclosures that are contained in pages 7 to 9 of the directors' report comply with Accounting Standard AASB 124.

BDO KENDALLS AUDIT + ASSURANCE (VIC) PTY LTD

BDO Kendall's Audit & Assurance (VIC) Pty Ltd



Paul Carr
Director

Melbourne, 28th September 2007

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 is set out below:

Shareholders	Number of Ordinary Shares	% of Issued
Guinness Peat Group plc	224,240,471	44.36
Thorney Investment Group	220,960,430	43.72
Invia Custodian Pty Ltd	9,491,661	1.88
National Nominees Ltd	7,423,907	1.47
Fadmoor Pty Ltd	5,264,249	1.04

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.

Note: The information on this page does not form part of the audit opinion expressed on pages 43-44.

NSX Additional Information

Additional information required by the National Stock Exchange of Australia ("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 National Stock Exchange of Australia 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 505,452,440 held by 632 shareholders whose voting rights are one vote for each share held.

Category	Number of Shareholdings
1 – 1,000	230
1,001 – 5,000	91
5,001 – 10,000	54
10,001 – 100,000	199
100,001 and over	58
Total	632

Ten Largest Shareholders

The top 10 shareholders as at June 30, 2007 are as follows:

Shareholder Name	Number of Shares	% of Shares Issued
Guinness Peat Group plc	224,240,471	44.36
Thorney Investment Group	220,960,430	43.72
Invia Custodian Pty Ltd	9,491,661	1.88
National Nominees	7,423,907	1.47
Fadmoor Pty Ltd	5,264,249	1.04
River Cap Pty Ltd	4,105,239	0.81
ANZ Nominees	4,028,768	0.80
Invia Custodian Pty Ltd	3,905,536	0.77
CVC Ltd	2,555,104	0.51
Invia Custodian Pty Ltd	2,508,477	0.50
	484,483,842	95.86

Note: The information on this page does not form part of the audit opinion expressed on pages 43-44.

Rattoon Holdings Limited

A.B.N. 16 076 611 268

5 Year Summary of the Results, Assets and Liabilities of Rattoon Holdings LimitedFor the years ended 30 June¹

	2003 \$	2004 \$	2005 \$	2006 \$	2007 \$
Profit and Loss					
Revenue from operating activities	13,183	2,193,139	1,771,224	707,578	26,113,405
Total expenses (excluding borrowing costs)	(395,159)	(884,397)	(964,097)	(232,247)	(544,220)
Borrowing costs expense	-	-	(55,973)	(678,961)	(4,752,836)
Total expenses	(395,159)	(884,397)	(1,020,070)	(911,208)	(5,297,056)
Profit (Loss) from ordinary activities before income tax expense	(381,976)	1,308,742	751,154	(203,630)	20,816,349
Income tax expense / (Provision for deferred tax)	-	-	-	-	(2,798,456)
Net profit (loss)	(381,976)	1,308,742	751,154	(203,630)	18,017,893
Basic earnings per share (cents per share)	(0.38)	4.33	1.89	(0.49)	4.82
Balance Sheet					
Current Assets	35,555	992,248	1,428,033	961,299	499,458
Non-Current Assets	426,245	7,852,090	21,019,906	17,672,536	329,301,732
Total Assets	461,800	8,844,338	22,447,939	18,633,835	329,801,190
Current Liabilities	587,358	27,948	10,177,053	10,042,919	95,413,540
Non-Current Liabilities	1,515,216	-	-	-	27,230,930
Total Liabilities	2,102,574	27,948	10,177,053	10,042,919	122,644,470
Net Assets / (Liabilities)	(1,640,774)	8,816,390	12,270,886	8,590,916	207,156,720
Contributed equity	23,648,004	32,796,426	35,488,568	33,605,495	159,465,271
Reserves	-	-	11,200	(1,582,067)	63,693,934
Accumulated losses	(25,288,778)	(23,980,036)	(23,228,882)	(23,432,512)	(16,002,485)
Total shareholders' equity / (deficit)	(1,640,774)	8,816,390	12,270,886	8,590,916	207,156,720

¹ Agreed to Audited Accounts. This schedule does not form part of the audit opinion expressed on pages 43-44.

Rattoon Holdings Limited
A.B.N. 16 076 611 268

Corporate Directory

Directors of the Company

Graeme Cureton
Hugh Robertson
Peter Landos

Company Secretary

Martin Casey

Registered Office of the Company

Level 10, 350 Collins Street
MELBOURNE VIC 3000
Telephone: +61 (03) 9642 8822
Facsimile: +61 (03) 9642 8025
Mail: Level 10, 350 Collins Street
MELBOURNE VIC 3000
Web: www.rattoon.com.au
Email: enquiries@rattoon.com.au

Share Registry

Security Transfer Registrars Pty Ltd

770 Canning Highway
APPLECROSS WA 6153
Shareholder enquiries: +61 (08) 9315 0933
Facsimile: +61 (08) 9315 2233
Email: registrar@securitytransfer.com.au

Auditor

BDO Kendalls Audit & Assurance (VIC) Pty Ltd

525 Collins Street
MELBOURNE VIC 3000

National Stock Exchange Sponsoring Broker

Bell Potter Securities Limited

Level 29, 101 Collins Street
MELBOURNE VIC 3000
Telephone: +61 (03) 9256 8700
Facsimile: +61 (03) 9256 8787
Toll Free: 133 788

National Stock Exchange Nominated Advisor

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Note: The information on this page does not form part of the audit opinion expressed on pages 43-44.