

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 2007

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DIRECTORS' REPORT

The Board of Directors of Rattoon Holdings Limited ('Rattoon') present the following report for the half-year ended 31 December 2007.

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

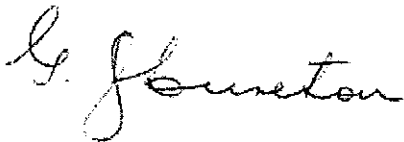
The Company has reported a net profit attributable to shareholders of \$8,868,389 for the half year ended 31 December 2007. The net profit is made up primarily of dividends received from trading and available for sale financial assets, profits from the disposal of available for sale investments and option income earned.

The Company increased its shareholding in Tatts Group Limited during the half-year period to 31 December 2007, purchasing 6,827,303 shares. 2,395,300 shares were sold during the period, yielding a pre-tax realised profit of \$126,505. At 31 December 2007, the Company held 5.88% of the issued share capital of Tatts Group Limited. We note Tattersall's Limited changed its name to Tatts Group Limited during the reporting 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 13th day of March 2008.



.....
Graeme Cureton
Chairman

INCOME STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Note	31 Dec 2007	31 Dec 2006
		\$	\$
Revenue		10,030,434	3,211,024
Other income		1,616,887	-
Total income	2	11,647,321	3,211,024
Finance costs		(3,775,968)	(1,511,735)
Professional fees		(93,184)	(202,300)
Filing fees		(8,733)	(6,642)
Other expenses		(33,477)	(43,269)
Total expenses		(3,911,362)	(1,763,946)
Profit before income tax expense		7,735,959	1,447,078
Income tax revenue		1,132,430	-
Net profit after income tax expense attributable to the members		8,868,389	1,447,078
Basic earnings per share (cents per share)		1.75 cents	0.29 cents
Diluted earnings per share (cents per share)		1.75 cents	0.29 cents

The accompanying notes form part of these financial statements

BALANCE SHEET AS AT 31 DECEMBER 2007

	Note	31 Dec 2007	30 June 2007
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		1,279,742	485,219
Trading portfolio – at fair value through profit or loss	3	11,234,424	-
Trade and other receivables		43,708	14,239
TOTAL CURRENT ASSETS		12,557,874	499,458
NON-CURRENT ASSETS			
Available- for- sale financial assets	4	286,025,271	328,652,005
Derivative financial assets – at fair value through profit or loss		1,827,422	649,727
TOTAL NON-CURRENT ASSETS		287,852,693	329,301,732
TOTAL ASSETS		300,410,567	329,801,190
CURRENT LIABILITIES			
Trade and other payables		21,355	472,981
Interest bearing liabilities		114,862,488	92,142,103
Current tax liability		2,798,456	2,798,456
TOTAL CURRENT LIABILITIES		117,682,299	95,413,540
NON-CURRENT LIABILITIES			
Deferred tax liabilities		11,321,307	27,230,930
TOTAL NON-CURRENT LIABILITIES		11,321,307	27,230,930
TOTAL LIABILITIES		129,003,606	122,644,470
NET ASSETS		171,406,961	207,156,720
EQUITY			
Contributed equity		159,455,961	159,465,271
Reserves		29,189,063	63,693,934
Accumulated losses		(17,238,063)	(16,002,485)
TOTAL EQUITY		171,406,961	207,156,720

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Contributed Equity	Available- for- sale financial assets reserve	Accumulated Losses	Total
	\$	\$	\$	\$
Balance at 1.7.06	33,605,495	(1,582,068)	(23,432,509)	8,590,918
Revaluation increments on available-for-sale financial assets (tax affected)	-	32,873,024	-	32,873,024
Profit for the half-year	-	-	1,447,078	1,447,078
Total recognised income and expenses for the half-year		32,873,024	1,447,078	34,320,102
Share issue during the half-year period	124,374,164	-	-	124,374,184
Balance as at 31.12.06	157,979,659	31,290,956	(21,985,431)	167,285,184
Balance at 1.7.07	159,465,271	63,693,934	(16,002,485)	207,156,720
Revaluation decrements on available-for-sale financial assets (tax affected)	-	(34,504,871)	-	(34,504,871)
Profit for the half-year	-	-	8,868,389	8,868,389
Total recognised income and expenses for the half-year		(34,504,871)	8,868,389	(25,636,482)
Payment of dividends			(10,103,967)	(10,103,967)
Income tax on share issue costs	(9,310)	-	-	(9,310)
Balance as at 31.12.07	159,455,961	29,189,063	(17,238,063)	171,406,961

The accompanying notes form part of these financial statements

CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	31 Dec 2007	31 Dec 2006
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(305,802)	(300,394)
Interest received	39,144	23,776
Dividends received	9,991,290	3,187,248
Net cash provided by operating activities	9,724,632	2,910,630
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of available- for- sale financial assets	12,009,885	-
Payment for available- for- sale financial assets	(18,548,020)	(103,876,823)
Payment for trading portfolio financial assets	(11,233,215)	-
Net cash used in investing activities	(17,771,350)	(103,876,823)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	7,733,982
Proceeds from borrowings	22,720,385	93,832,106
Dividends paid	(10,103,967)	-
Finance costs paid	(3,775,177)	(1,479,297)
Net cash provided by financing activities	8,841,241	100,086,791
Net increase / (decrease) in cash held	794,523	(879,402)
Cash at 1 July	485,219	925,843
Cash at 31 December	1,279,742	46,441

The accompanying notes form part of these financial statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AT 31 DECEMBER 2007

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report for the interim half-year reporting period ended 31 December 2007 has been prepared in accordance with Australian Accounting Standard 134 "Interim Financial Reporting" and the Corporations Act 2001.

The historical cost basis has been used, except for the trading portfolio, available-for-sale financial assets and derivative financial instruments, which have been measured at fair value.

This interim report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report. Accordingly, this interim financial report is to be read in conjunction with the annual report for the year ended 30 June 2007 and any public announcements made by Rattoon Holdings Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The same accounting policies and methods of computation have generally been followed in this interim financial report as compared with the most recent annual financial report, with the following exceptions:

(a) Investments

During the interim half-year reporting period, the Company has established a separate share trading portfolio acquired principally for the purpose of selling or repurchasing shares in the near term. The applicable accounting policy in relation to the trading portfolio is as follows:

(i) *Trading portfolio – at fair value through profit or loss*

The trading portfolio comprises holdings of marketable equity securities. They are included in current assets as management intends to dispose the investment within 12 months of the balance sheet date, assuming a favourable market price is achieved upon disposal.

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

Unrealised gains and losses arising from changes in the fair value of short term investments are recognised directly through the income statement.

(b) Critical accounting estimates and judgements

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have had the most significant effect on the amount recognised in the financial statements:

(i) *Calculation of profit on sale of available-for-sale investments*

The Company adopts the specific identification method to determine the parcel of shares that has been disposed from the portfolio of shares held. This practice is consistent with the income tax treatment.

The Company has chosen not to apply other generally accepted methods of determining the cost price of shares disposed, such as average cost or first-in-first out (FIFO).

The adoption of the average cost method would result in an increase of \$3,694,030 in net profit before income tax for the half-year (2006: nil), and a corresponding income tax expense of \$1,108,209 (2006:nil). From the balance sheet perspective, the available-for-sale financial asset reserve would decrease by \$2,585,821, with a corresponding increase in retained earnings by \$2,585,821.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AT 31 DECEMBER 2007

31 Dec 2007 31 Dec 2006
\$ \$

NOTE 2: REVENUE AND EXPENSES

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

Revenue and other income

• dividends received or receivable	9,991,290	3,187,248
• interest received or receivable	39,144	23,776
Revenue	<u>10,030,434</u>	<u>3,211,024</u>
• profit on sale of available- for- sale investments	126,505	-
• income from options written	311,478	-
• unrealised gain on trading portfolio	1,209	-
• gain in movements of interest rate swaps	1,177,695	-
Other income	<u>1,616,887</u>	<u>3,211,024</u>
	<u>11,647,321</u>	<u>3,211,024</u>

Expenses:

• auditors remuneration – audit	32,953	17,620
• secretarial costs	42,900	42,900
• legal fees	-	38,996
• consulting fees	4,000	99,000
• insurance costs	<u>25,300</u>	<u>27,500</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AT 31 DECEMBER 2007

	31 Dec 2007 \$	30 June 2007 \$
NOTE 3: CURRENT ASSETS – TRADING PORTFOLIO		
Investments in listed corporations		
• at fair value – shares in Tatts Group Ltd	11,234,424	-
	<hr/> 11,234,424	<hr/> -
NOTE 4: AVAILABLE- FOR -SALE FINANCIAL ASSETS		
Investments in listed corporations		
• at fair value – shares in Tatts Group Ltd	285,749,271	328,300,005
• at fair value – shares in NSX Ltd	276,000	352,000
	<hr/> 286,025,271	<hr/> 328,652,005
NOTE 5: DIVIDENDS		
Dividends paid during the half-year	10,103,967	-

NOTE 6: SEGMENT INFORMATION

During the half-year ended 31 December 2007 the Company operated in a single segment being investment in Australian entities, solely within Australia.

NOTE 7: CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 December 2007 and there has been no change in contingent liabilities since the last annual reporting date.

NOTE 8: EVENTS SUBSEQUENT TO BALANCE DATE

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

NOTE 9: NET WORKING CAPITAL DEFICIENCY

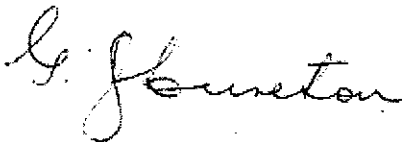
The financial report has been prepared on a going concern basis as the Directors believe that the Company will be able to generate sufficient cash flows to satisfy its debts as and when they fall due and that the margin loan which is disclosed as a current liability will continue to be made available to the Company as the Company's major non-current asset is capable of being traded at any given time.

DIRECTORS' DECLARATION
31 DECEMBER 2007

The directors of the Company declare that:

1. 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 :
 - a). comply with Accounting Standards and the Corporations Regulations 2001; and
 - b). give a true and fair view of the Company's financial position as at 31 December 2007 and of its performance for the half-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.

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 13th day of March 2008.



BDO Kendalls

BDO Kendalls (NSW-VIC) Pty Ltd
The Rialto, 525 Collins St
Melbourne VIC 3000
GPO Box 4736 Melbourne VIC 3001
Phone 61 3 8320 2222
Fax 61 3 8320 2200
info.melbourne@bdo.com.au
www.bdo.com.au

ABN 28 005 875 258

13th March 2008

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

Auditor's Independence Declaration

As lead auditor for the review of Rattoon Holdings Limited for the half-year ended 31 December 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 review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

BDO Kendalls Audit & Assurance (NSW-VIC) Pty Ltd

Paul Carr
Director

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Rattoon Holdings Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Rattoon Holdings Limited, which comprises the balance sheet as at 31 December 2007, 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 disclosing entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards 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 a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the disclosing entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. 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 disclosing entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001.

BDO KENDALLS AUDIT & ASSURANCE (NSW-VIC) PTY LTD
BDO Kendalls Audit & Assurance (NSW-VIC) Pty Ltd



Paul Carr
Director

Melbourne, 13th March 2008