

# 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 2008**

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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 2008.

### **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 \$13,101,708 for the half year ended 31 December 2008. The net profit is made up primarily of dividends received from available-for-sale financial assets, profits from the disposal of available-for-sale investments and option income earned.

The Company decreased its shareholding in Tatts Group Limited during the half-year period to 31 December 2008, selling 62,914,587 shares, yielding sale proceeds of \$160,643,528. \$81,411,365 of the sale proceeds received was applied against the margin loan account balance, repaying the balance in full.

The Company's assets were mainly cash and cash equivalents at 31 December 2008. The Company declared a fully franked dividend of 2.2 cents per share on 15 Dec 2008, payable 5 January 2009. The amount of the dividend totalled \$11,119,952.97

The Board continues to consider future options for the Company, including a potential capital return to shareholders.

### **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 16<sup>th</sup> day of March 2009.



.....  
Graeme Cureton  
Chairman

**INCOME STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Note	31 Dec 2008 \$	31 Dec 2007 \$
Revenue		4,043,184	10,030,434
Other income		13,972,578	1,616,887
Total income	2	18,015,762	11,647,321
Loss in movements in interest rate swaps		(649,727)	-
Finance costs	3	(3,883,774)	(3,775,968)
Professional fees		(259,068)	(93,184)
Filing fees		(7,338)	(8,733)
Other expenses		(114,147)	(33,477)
Total expenses		(4,914,054)	(3,911,362)
<b>Profit before income tax expense</b>		<b>13,101,708</b>	<b>7,735,959</b>
Income tax revenue		-	1,132,430
<b>Net profit after income tax expense attributable to the members</b>		<b>13,101,708</b>	<b>8,868,389</b>
Basic earnings per share (cents per share)		<b>2.59 cents</b>	1.75 cents
Diluted earnings per share (cents per share)		<b>2.59 cents</b>	1.75 cents

The accompanying notes form part of these financial statements

**BALANCE SHEET AS AT 31 DECEMBER 2008**

	<b>Note</b>	<b>31 Dec 2008</b>	<b>30 June 2008</b>
		<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		<b>80,176,916</b>	638,706
Trade and other receivables		<b>469,280</b>	119,570
Available- for- sale financial assets	4	<b>4,318,862</b>	150,918,175
<b>TOTAL CURRENT ASSETS</b>		<b>84,965,058</b>	151,676,451
<b>NON-CURRENT ASSETS</b>			
Derivative financial assets – at fair value through profit or loss		-	649,727
<b>TOTAL NON-CURRENT ASSETS</b>		-	649,727
<b>TOTAL ASSETS</b>		<b>84,965,058</b>	152,326,178
<b>CURRENT LIABILITIES</b>			
Dividend payable		<b>11,119,953</b>	-
Trade and other payables		<b>226,668</b>	149,778
Interest bearing liabilities		-	81,411,365
Other financial liabilities		<b>286,030</b>	35,203
<b>TOTAL CURRENT LIABILITIES</b>		<b>11,632,651</b>	81,596,346
<b>NON-CURRENT LIABILITIES</b>		-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		-	-
<b>TOTAL LIABILITIES</b>		<b>11,632,651</b>	81,596,346
<b>NET ASSETS</b>		<b>73,332,407</b>	70,729,832
<b>EQUITY</b>			
Contributed equity		<b>159,447,981</b>	159,447,981
Reserves		<b>620,820</b>	-
Accumulated losses		<b>(86,736,394)</b>	(88,718,149)
<b>TOTAL EQUITY</b>		<b>73,332,407</b>	70,729,832

The accompanying notes form part of these financial statements

**STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	<b>Contributed Equity</b>	<b>Available- for- sale financial assets reserve</b>	<b>Accumulated Losses</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1.7.07</b>	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)
<b>Balance as at 31.12.07</b>	159,455,961	29,189,063	(17,238,063)	171,406,961
<b>Balance at 1.7.08</b>	<b>159,447,981</b>	<b>-</b>	<b>(88,718,149)</b>	<b>70,729,832</b>
Revaluation increments on available-for-sale financial assets	-	620,820	-	620,820
Profit for the half-year	-	-	13,101,708	13,101,708
Total recognised income and expenses for the half-year	-	620,820	13,101,708	13,722,528
Dividend payable	-	-	(11,119,953)	(11,119,953)
<b>Balance as at 31.12.08</b>	<b>159,447,981</b>	<b>620,820</b>	<b>(86,736,394)</b>	<b>73,332,407</b>

The accompanying notes form part of these financial statements

**CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	<b>31 Dec 2008</b>	<b>31 Dec 2007</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(402,547)	(305,802)
Interest received	389,055	39,144
Dividends received	3,654,129	9,991,290
Finance costs paid	(3,883,774)	(3,775,177)
<b>Net cash (used in)/provided by operating activities</b>	<b>(243,137)</b>	<b>5,949,455</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from entering into options in options written portfolio	549,184	-
Proceeds from sale of available- for- sale financial assets	160,643,528	12,009,885
Payment for available- for- sale financial assets	-	(18,548,020)
Payment for trading portfolio financial assets	-	(11,233,215)
<b>Net cash provided by/(used in) in investing activities</b>	<b>161,192,712</b>	<b>(17,771,350)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	-	22,720,385
Repayment of borrowings	(81,411,365)	-
Dividends paid	-	(10,103,967)
<b>Net cash (used in)/ provided by financing activities</b>	<b>(81,411,365)</b>	<b>12,616,418</b>
Net increase in cash held	79,538,210	794,523
Cash at 1 July	638,706	485,219
<b>Cash at 31 December</b>	<b>80,176,916</b>	<b>1,279,742</b>

The accompanying notes form part of these financial statements

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AT 31 DECEMBER 2008**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

This general purpose financial report for the interim half-year reporting period ended 31 December 2008 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 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 2008 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.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AT 31 DECEMBER 2008**

**31 Dec 2008      31 Dec 2007**  
**\$                      \$**

**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	<b>3,654,129</b>	9,991,290
• interest received or receivable	<b>389,055</b>	39,144
Revenue	<b>4,043,184</b>	10,030,434
• profit on sale of available- for- sale investments	<b>13,423,394</b>	126,505
• income from options written	<b>549,184</b>	311,478
• unrealised gain on trading portfolio	-	1,209
• gain in movements of interest rate swaps	-	1,177,695
Other income	<b>13,972,578</b>	1,616,887
	<b>18,015,762</b>	11,647,321

**Expenses:**

• auditors remuneration – audit	<b>41,449</b>	35,953
• secretarial costs	<b>42,900</b>	42,900
• legal fees	<b>24,237</b>	-
• consulting fees	<b>108,250</b>	4,000
• insurance costs	<b>17,522</b>	25,300

**NOTE 3: FINANCE COSTS**

• finance costs	<b>3,883,774</b>	3,775,968
	<b>3,883,774</b>	3,775,968

Finance costs for half year ended 31 December 2008 include a \$3,451,000 (2007: nil) fair value adjustment on the close out of the interest rate swap. The Company managed its cash flow interest rate risk by using floating to fixed interest swaps. As the Company sold down the balance of its investment in Tatts Group Limited and repaid the balance of its margin loan facility in full, the Company also closed out the floating to fixed interest rate swap. There are no outstanding interest rate swap positions in place as at 31 December 2008.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AT 31 DECEMBER 2008**

	<b>31 Dec 2008</b>	<b>30 June 2008</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 4: AVAILABLE- FOR -SALE FINANCIAL ASSETS</b>		
Investments in listed corporations		
• at fair value – shares in Tatts Group Ltd	4,190,862	150,786,175
• at fair value – shares in NSX Ltd	128,000	132,000
	<u>4,318,862</u>	<u>150,918,175</u>

**NOTE 5: SEGMENT INFORMATION**

During the half-year ended 31 December 2008 the Company operated in a single segment being investment in Australian entities, solely within Australia.

**NOTE 6: CONTINGENT LIABILITIES**

There are no contingent liabilities as at 31 December 2008 and there has been no change in contingent liabilities since the last annual reporting date.

**NOTE 7: EVENTS SUBSEQUENT TO BALANCE DATE**

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

**DIRECTORS' DECLARATION**  
**31 DECEMBER 2008**

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 2008 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



.....  
**Hugh Robertson**  
Director

Dated this 16<sup>th</sup> day of March 2009 at Melbourne.



BDO Kendalls

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## **DECLARATION OF INDEPENDENCE BY PAUL CARR TO THE DIRECTORS OF RATTOON HOLDINGS LIMITED**

As lead auditor of Rattoon Holdings Limited for the half year ended 31 December 2008, 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.



**Paul Carr**  
Director

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

Chartered Accountants

Melbourne, 16<sup>th</sup> March 2009



BDO Kendalls

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## **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 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies other selected explanatory notes and the directors' declaration.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with 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 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 Interim and Other Financial Reports 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 company's financial position as at 31 December 2008 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*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors at the time that this auditor's review report was made.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Rattoon Holdings Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2008 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**

Chartered Accountants



**Paul Carr**

Director

Melbourne, 16<sup>th</sup> March 2009