

RATTOON Holdings Limited

A.B.N. 16 076 611 268

**ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010**

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Chairman's Report

Introduction

The Company's financial position changed dramatically during the year ended 30 June 2010.

As approved by the Company's shareholders, the Company made a capital return to shareholders of \$68,741,531, which was payable on 17 July 2009.

The Company consolidated its shares on a 1 for 10 basis, with effect from 24 July 2009.

The Company sold its remaining shareholding in Tatts Group Limited during the year, selling 252,240 shares.

During the year, the Company participated in a rights issue, and took up some short-fall shares in NSX Ltd, increasing its long term holding in NSX Ltd. However, subsequent to 30 June 2010, the Company decided to sell its entire shareholding in NSX Ltd.

As at 30 June 2010, the Company held cash of \$1,890,990.

Summary of the Financial Performance for the year

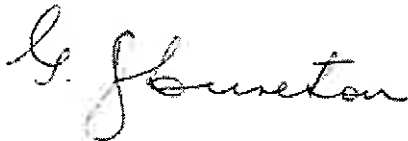
The Company has reported a loss after tax of \$58,151 under International Financial Reporting Standards as adopted in Australia. Since the Company made the capital return to shareholders in July 2009, its assets have comprised predominantly cash as well as a continuing shareholding in NSX Ltd. Income from cash deposits has not generated a sufficient return to cover all the expenses that the Company incurred for the period.

More financial details are set out in the Financial Statements.

Outlook and Summary

The Company has previously announced that it had received an approach from one of its major shareholders about a potential privatisation of the Company. As at the date of this Annual Report, the Company is in negotiations with both major shareholders to see if an agreement can be reached with one or both of them in respect of the potential privatisation of the Company. Any privatisation proposal is expected to require shareholder approval or shareholder participation.

I would like to thank my Board colleagues, Hugh Robertson and Peter Landos for their support and contribution during the 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 2010 accompanied by the Financial Statements of the Company for the year ended 30 June 2010.

The Directors' Report, Financial Statements, Directors Declaration, Independent Audit Report and Corporate Governance Statement have 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 loss attributable to shareholders of \$58,151 for the twelve months ending 30 June 2010.

The Company sold its remaining shareholding in Tatts Group Limited during the year, selling 252,240 shares. The Company purchased a further 910,000 shares in NSX Ltd during the year but since 30 June 2010, the Company has sold its entire shareholding in NSX Ltd.

The Company's assets at 30 June 2010 were mainly cash and cash equivalents.

4. Trading Result

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

	2010	2009
	\$	\$
(Loss)/Profit after Income Tax	<u>(58,151)</u>	<u>14,695,838</u>
(Loss)/Net Profit Attributable to Shareholders of the Company	<u>(58,151)</u>	<u>14,695,838</u>

A summary of the results for the Company for the last five financial years is outlined on page 44 of this report.

5. Dividends

There were no dividends paid to shareholders during the year.

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 major investment asset – shares NSX Limited – at 30 June 2010 are:

	Fair Value	Cost	Share Price
NSX Limited	\$290,700	\$286,700	\$0.17

7. Significant Change in State Affairs

During the financial year, the Company sold its remaining shareholding in Tatts Group Limited, selling 252,240 shares. The Company's remaining assets comprise cash and as at 30 June 2010, also comprised a shareholding in NSX Ltd (which has since been sold subsequent to balance date). The Board is currently negotiating with its major shareholders to explore whether either or both of them will participate in a privatisation of the Company. As at the date of this Annual Report, no legal agreement has been concluded and there is no certainty whether or not a privatisation proposal will be agreed and submitted to shareholders.

8. Events Subsequent to Balance Date

The Company sold its entire shareholding in NSX Limited shares, selling 1,710,000 shares subsequent to 30 June 2010.

9. Likely Developments

Likely developments in the operations of the Company known at the date of this report have been covered within 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 (66)

Chairman

Appointed – 4 April 2005

Experience and Expertise

Graeme is a consultant to and former Executive Director with the Guinness Peat Group and has substantial experience in the financial and commercial sectors.

Former Listed Directorships (in last 3 years)

Alternate Director, Tooth & Co Limited

Director, Capral Aluminium Limited

Executive Director, Guinness Peat Group Plc

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

207,468 Ordinary Shares in Rattoon Holdings Limited

Hugh Robertson (49)

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

Former Listed Directorships (in last 3 years)

Director, OAMPS Limited
Director, Catalyst Recruitment Systems Limited
Director, NSX Limited

Special Responsibilities

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

Interests in Shares and Options

100,000 Ordinary Shares in Rattoon Holdings Limited

Peter Landos (39)

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

Director, Adacel Technologies Limited
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

16,563 Ordinary Shares in Rattoon Holdings Limited

Martin Casey (43)
Company Secretary
Appointed – 27 April 2007

Experience and Expertise

Martin is a qualified Lawyer and is an employee of Credit Suisse Group. 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	5	4	2	2	1	0	1	1
G Cureton	5	5	2	2	1	1	1	1
P Landos	5	5	2	2	1	1	0	0

(A) Number of meetings held while in office

(B) Number of meetings attended

Corporate Governance Committee – Hugh Robertson and Graeme Cureton convened a special committee of the Board in order to consider the potential privatisation of the Company. Peter Landos did not participate given his employment with one of the major shareholders.

13. Remuneration Report

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

- a) Remuneration policy
- b) Detail of Directors and Senior Executives Remuneration
- c) Service Agreements
- d) Share Based Remuneration

The remuneration report is audited.

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. All elements of remuneration are not directly related to performance.

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 2010 are detailed below.

Emoluments of Directors and Senior Executives during the financial year ended 30 June 2010 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

2010	Short Term Benefits			Post-Employment		Equity	Total
	Cash salary and fees	Cash bonus	Non-monetary benefits	Super-annuation	Retirement benefits	Options	
Name	\$	\$	\$	\$	\$	\$	\$
Mr G Cureton	2,500	-	-	-	-	-	2,500
Mr H Robertson	2,294	-	-	206	-	-	2,500
Mr P Landos	2,500	-	-	-	-	-	2,500
Total	7,294	-	-	206	-	-	7,500

Fees (\$2,500 excl GST) that would have been paid to Mr P Landos (2009: \$40,000 excl GST) have been paid to his respective employer.

2009	Short Term Benefits			Post-Employment		Equity	Total
	Cash salary and fees	Cash bonus	Non-monetary benefits	Super-annuation	Retirement benefits	Options	
Name	\$	\$	\$	\$	\$	\$	\$
Mr G Cureton	37,248	-	-	2,752	-	-	40,000
Mr H Robertson	36,697	-	-	3,303	-	-	40,000
Mr P Landos	40,000	-	-	-	-	-	40,000
Total	113,945	-	-	6,055	-	-	120,000

Company Executives of Rattoon Holdings Limited

2010	Short Term Benefits			Post-Employment		Equity	Total
	Cash salary and fees	Cash bonus	Non-monetary benefits	Super-annuation	Retirement benefits	Options	
Name	\$	\$	\$	\$	\$	\$	\$
Mr M Casey	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

For the year ended 30 June 2010, the Company did not employ any executive within the business. In addition to the Board, Mr Casey was the executive with the greatest authority for

the strategic direction and management of the Company ("Company Executive") during the financial year, through his role 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.

Credit Suisse (Australia Ltd) provided advisory support to the Company during the reporting period. This agreement is for no fixed term and may be terminated by Rattoon Holdings Limited with one months notice. Under this agreement, Credit Suisse provides advisory and administrative support to the Company for \$6,500 per month (plus GST). This agreement was in place for all of the 2010 financial year. In addition, Credit Suisse may become entitled to additional corporate advisory fees.

d) Share Based Remuneration

The Company did not remunerate any Directors or Company Executives with options or shares during the financial year ended 30 June 2010.

End of remuneration report.

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	100,000	-	-
G Cureton	130,396	77,072	-
P Landos	-	16,563	-

The Directors have no rights to subscribe for equity of debt securities that may be issued by the Company.

Refer to Note 16 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 Audit (NSW-VIC) Pty Ltd for the year.

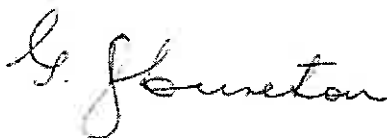
17. Shareholder Details

In accordance with NSX Listing Rules requirements, the top 10 shareholders of the Company as at June 30 2010 are as follows:

	Shareholder Name	Number of Shares	% of Shares Issued
1	Guinness Peat Group plc	22,424,048	44.36
2	Thorney Investment Group	22,193,704	43.91
3	RBC Dexia Investor Services	1,627,486	3.22
4	River Cap Pty Ltd	610,024	1.21
5	Rubi Holdings Pty Ltd	552,925	1.09
6	National Nominees	543,441	1.08
7	JP Morgan Nominees	363,945	0.72
8	Buduva Pty Ltd	130,395	0.26
9	Bungeeltap Pty Ltd	100,000	0.20
10	Ingot Capital Investment Pty Ltd	81,002	0.16

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 30th day of September 2010.



Graeme Cureton
Chairman

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

As lead auditor of Rattoon Holdings Limited for the year ended 30 June 2010, 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 Audit (NSW-VIC) Pty Ltd

Melbourne 30th September 2010

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 Corporations Act 2001 clearly establishes that the Board is ultimately responsible for all matters relating to the running of the Company.

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 Legal 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.

(x) Shareholder Communication Policy

The Board maintains communication with shareholders as owners of the Company. In addition to the Annual and Half Year Reports, the Company holds an Annual General Meeting of shareholders to fulfil statutory requirements, to provide shareholders with an opportunity to meet with the Board, to learn about the Company's activities and to provide an opportunity to question the Board about any aspect of the Company's activities.

The Company regularly posts updates to its Net Tangible Asset position on the NSX website, as well as all other NSX announcements and its Annual and Half Year Reports.

(xi) Recognising and Managing Risk

The Company has established and maintains a sound system of risk oversight, management and internal control.

Investment Risk

The Board is responsible for dealing with issues arising from investment risk. By its nature, as a Listed Investment Company, the Company will always carry investment risk because it invests its capital in securities which are not risk free. However the Board seeks to reduce this risk by regularly reviewing the performance of its investments.

Other Risks

The Board is responsible for recognising and managing all other risk issues such as cash flow and interest rate risk, credit and liquidity risk. The Audit Committee has specific oversight of the quality of internal control procedures designed to identify and respond to these risks.

Statement of Comprehensive Income

For the year ended 30 June 2010

	Note	2010 \$	2009 \$
Revenue	3 (i)	171,052	5,415,527
Other income	3 (ii)	25,707	14,590,351
Loss in movements in interest rate swaps		-	(649,727)
Employee and sub-contractor costs	3 (iii)	(93,646)	(320,467)
Professional fees		(3,058)	(44,429)
Accounting fees		(5,723)	(127,887)
Auditors remuneration	12	(27,277)	(39,127)
Insurance		(24,221)	(34,049)
Other expenses	3 (iv)	(33,387)	(59,279)
Finance costs		(67,598)	(4,035,075)
(Loss)/Profit before income tax		(58,151)	14,695,838
Income tax expense	4	-	-
(Loss)/Profit after tax		(58,151)	14,695,838
(Loss)/Profit attributable to members		(58,151)	14,695,838
Other comprehensive income			
Changes in fair value of available for sale financial assets		2,802	57,715
Other comprehensive income for the year		2,802	57,715
Total comprehensive (loss)/income for the year attributable to members		(55,349)	14,753,553
Earnings/(loss) per share (cents per share)			
Basic (loss)/earnings per share	14	(0.12)	2.91
Diluted (loss)/earnings per share	14	(0.12)	2.91

Notes to the financial statements are included on pages 19 - 37

Statement of Financial Position

As at 30 June 2010

	Note	2010 \$	2009 \$
Current assets			
Cash and cash equivalents	5	1,890,990	70,441,498
Trade and other receivables	6	75,072	5,020
Available-for-sale financial assets	7	290,700	804,690
Total current assets		2,256,762	71,251,208
Non-current assets			
Total non-current assets		-	-
Total assets		2,256,762	71,251,208
Current liabilities			
Trade and other payables	8	32,169	68,890,017
Total current liabilities		32,169	68,890,017
Non-Current liabilities			
Deferred tax liabilities	9	1,201	24,735
Total non-current liabilities		1,201	24,735
Total liabilities		33,370	68,914,752
Net assets		2,223,392	2,336,456
Shareholders' equity			
Issued capital	10	90,706,450	90,706,450
Reserves		2,802	57,715
Accumulated losses		(88,485,860)	(88,427,709)
Total shareholders' equity		2,223,392	2,336,456

Notes to the financial statements are included on pages 19 - 37

Statement of Cash Flows

For the year ended 30 June 2010

		2010 \$	2009 \$
	Note	Inflows / (Outflows)	Inflows / (Outflows)
Cash flows from operating activities			
Interest received		171,052	1,736,174
Dividends received		-	3,679,353
Payments to suppliers and employees		(373,680)	(551,490)
Finance costs paid		(67,598)	(4,030,768)
Net cash (used in)/provided by operating activities	15 (iii)	(270,226)	833,269
Cash flows from investing activities			
Proceeds from entering into options in options written portfolio		-	834,548
Proceeds from sale of available-for-sale financial assets		615,949	163,951,738
Purchase of available-for-sale financial assets		(154,700)	-
Net cash provided by investing activities		461,249	164,786,286
Cash flows from financing activities			
Capital reduction		(68,741,531)	
Repayment of borrowings		-	(81,411,365)
Dividends paid		-	(14,405,398)
Net cash used in financing activities		(68,741,531)	(95,816,763)
Net (decrease)/increase in cash and cash equivalents		(68,550,508)	69,802,792
Cash and cash equivalents at the beginning of the financial year		70,441,498	638,706
Cash and cash equivalents at the end of the financial year	15 (ii)	1,890,990	70,441,498

Notes to the financial statements are included on pages 19 - 37

Statement of Changes in Equity

For the year ended 30 June 2010

	Note	Contributed Equity	Available- for- Sale Financial Assets Reserve	Accumulated Losses	Total
		\$	\$	\$	\$
At 1 July 2008		159,447,981	-	(88,718,149)	70,729,832
Revaluation increment on available-for-sale financial assets		-	82,450	-	82,450
Deferred Tax Liability		-	(24,735)	-	(24,735)
Other comprehensive income		-	57,715	-	57,715
Profit for the year		-	-	14,695,838	14,695,838
Total comprehensive income for the year		-	57,715	14,695,838	14,753,553
Reduction in share capital		(68,741,531)	-	-	(68,741,531)
Payment of dividends		-	-	(14,405,398)	(14,405,398)
Transactions with owners in their capacity as owners		(68,741,531)	-	(14,405,398)	(83,146,929)
At 30 June 2009		90,706,450	57,715	(88,427,709)	2,336,456
Revaluation decrement on available-for-sale financial assets		-	(52,740)	-	(52,740)
Deferred Tax Liability		-	23,534	-	23,534
Transfer to profit or loss		-	(25,707)	-	(25,707)
Other comprehensive income		-	2,802	-	2,802
Loss for the year		-	-	(58,151)	(58,151)
Total comprehensive income for the year		-	2,802	(58,151)	(55,349)
At 30 June 2010		90,706,450	2,802	(88,485,860)	2,223,392

Notes to the financial statements are included on pages 19 - 37

Notes to the Financial Statements

For the year ended 30 June 2010

1. Corporate Information

The financial report of Rattoon Holdings Limited for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the Directors on 30th September 2010. 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 (including the Australian Accounting Interpretations) 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, options and interest rate swaps 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 International Financial Reporting Standards as adopted in Australia.

c) Income Tax

Deferred income tax is provided on all temporary differences at the balance 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.

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:

- 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.

The carrying amount of deferred income tax assets is reviewed at each balance 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 reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the profit or loss.

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 Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows 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 Statement of Financial Position 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 Statement of Cash Flows, 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.

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 of the investment within 12 months of the balance 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 other comprehensive income 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 other comprehensive income are included in the profit or loss. Impairment losses recognised in the profit or loss on equity instruments classified as available-for-sale are not reversed through the profit or loss.

Realised gains and losses on investments are calculated by reference to the average cost price of the investment portfolio.

(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 other comprehensive income and recognised in the profit or loss. Impairment losses recognised in the profit or loss are not reversed through the profit or loss.

h) 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.

i) 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 profit or loss 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.

j) Accounts Payable

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

k) 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.

l) 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.

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.

m) 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 2010. 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 9: Financial Instruments (Issued December 2009)

AASB 9 amends the requirements for classification and measurement of financial assets. It is applicable for annual reporting periods commencing on or after 1 January 2013. Due to the recent release of these amendments and that adoption is only mandatory for the 30 June 2014 year end, the entity has not yet made an assessment of the impact of these amendments.

n) 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 – Current available-for-sale financial assets

The Company has classified the available-for-sale investments as current as it is 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 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.

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

The Company follows the guidance in AASB 139: Financial Instruments: Recognition & Measurement 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.

(iv) Critical judgements in applying the accounting policies – Deferred Tax assets

The Company follows the guidance in AASB 112: Income Taxes in determining when to recognise Deferred Tax assets for deductible temporary differences and unused tax losses. The Directors have decided not to recognise such Deferred Tax assets as at the reporting date as it is not considered probable that future taxable amounts will be available to utilise those temporary differences and losses.

Apart from these, there are no other key assumptions.

3. Revenues and Expenses

	2010	2009
	\$	\$
(i) Revenue		
• dividends received or receivable	-	3,679,353
• interest received or receivable	171,052	1,736,174
	171,052	5,415,527
	2010	2009
	\$	\$
(ii) Other income		
• fair value gains from options written	-	834,548
• profit on sale of available-for-sale investments	25,707	13,755,803
	25,707	14,590,351
	2010	2009
	\$	\$
(iii) Employee and sub-contractor costs		
• sub-contractor costs	88,646	195,800
• Directors fees (including superannuation)	5,000	124,667
	93,646	320,467
(iv) Other expenses:		
• share registry	11,227	9,532
• printing and postage	3,142	5,178
• filing fees	14,624	12,885
• other expenses	4,394	31,684
	33,387	59,279

4. Income Tax Expense

(a) Income tax Expense

	2010	2009
	\$	\$
Current tax	-	-
	-	-

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

	2010	2009
	\$	\$
(Loss)/Profit before income tax expense	(58,151)	14,695,838
Income tax at 30% (2008: 30%)	(17,445)	4,408,751
Non taxable dividends	-	(1,103,805)
	(17,445)	3,304,946
Temporary differences not recognised	(59,151)	(17,505,068)
Current year imputation credits not recognised	-	1,576,866
Current year losses	76,596	12,623,256
Income Tax Expense	-	-

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

	2010	2009
	\$	\$
Unused tax losses for which no deferred tax asset has been recognised	67,447,397	67,192,075
Potential tax benefit at 30%	20,234,219	20,157,623
Potential capital losses carried forward	264,000	396,871
Potential tax benefit at 30%	79,200	119,061

5. Cash and Cash Equivalents

	Note	2010 \$	2009 \$
Cash at bank		2,780	52,194
Deposits at call		1,888,210	70,389,304
	15 (ii)	1,890,990	70,441,498

Interest is receivable on cash at bank and deposits at call at prevailing rates, which averaged 4.00% at year end (2009: 3.72%).

6. Trade and Other Receivables

	2010 \$	2009 \$
Other receivables	75,072	5,020
	75,072	5,020

7. Available-For-Sale Financial Assets

	2010 \$	2009 \$
Current		
a) Investments in listed corporations are represented by:		
• At fair value – shares in Tatts Group Limited	-	640,690
• At fair value – shares in NSX Limited	290,700	164,000
	290,700	804,690
b) Movements during the financial year		
Opening balance at 1 July	804,690	150,918,175
Acquisitions	154,700	-
Disposals	(590,242)	(150,195,935)
Changes in fair value of investment	(78,448)	82,450
Closing balance at 30 June	290,700	804,690

During the year the Company purchased nil shares (2009: 0) and sold 252,420 shares in Tatts Group Limited (2009: 64,186,297). At 30 June 2010 nil shares were held in Tatts Group Limited (30 June 2009: 252,240).

7. Available-For-Sale Financial Assets (continued)

During the year the Company purchased 910,000 shares (2009: 0) in NSX Limited. At 30 June 2010, 1,710,000 shares were held in NSX Limited (2009: 800,000). The NSX Limited share price at 30 June 2010 was \$0.17 (30 June 2009: \$0.205).

Information about the Company's exposure to price risk is provided in Note 17.

8. Trade and Other Payables

		2010	2009
	Note	\$	\$
Current			
Trade payables		32,169	20,486
Other payables and accruals		-	128,000
Capital reduction	10 (i)	-	68,741,531
		<u>32,169</u>	<u>68,890,017</u>

Payables are non-interest bearing and unsecured.

9. Deferred Tax Liabilities

	2010	2009
	\$	\$
Non Current		
Deferred tax liabilities	1,201	24,735
	<u>1,201</u>	<u>24,735</u>

10. Issued Capital and Reserves

	2010	2009
	\$	\$
Shares:		
Ordinary shares issued and fully paid \$		
At the beginning of the reporting period	90,706,450	159,447,981
Reduction in capital during the year (i)	-	(68,741,531)
At reporting date	<u>90,706,450</u>	<u>90,706,450</u>
Ordinary shares issued and fully paid– number		
At the beginning of the reporting period (ii)	50,545,380	505,452,440
At reporting date	<u>50,545,380</u>	<u>505,452,440</u>

(i) Reduction In Capital During the Year

As per resolutions passed by shareholders at a General Meeting held on June 29, 2009 the Share Capital of the Company was reduced by paying the sum of 13.6 cents per ordinary share to each holder of ordinary shares in the Company at 7pm (Melbourne time) on 9th July 2009. Payment of the Capital Reduction was made on 17th July 2009.

10. Issued Capital and Reserves (continued)

(ii) Share Consolidation

As per resolutions passed by shareholders at a General Meeting held on June 29, 2009, the issued shares of the Company were consolidated on a 1 for 10 basis on 24th July 2009

(iii) 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	(A)	19/06/01	730,000	348.64	Various
Total unquoted options on issue			730,000		

The number of options on issue and their respective barrier and exercise price have been changed to reflect the impact of the capital return of 13.6 cents per share and the subsequent share consolidation on a 1 for 10 basis (both during the 2010 financial year). However, the Board is obtaining further information and advice as to whether previous corporate actions that have occurred since the date the relevant options were issued in 2001 have been correctly applied. It may be that the number of unexpired options should be reduced further, as well as further changes to their barrier and exercise price.

(A) Various

330,000 options expire 3 years from the date the barrier price of \$498.64 is reached.
400,000 options expire 3 years from the date the barrier price of \$748.64 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.

(iv) Capital Risk Management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with industry practice, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including interest bearing liabilities shown on the Statement of Financial Position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the Statement of Financial Position plus net debt.

The gearing ratios at 30 June 2010 and 30 June 2009 were as follows:

10. Issued Capital and Reserves (continued)

	Note	2010 \$	2009 \$
Total borrowings		-	-
Less: cash and cash equivalents	5	(1,890,990)	(70,441,498)
Net (equity)/debt		(1,890,990)	(70,441,498)
Total equity		2,223,392	2,336,456
Total capital		2,223,392	2,336,456
Gearing Ratio		0%	0%

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.

11. Dividends

	2010 \$	2009 \$
Dividends paid during the year	-	14,405,398

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.

1,265,933 1,265,933

12. Auditors' Remuneration

	2010 \$	2009 \$
Remuneration of the auditor of the Company for:		
• audit and review of the financial reports#	27,278	39,127
	27,278	39,127

Fees paid to BDO Audit (NSW-VIC) Pty Ltd

13. Segment Information

During the year ended 30 June 2010 the Company had no current business activities that require segment disclosure.

14. Earnings Per Share

	2010 \$	2009 \$
The following reflects the income and share information used in the calculations of basic and diluted earnings per share from continuing operations:		
(Loss)/Net Profit	(58,151)	14,695,838
(Loss)/Earnings used in calculating basic and diluted earnings per share	(58,151)	14,695,838
	2010 Cents	2009 cents
Basic (loss)/earnings per share (cents)	(0.12)	2.91
Diluted (loss)/earnings per share (cents)	(0.12)	2.91
Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share	50,545,380	505,452,440

730,000 options issued 17 June 2001 are not included in the calculation of diluted earnings per share as they are anti-dilutive.

15. Cash Flow

(i) Cash policy

For the purposes of the Statement 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 Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

(ii) Reconciliation of cash

	2010 \$	2009 \$
Cash and cash equivalents	1,890,990	70,441,498
Balances per Statement of Cash Flows	1,890,990	70,441,498

15. Cash Flow (continued)

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

	2010	2009
	\$	\$
(Loss)/Profit from continuing activities after income tax	(58,151)	14,695,838
Less:		
Profit from sale of available-for-sale financial assets	(25,707)	(13,755,803)
Income from options written	-	(834,548)
Net cash (used in)/provided by operating activities before change in other assets and liabilities	(83,858)	105,487
Increase/(decrease) in receivables	(70,053)	764,277
Decrease in accounts payable	(116,315)	(36,495)
Net cash (used in)/provided by operating activities	(270,226)	833,269

16. Related Party Transactions

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

(i) Key Management Personnel Related Entities

Martin Casey, the Company Secretary, is an employee of Credit Suisse Group. Credit Suisse (Australia) Limited provided advisory support during the reporting period. Fees totalling \$85,800 (2009: \$195,800) were paid to Credit Suisse during the year. These fees were on normal commercial terms.

Hugh Robertson is a former 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 \$13,624 (2009: \$11,885). 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.

(ii) Transactions with shareholders

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.

17. Financial Risk Management

The Company's activities expose it to a variety of financial risks; market risk (including interest rate risk and price risk), credit risk and liquidity 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 as written policies covering specific areas, such as mitigating interest rate risks, use of derivative financial instruments and investing excess liquidity.

(i) Price Risk

The Company is exposed to equity securities price risk. This arises from investments held by the Company and classified on the Statement of Financial Position as available-for-sale financial assets. All the Company's equity investments are publicly traded on the Australian Stock Exchange.

The table below summarises the impact of reasonably possible increases/decreases in the share prices of the Company's two equity investments, Tatts Group Ltd and NSX Ltd. The analysis is based on the assumption that the equity prices of these two investments increased/decreased by 10% (2009: 10%) with all other variables held constant. Share price increases/decreases would have a positive/negative impact on post tax profit or equity per the following:

	Impact on post-tax profit		Impact on equity	
	2010	2009	2010	2009
Tatts Group	-	-	-	44,848
NSX Ltd	-	-	20,349	11,480
	-	-	20,349	56,328

Equity would increase/decrease as a result of gains/losses on equity securities classified as available-for-sale financial assets, except for impairment losses that are recognised in the profit and loss account.

Interest Rate swap contracts

With the repayment of the Margin Loan facility during the financial year, the Company no longer utilises floating to fixed interest rate swaps to manage its cash flow interest rate risk.

(ii) Cash Flow Interest Rate Risk

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

The Company is exposed to cash flow interest rate risk on its cash deposits of \$1,890,990 as at 30 June 2010 (2009: \$70,441,498).

17. Financial Risk Management (continued)

(iii) Credit Risk

Credit risk arises from cash and cash equivalents and trade and other receivables. The Company has a concentration of credit risk with the National Australia Bank through deposits held with the Bank as at 30 June 2010. The Board have managed this credit risk by participating in the Government Deposit Guarantee Scheme during the reporting period.

(iv) 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. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows.

Maturities of financial liabilities

The table below analyses the Company's financial liabilities and net settled derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, except for interest rate swaps where the cash flows have been estimated using forward interest rates applicable at the reporting date:

2010	Less than 6 months	6 – 12 months	Between 1 to 2 Years	Between 2 and 5 Years	Total contractual cash flows	Carrying Amount (assets)/ liabilities
	\$	\$	\$	\$	\$	\$
Non-derivatives:						
Non-interest bearing	32,169	-	-	-	32,169	32,169
Total non derivatives	32,169	-	-	-	32,169	32,169
Derivatives:						
Net settled (interest rate swaps)	-	-	-	-	-	-
Non-interest bearing	-	-	-	-	-	-
Total derivatives	-	-	-	-	-	-

17. Financial Risk Management (continued)

2009	Less than 6 months	6 – 12 months	Between 1 to 2 Years	Between 2 and 5 Years	Total contractual cash flows	Carrying Amount (assets)/ liabilities
	\$	\$	\$	\$	\$	\$
Non-derivatives:						
Non-interest bearing	68,890,017	-	-	-	68,890,017	68,890,017
Total non derivatives	68,890,017	-	-	-	68,890,017	68,890,017
Derivatives:						
Net settled (interest rate swaps)	-	-	-	-	-	-
Non-interest bearing	-	-	-	-	-	-
Total derivatives	-	-	-	-	-	-

(v) Fair Value of financial instruments

The following table presents the Company's assets and liabilities measured and recognised at fair value. Comparative information has not been provided as permitted by the transitional provisions of AASB 7 Financial Instruments: Disclosures.

Financial Assets	2010 Carrying Amount \$	2010 Fair Value \$
Cash and cash equivalents	1,890,990	1,890,990
Trade and other receivables	75,072	75,072
Available-for-sale financial assets	290,700	290,700
	2,256,762	2,256,762
Financial liabilities		
Trade and other payables	32,169	32,169
Capital return	-	-
	32,169	32,169

17. Financial Risk Management (continued)

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 fair value measurements are those derived from inputs rather than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	2010
	\$	\$	\$	Total \$
Available for sale financial assets				
Shares in NSX Limited	290,700	-	-	290,700
	290,700	-	-	290,700

18. 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	Company Secretary

The Board and the Company Secretary were the Key Management Personnel during the year ended 30 June 2010.

18. Key Management Personnel Disclosures (continued)

Remuneration of Key Management Personnel

	2010 \$	2009 \$
Short-term employee benefits	7,294	113,945
Post-employment benefits	206	6,055
Share-based payments	-	-
	7,500	120,000

Equity instrument disclosures relating to Key Management Personnel

Options provided as remuneration

No options were granted or vested during the year.

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:

2010	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 #
Directors				
Mr H Robertson	1,000,000	-	-	100,000
Mr G Cureton	2,074,670	-	-	207,468
Mr P Landos	165,625	-	-	16,563
Executives				
Mr M Casey	-	-	-	-

The Company consolidated its shares on a 1 for 10 basis with effect from 24 July 2009.

18. Key Management Personnel Disclosures (continued)

2009	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
Directors				
Mr H Robertson	1,000,000	-	-	1,000,000
Mr G Cureton	420,570	-	1,654,100	2,074,670
Mr P Landos	165,625	-	-	165,625
Executives				
Mr M Casey	-	-	-	-

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.

19. Contingent Liabilities

There are no known contingent liabilities as at reporting date.

20. Events Subsequent to Balance Date

The Company sold 1,710,000 NSX Limited shares subsequent to 30 June 2010.

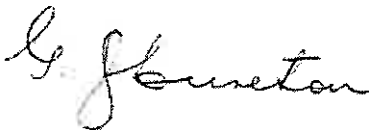
Directors' Declaration

30 June 2010

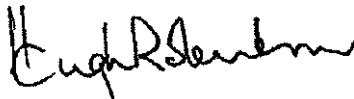
The directors of the company declare that:

1. In the directors' opinion, the financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, 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 2010 and of its performance for the year ended on that date.
2. The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
3. 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.
4. The remuneration disclosures included on pages 7-9 of the directors' report (as the audited Remuneration Report), for the year ended 30 June 2010 comply with section 300A of the Corporations Act 2001.
5. 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 30th day of September 2010.

INDEPENDENT AUDITOR'S REPORT

To the members of Rattoon Holdings Limited

Report on the Financial Report

We have audited the accompanying financial report of Rattoon Holdings Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls 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 2, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial 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 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.

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

Independence

In conducting our audit, 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 report was made.

Auditor's Opinion

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 2010 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.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 9 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards

Auditor's Opinion

In our opinion, the Remuneration Report of Rattoon Holdings Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.



BDO Audit (NSW-VIC) Pty Ltd



Paul Carr
Director

Melbourne, 30th September 2010

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	22,424,048	44.36
Thorney Investment Group	22,193,704	43.91
RBC Dexia Investor Services	1,627,486	3.22
River Cap Pty Ltd	610,024	1.21
Rubi Holdings Pty Ltd	552,925	1.09

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 39-40.

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 50,545,380 held by 575 shareholders whose voting rights are one vote for each share held.

Category	Number of Shareholdings
1 – 1,000	349
1,001 – 5,000	144
5,001 – 10,000	25
10,001 – 100,000	49
100,001 and over	8
Total	575

Ten Largest Shareholders

The top 10 shareholders as at June 30, 2010 are as follows:

Shareholder Name	Number of Shares	% of Shares Issued
Guinness Peat Group plc	22,424,048	44.36
Thorney Investment Group	22,193,704	43.91
RBC Dexia Investor Services	1,627,486	3.22
River Cap Pty Ltd	610,024	1.21
Rubi Holdings Pty Ltd	552,925	1.09
National Nominees	543,441	1.08
JP Morgan Nominees	363,945	0.72
Buduva Pty Ltd	130,395	0.26
Bungeelap Pty Ltd	100,000	0.20
Ingot Capital Investment Pty Ltd	81,002	0.16
	48,626,970	96.21

Note: The information on this page does not form part of the audit opinion expressed on pages 39-40.

5 Year Summary of the Results, Assets and Liabilities of Rattoon Holdings Limited

For the years ended 30 June¹

Statement of Comprehensive Income

Revenue from operating activities

Total expenses (excluding borrowing costs)

Borrowing costs expense

Total expenses

Profit (Loss) from ordinary activities before income tax expense

Income tax expense / (Provision for deferred tax)

Net profit (loss)

Basic earnings/(loss) per share (cents per share)

Statement of Financial Position

Current Assets

Non-Current Assets

Total Assets

Current Liabilities

Non-Current Liabilities

Total Liabilities

Net Assets / (Liabilities)

Contributed equity

Reserves

Accumulated losses

Total shareholders' equity / (deficit)

	2006 \$	2007 \$	2008 \$	2009 \$	2010 \$
Revenue from operating activities	707,578	26,113,405	17,230,608	20,005,878	196,759
Total expenses (excluding borrowing costs)	(232,247)	(544,220)	(72,666,223)	(1,274,965)	(187,312)
Borrowing costs expense	(678,961)	(4,752,836)	(7,128,202)	(4,035,075)	(67,598)
Total expenses	(911,208)	(5,297,056)	(79,794,425)	(5,310,040)	(254,910)
Profit (Loss) from ordinary activities before income tax expense	(203,630)	20,816,349	(62,563,817)	14,695,838	(58,151)
Income tax expense / (Provision for deferred tax)	-	(2,798,456)	47,880	-	-
Net profit (loss)	(203,630)	18,017,893	(62,611,697)	14,695,838	(58,151)
Basic earnings/(loss) per share (cents per share)	(0.49)	4.82	(12.39)	2.91	(0.12)
Statement of Financial Position					
Current Assets	961,299	499,458	151,676,451	71,251,208	2,256,762
Non-Current Assets	17,672,536	329,301,732	649,727	-	-
Total Assets	18,633,835	329,801,190	152,326,178	71,251,208	71,251,208
Current Liabilities	10,042,919	95,413,540	81,596,346	68,890,017	32,169
Non-Current Liabilities	-	27,230,930	-	24,735	1,201
Total Liabilities	10,042,919	122,644,470	81,596,346	68,914,752	33,370
Net Assets / (Liabilities)	8,590,916	207,156,720	70,729,832	2,336,456	2,223,392
Contributed equity	33,605,495	159,465,271	159,447,981	90,706,450	90,706,450
Reserves	(1,582,067)	63,693,934	-	57,715	2,802
Accumulated losses	(23,432,512)	(16,002,485)	(88,718,149)	(88,427,709)	(88,485,860)
Total shareholders' equity / (deficit)	8,590,916	207,156,720	70,729,832	2,336,456	2,223,392

¹ Agreed to Audited Accounts. This schedule does not form part of the audit opinion expressed on pages 39-40.

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 Audit (NSW-VIC) Pty Ltd

525 Collins Street
MELBOURNE VIC 3000

National Stock Exchange Sponsoring Broker

Bell Potter Securities Limited

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National Stock Exchange Nominated Advisor

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