

RATTOON

H o l d i n g s L i m i t e d

A.B.N. 16 076 611 268

Prospectus

for the issue of up to 222,222,222 fully paid
ordinary shares issued at \$0.45 each
to raise up to \$100,000,000

This Offer is open only to the Named Investors

This Offer is not open to the Public

Underwriter to the issue:

Bell Potter
SECURITIES LIMITED

Manager of the issue:



Corporate Directory

DIRECTORS OF THE COMPANY

Hugh Henderson
Michael Naphtali
Graeme Cureton
Hugh Robertson

COMPANY SECRETARY

Matthew Jackson

REGISTERED OFFICE OF THE COMPANY

Rattoon Holdings Limited
Level 10
350 Collins Street
MELBOURNE VIC 3000
Website: www.rattoon.com.au

UNDERWRITER TO THE OFFER

Bell Potter Securities Limited
Level 28
80 Collins Street
MELBOURNE VIC 3000
Website: www.bellpotter.com.au

MANAGER OF THE OFFER

Hindal Securities Pty Ltd
Level 10
350 Collins Street
MELBOURNE VIC 3000
Website: www.hindal.com.au

SHARE REGISTRY

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

AUDITOR

Horwath Melbourne
Level 14
600 St Kilda Road
MELBOURNE VIC 3004
Website: www.horwath.com.au

LEGAL ADVISERS TO THE COMPANY

Arnold Bloch Leibler
Level 21
333 Collins Street
MELBOURNE VIC 3000
Website: www.abl.com.au

Offer Timetable*

Lodgement of Prospectus with ASIC	11 April 2005
Opening Date	11 April 2005
Closing date	18 April 2005
General Meeting of Shareholders	11 May 2005
Anticipated first Draw Down Notice	As advised by the Company but not before 11 May 2005
Anticipated first date of issue of New Shares and quotation of New Shares on NSX for each Draw Down Notice	3 days after Company receives funds pursuant to Draw Down Notice
Anticipated date for dispatch of holding statements for New Shares for each Draw Down Notice	5 days after Company receives funds pursuant to Draw Down Notice

** The above dates are indicative and subject to change. Rattoon and the Underwriter reserve the right to change the dates and times of the Offer without notice.*

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Important Notice

This Prospectus has been issued by Rattoon Holdings Limited ("Rattoon" or the "Company") and was lodged with the Australian Securities and Investments Commission ("ASIC") on 11 April 2005 and is dated 11 April 2005. The Company will apply to the NSX for quotation of the Shares issued under this Prospectus. ASIC and Stock Exchange of Newcastle Limited ("NSX") or any of their officers take no responsibility for the contents of this document, make no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this document. The fact that the NSX may quote the New Shares is not taken in any way as an indication of the merits of the Company or the New Shares.

This Offer is not open to the public. This Prospectus does not constitute an offer or invitation to subscribe for or purchase New Shares by persons other than the person whose name is set out on the Application Form.

No New Shares will be issued on the basis of this Prospectus later than the expiry date of the Prospectus, being 13 months after the date of the Prospectus. This Prospectus does not constitute an offer or invitation to subscribe for or purchase New Shares in any jurisdiction where, or to any person to whom, it would not be lawful to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law. If you obtain a copy of the Prospectus outside Australia, you should inform yourself about any such restrictions and comply with them. Any failure to comply with such restrictions may constitute a violation of those laws.

No person is authorised to give any information or make any representation in connection with the Offer that is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer. Some words in this Prospectus have defined meanings. The definitions appear in the Glossary in section 10 of this Prospectus. References to dollars are to Australian dollars.

This Prospectus is available in electronic form on the Company's website at www.rattoon.com.au. This Prospectus is only available online to residents in Australia. Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. Any person who receives this Prospectus electronically can request from the Company a paper copy of the Prospectus (and attached Application Form) free of charge during the Offer, however, the Offer will only be open to Named Investors whose name appears on their personalised Application Form.

The Application Form included in this Prospectus may not be distributed to persons other than those whose names appear on the Applications Form. The Application Form contains a declaration that

the Named Investor has personally received the complete and unaltered Prospectus prior to completing the Application Form. Applications under the Offer must be made by completing a paper copy of the Application Form which accompanies this Prospectus.

The Prospectus will be issued in paper form and is only valid for the person whose name is set out on the Application Form. The Shares applied for will only be issued on receipt of a correctly completed Application Form on or before the Closing Date, subject to the satisfactory clearance of cheques.

Disclaimer

An investment in the Company has the general risks associated with any investment in the share market. This Prospectus provides information to assist Named Investors in deciding whether they wish to invest in the Company. This Prospectus is an important document and should be read in its entirety, including section 7 Risk Factors. Named Investors should consult their accountant, lawyer, financial adviser, stockbroker or other professional adviser before making an investment in the Company.

Enquiries

This Prospectus provides information for Named Investors in Rattoon and should be read in its entirety. If after reading this Prospectus, you have any questions about any aspect of an investment in Rattoon, please contact your stockbroker, accountant or independent financial adviser.

1. Letter from the Chairman

Dear Named Investor

Since July 2003, the Company has acquired several interests in the Estate of the Late George Adams ("ELGA"). The ELGA owns the share capital of Tattersall's Holdings Pty Ltd which operates one of Australia's largest private enterprises and most recognisable brand names.

The Company is now seeking to make an offer to beneficiaries of the ELGA to acquire further interests in the ELGA. In order to make this offer, the Company requires additional capital.

The Board is pleased to present an offer to Named Investors to subscribe for Ordinary Shares in the Company to raise up to \$100,000,000 to fund acquisitions of notional units in the ELGA and pay expenses associated with the Offer.

The Board encourages you to read the whole of this Prospectus carefully before making your investment decision as it contains detailed information about the Company and the offer of shares to Named Investors.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'H Henderson', followed by a long horizontal flourish.

HUGH HENDERSON

Chairman

2. Offer Summary

This section provides an overview of the Offer. It is intended that this section be read in conjunction with the remainder of the Prospectus.

Security Type	New Ordinary Shares
Price per New Share	\$0.45
Basis of Offer	This Offer is not open to the public. You may only accept this Offer and subscribe for New Shares if your name appears on the Application Form. The maximum number of New Shares you may subscribe for is set out on your Application Form.
Conditions of the Offer	<p>The issue of New Shares may exceed 15% of the Company's issued capital. Therefore the issue of New Shares is subject to the Company's Shareholders voting in favour of a resolution to approve the issue of New Shares at a General Meeting of the Company to be held on Wednesday 11 May 2005 in accordance with Listing Rule 6.25(1).</p> <p>Rattoon is currently holding proxies in favour of the resolution to approve the issue of New Shares from holders of 53% of the Shares entitled to vote at the General Meeting.</p>
Number of New Shares on Offer	Up to 222,222,222 New Shares.
Funds to be Raised	Up to \$100,000,000.
Use of Funds Raised	Funds raised under this Offer will be used to acquire up to \$100,000,000 of Notional Units under the Rattoon Offer.
How to Invest	<p>The Offer may be accepted before 5.00 pm Victorian time until 18 April 2005, subject to the rights of the Company and the Underwriter to vary the Offer period.</p> <p>Instructions for the completion of the acceptance of the Offer are set out both in section 4 of this Prospectus and on the Application Form attached to this Prospectus.</p>
Allocation Policy	The allocation of New Shares will be determined by the Company in its absolute discretion. The Directors of Rattoon, in consultation with the Underwriter and the Manager, reserve the right to accept any Application in full, accept any lesser number of New Shares, decline any Application or scale back Applications.
Rights Attaching to New Shares	The New Shares will, from the date of allotment, rank equally with existing Ordinary Shares.
Underwriting	The Offer has been underwritten by the Underwriter.

3. Details of the Offer

3.1 The Offer

Pursuant to this Prospectus, the Company invites Applications for up to 222,222,222 New Shares at a price of \$0.45 per share to each Named Investor whose name is set out on the Application Form. This Offer is not open to the public. A Named Investor may only accept this Offer and subscribe for New Shares up to the maximum number of Shares set out on the individualised Application Form.

The total number of New Shares to be offered pursuant to the Offer will be up to 222,222,222 New Shares. The gross proceeds (before costs) of the Offer if fully subscribed will be approximately \$100 million. The Offer is fully underwritten up to the amount of \$100 million by the Underwriter.

The closing date and time for acceptance and payment is 5.00 pm Victorian time on 18 April 2005. Payment for New Shares will be required, and New Shares will be issued on a progressive basis, in accordance with Draw Down Notices issued by Rattoon, to fund Rattoon's acquisition of Notional Units under the Rattoon Offer. The Draw Down process is set out in section 3.5.

3.2 Capital Structure

As at the date of this Prospectus, the Company has 39,179,847 Ordinary Shares on issue. Under the Offer, up to an additional 222,222,222 New Shares may be issued. Accordingly, as the Offer is fully underwritten the maximum number of Ordinary Shares on issue on completion of the Offer will be 261,402,069. New Shares will be issued pursuant to the Drawn Down Process set out in section 3.5.

The table below illustrates the effect of the Offer on the capital structure of the Company (assuming that 222,222,222 New Shares are issued):

Description	Number of New Shares	Number of Shares on Issue
Ordinary Shares on Issue		39,179,847
New Shares to be issued under Offer	222,222,222	
Maximum Ordinary Shares on issue on completion of Offer		261,402,069
Options in issue	15,500,000	
Maximum number of Shares and Options on issue on completion of Offer		276,902,069

3.3 Pro Forma Statement of Financial Position

The Pro Forma Statement of Financial Position of the Company reflects the impact of the Offer on certain balance sheet items. This Pro forma Statement of Financial Position is contained in section 8 of this Prospectus.

3.4 Purpose of the Offer

Rattoon has made an offer to all beneficiaries in the ELGA to acquire up to a total of \$100 million of their Notional Units ("Rattoon Offer").

The purpose of the Offer is to raise \$100 million (gross of all issue costs) to fund the Rattoon Offer to acquire up to \$100 million of Notional Units. Depending upon the level of

acceptances received from Beneficiaries, Rattoon may use debt funding (up to a maximum gearing of 30%) to fund part of the Rattoon Offer. For example, if acceptances for \$100 million of Notional Units are received, Rattoon intends to use at least \$6,105,000 in debt funding to fund part of the Rattoon offer.

The Rattoon Offer has been made subject to Rattoon's shareholders voting in favour of a resolution to approve the issue of New Shares at a General Meeting of the Company to be held on 11 May 2005. Rattoon is currently holding proxies in favour of the resolution to approve the issue of New Shares from holders of 53% of the shares entitled to vote at the General Meeting.

3.5 Draw Down Process

Under the Rattoon Offer, the Company has the right to process any number of acceptances from Beneficiaries at any time after the General Meeting. To fund the Beneficiary acceptances, Rattoon will receive funds and issue New Shares under this Prospectus up to a total of 222,222,222 through a Draw Down mechanism.

Rattoon will process Beneficiary acceptances of the Rattoon Offer on a first come first served basis. After shareholder approval has been obtained at the General Meeting, Rattoon will request the Trustees of ELGA to register the transfer of Notional Units from the Beneficiaries to Rattoon in accordance with the processed acceptances. Once confirmation of registration is received, Rattoon will provide a Draw Down Notice to the Underwriter. The Draw Down Notice is the mechanism by which Rattoon notifies the Underwriter (and, through the Underwriter, the Named Investors) that a specified number of New Shares are to be issued and that the Application Money in respect of those New Shares is required to be paid.

Rattoon is able to issue more than one Draw Down Notice to the Underwriter subject to the total of the Draw Down Notices not exceeding \$100 million.

3.6 Timetable*

Lodgement of Prospectus with ASIC	11 April 2005
Opening Date	11 April 2005
Closing Date	18 April 2005
General Meeting of Shareholders	11 May 2005
Anticipated first Draw Down Notice	As advised by the Company but not before 11 May 2005
Anticipated date of issue of New Shares and quotation of New Shares on NSX for each Draw Down Notice	3 days after Company receives funds pursuant to a Draw Down Notice
Anticipated date for dispatch of holding statements for New Shares for each Draw Down Notice	5 days after Company receives funds pursuant to a Draw Down Notice

**These dates are indicative and subject to change. Rattoon and the Underwriter reserve the right to change the dates and times of the Offer without notice.*

3.7 Ranking and Distributions

The New Shares will, from allotment, rank equally with existing Ordinary Shares.

A summary of the rights attaching to the New Shares is set out in section 9 of this Prospectus.

3.8 Allocation Policy

New Shares applied for under this Prospectus will be allocated on a progressive basis, as required to fund Rattoon's acquisition of Notional Units, in accordance with the Draw Down Process and will be allocated as soon as practicable after each Draw Down Notice. Payment for New Shares will also be on a progressive basis in each accordance with Draw Down Notices. On receipt of Application Money pursuant to a Draw Down Notice, that Application Money will be held in trust in a subscription account until the relevant New Shares are issued. Interest on Application Money will be for the benefit of Rattoon and will be retained, irrespective of whether New Shares are issued.

The Directors of Rattoon, in consultation with the Underwriter and the Manager, reserve the right to accept any Application in full, accept for any lesser number of New Shares, decline any Application or scale back applications. The maximum amount an Applicant may apply for under this Offer is set out on their Application Form. Notwithstanding this right, it is the intention of the Directors of Rattoon that, in respect of each Draw Down Notice, each Named Investor will be called upon pro rata to the maximum amount applied for by each Named Investor, until such time as the Offer is closed or Draw Down Notices cumulatively reach \$100 million.

Applicants must not assume that the New Shares they apply for, or any number of New Shares, will be issued to them in response to their Application. Before dealing in any New Shares, Applicants must satisfy themselves as to their actual holding of New Shares.

If for any reason any Application is rejected any relevant Application Money received by Rattoon will be refunded without interest. Irrespective of whether allotment of New Shares takes place any interest earned on the Application Money will not be paid to Applicants.

3.9 Allotment

The Company expects to issue the New Shares progressively based on each Draw Down Notice. No issue of New Shares will be made until the Application Money for those New Shares has been received by Rattoon. Application Money received by Rattoon pursuant to a Draw Down Notice for New Shares will be held in trust for Applicants in a subscription account until issue of those New Shares.

3.10 Proceeds of the Offer

The proceeds from the Offer, before allowing for expenses, if fully subscribed for, will be up to \$100,000,000.

3.11 Overseas Applicants

No action has been taken to register or qualify the Shares or the Offer, or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law, and persons who come into possession of the Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law. This Prospectus does not constitute an invitation to make an offer to subscribe for Shares in any place in which, or to any person to whom, it would be unlawful to make such an invitation.

3.12 Underwriting

The Offer has been fully underwritten by the Underwriter. A summary of the terms of the Underwriting Agreement is set out in section 9.8 of this Prospectus.

3.13 Minimum Subscription

As the Offer has been fully underwritten, there is no minimum subscription for the Offer.

3.14 Share Register

Shareholders of New Shares will not receive a certificate but will receive a holding statement for the New Shares.

3.15 NSX Listing

Application will be made to the NSX for quotation of the New Shares issued under this Prospectus. The fact that the NSX may grant quotation of the New Shares is not to be taken as an indication of the merits of the Company or the New Shares. If NSX quotation is granted trading of issued New Shares on the NSX will commence as soon as practicable after the issue of those New Shares and the dispatch of the holding statements in respect of those New Shares.

3.16 CHESS

The Company will apply for all New Shares to participate in the Clearing House Electronic Sub-register System known as CHESS.

Under CHESS, NSX will not issue certificates to Named Investors of New Shares. However, as soon as practicable after allotment, Named Investors will be issued transaction confirmation statements which set out the number of New Shares allotted to them pursuant to this Prospectus. The transaction confirmation statements will also set out each Named Investor's unique Holder Identification Number (**HIN**) (in the case of a holding on the CHESS subregister), or Securityholder Reference Number (**SRN**) (in the case of a holding on an issuer sponsored subregister).

Named Investors will be provided with periodic holding statements showing any changes in their holdings of Shares, including as a result of the progressive issue of New Shares in accordance with the Drawdown process. Named Investors may request a holding statement at any time (although an administration fee may be charged for these additional statements).

4. Action Required by Applicants

4.1 What you may do

The maximum number of New Shares to which you may subscribe for is shown on the accompanying Application Form.

4.2 If you wish to apply for the maximum number of New Shares

Complete your Application Form, which states the maximum number of New Shares you may apply for, in accordance with the instructions set out on the Application Form. Forward your completed Application Form by 5.00pm Victorian time on 18 April 2005.

to the Underwriter:

**Bell Potter Securities Limited
Rattoon Holdings Limited Offer
L28 80 Collins Street
Melbourne VIC 3000**

If you have any questions in relation to your application, you may contact the Company on (03) 9642 8822.

4.3 Can I take up more Shares than my maximum?

No. You may only subscribe for up to the maximum number of New Shares as set out in your Application Form.

4.4 Payment on Draw Down Notice

New Shares will be issued and payment for New Shares will be required on a progressive basis, as required by Rattoon to fund its acquisition of Notional Units, in accordance with the Draw Down Process. When the Underwriter has received a Draw Down Notice from Rattoon, it will notify each Applicant of the number of New Shares to be issued at that time to the Applicant, (calculated on a pro rata basis for all Applicants) and the payment required being \$0.45 per New Share to be issued at that time. Unless otherwise notified to Applicants, payments will only be accepted in Australian currency as follows:

- (a) bank cheque drawn on and payable at any Australian bank; or
- (b) cheque drawn on and payable at any Australian bank.

Cheques or bank cheques should be made payable to **"Rattoon Holdings Limited - Share Account"** and crossed **"Not Negotiable"**. Do not forward cash. Receipts for payment will not be forwarded. Payments are to be sent to the Underwriter:

**Bell Potter Securities Limited
Rattoon Holdings Limited Offer
Level 28, 80 Collins Street
Melbourne VIC 3000**

5. Company Overview

5.1 Principal Activities

Rattoon's principal activity is investing in and managing investments in unlisted Australian entities. Rattoon is listed on the Stock Exchange of Newcastle Limited ("NSX").

Unlisted entities make up the majority of operating entities within Australia. As these entities are not listed on the ASX, NSX or another securities exchange, opportunities for the general investor to invest in these businesses are limited. In assessing an investment, the Board will focus on the long term operating performance of the potential investment and its future outlook. The Board will assess the potential investee's management ability, historic profitability, free cashflow generation and balance sheet strength as general criteria for investment.

Rattoon's objective is to identify unlisted Australian entities and provide a mechanism whereby investors can access the investment opportunity that these unlisted entities represent. This also provides an opportunity for these unlisted entities to access additional equity, or to provide their equityholders with a liquidity mechanism.

5.2 Investment Objectives

The long-term investment objective of the Company is to achieve a sustainable long-term rate of return for its investors, comprising both income and capital growth.

5.3 In Specie Distributions

It is the intention of the Company to consider, where appropriate, opportunities to transfer the Company's investments to its Shareholders in specie. The Company is likely to consider undertaking such an action where the unlisted Australian entity in which it has an investment becomes a listed entity through an Initial Public Offering.

The Company is able to achieve this through a variety of mechanisms including in specie distributions through capital returns or share buy backs. The relative tax consequences of such actions for the Company and its Shareholders will in part determine which method of distribution is most appropriate.

The Company has, in its absolute discretion the ability to determine which investment (if any) it may seek to distribute.

5.4 Rattoon's Existing Investments

Tattersall's

Rattoon's first investment was in the Estate of the Late George Adams ("ELGA") which in turn owns the share capital of Tattersall's Holdings Pty Ltd ("Tattersall's"). Tattersall's is one of Australia's largest private enterprises with revenue of \$12.9 billion in the 2004 financial year placing Tattersall's within the top 10 unlisted enterprises in Australia by revenue.

As at the date of this Prospectus, Rattoon has acquired approximately 0.5% of the interests in the ELGA at a cost of approximately \$7,700,000. The ELGA owns all of the capital of Tattersall's which operates the recreational businesses.

Founded by George Adams in 1881, Tattersall's has grown to become one of Australia's most recognisable brand names. While George Adams died in 1904, Tattersall's continues to operate today under the provisions of his will. Tattersall's now operates businesses in Victoria, Tasmania, ACT, Northern Territory, Fiji and the Cook Islands. Tattersall's is also a partner in the consortium that operates the national lottery in the Republic of South Africa. Tattersall's main business operations are the provision of lottery and gaming services.

NSX Limited

Rattoon's second investment was in shares in NSX Limited. NSX Limited operates Australia's second official stock exchange approved under the Corporations Act, namely the Stock Exchange of Newcastle. Rattoon successfully applied for 1,000,000 shares at an offer price of \$0.50 per share under the prospectus lodged by NSX Limited on 6 December 2004.

At the date of this Prospectus, Rattoon holds 800,000 shares in NSX Limited.

5.5 Offer to acquire further interests in the ELGA

Rattoon has made an offer to Beneficiaries to acquire Notional Units in the ELGA up to a maximum value of \$100 million. Rattoon will fund this offer by issuing up to 222,222,222 New Shares under this Prospectus. Depending upon the level of acceptances received from Beneficiaries, Rattoon may use debt to fund part of the Rattoon Offer (up to a maximum gearing of 30%).

5.6 Investment Decisions

The investment strategy of Rattoon is to identify investment opportunities in unlisted entities that are likely to provide both capital growth opportunities and strong dividend streams. The Company is seeking long-term sustainable growth in its investments.

The Board of Rattoon acts as the investment committee for the Company to decide on appropriate investments. In assessing opportunities, the Board focuses on the long term operating performance of the potential investment business and its future outlook. As the businesses Rattoon will invest in will predominately be unlisted Australian entities, the emphasis will be on long-term growth and sustainability of dividend payments. The Board will assess the potential investee's management ability, historic profitability, free cashflow generation and balance sheet strength as general criteria for investment. The Board has assessed the ELGA as an appropriate investment for the Company.

5.7 Dividend Policy

The Company will, to the extent it is prudent, pay dividends from profits. Dividends will be franked to the extent that available franking credits permit. The Company intends to pay dividends provided that sufficient profits are available for distribution.

5.8 Finance and Administration

The Company presently operates with a low operating cost base. Most finance and administrative functions are outsourced. Other advisers are also used where required.

Operating costs for subsequent years will be dependent upon the nature and scale of operations at that time and therefore cannot be reliably predicted.

5.9 Regulatory

Regulatory requirements of ASIC and the NSX (including continuous disclosure requirements) are managed by the Company Secretary and reported to the Board at the regular Board meetings. Where required, the Company obtains legal and other advice in relation to regulatory requirements.

5.10 Advisors

The Board where it considers necessary obtains independent professional or other advice at the cost of the Company. This advice typically relates to legal and regulatory matters, financing requirements or investment opportunities. The Board considers it is more prudent and efficient to outsource rather than to employ personnel to undertake these functions.

6. Board of Directors

The Company's Board brings together the necessary skills and experience required to build the Company's business. Including the Chairman, there are currently four Non-Executive Directors on the Board.

Hugh Henderson ***Chairman***

Hugh Henderson was appointed to the Board on 4 December 1996. Hugh is a mechanical engineer by training, and has held Chief Executive positions in the UK, the USA and Australia in a broad spectrum of manufacturing and IT companies. Since 1996 he has had his own business brokerage company MacFarlane Partners, which offers a variety of consultancy services to its clients, primarily in the areas of strategic restructure, capital raising, acquisition, divestment of assets and IPO. He is a Fellow of the Australian Institute of Directors, and a Fellow of the Chartered Institute of Management.

Michael Naphtali ***Non-Executive Director***

Michael Naphtali was appointed to the Board on 3 February 2000. Michael graduated from Monash University with a Bachelor of Economics (Honours) degree and obtained an MBA from the University of Chicago. He began his commercial career in the corporate finance department of Hill Samuel Australia Ltd. In 1978 he joined the Pratt group, where he held the position of Managing Director for 15 years. In 1993 he established the consultancy operation of Hind Consulting and Investments Pty Ltd. In 1998 he co-founded Hindal Corporate Pty Ltd with David Beatty. Michael operates as a key adviser and business consultant, predominately to large private clients on strategy, financing, succession, restructuring and tax matters, acquisitions, asset disposals and capital raising. In addition to his role as a director of Hindal Corporate, Michael is extensively involved in numerous community and charitable activities.

Graeme Cureton ***Non-Executive Director***

Graeme Cureton joined Rattoon Holdings Limited as a Non-Executive Director on 4 April 2005. He is an Executive Director of Guinness Peat Group Plc and has extensive experience in the financial services and commercial sectors. His other directorships include Capral Aluminium Limited, Greens Foods Limited and CPI Group Limited.

Hugh Robertson ***Non-Executive Director***

Hugh Robertson was appointed to the Board on 1 July 2003. He has had over 20 years experience in the Stockbroking and Investment Industry. Hugh is a Director of two ASX listed companies being OAMPS Limited and Catalyst Recruitment Systems Limited. Hugh is also a Director of Bell Potter Securities Limited.

7. Risk Factors

Prospective Named Investors should consider carefully the following risk factors, as well as all other information in the Prospectus prior to making Application pursuant to the Offer.

7.1 General Risks

There are general risks associated with any investment in the stock market, including:

- The value of shares listed on the NSX can go down or up due to circumstances affecting the stock market generally, or a company in particular, and due to factors beyond the control of the company.
- There can be no assurance that, subsequent to the Offer, active trading will develop in the Shares or that the Shares will trade above the Offer issue price of \$0.45.
- There may be tax implications arising from the Application for New Shares, the receipt of dividends (both franked and unfranked) from the Company, participation in any share buy-back or capital return, on the disposal of Shares or on the exercise of options.
- The New Shares allotted under the Prospectus and the existing Ordinary Shares carry no guarantee with respect to the profitability of the Company, dividends, or return of capital.
- The New Shares allotted under the Prospectus and the existing Ordinary Shares carry no guarantee with respect to the liquidity of the Shares.
- Prevailing economic conditions, investor sentiment and interest rates, amongst others, may affect the value of Shares.
- Changes in legislation and government policies could materially affect operating results of the Company.
- Changes in the taxation laws of Australia could materially affect the operating results of the Company.

7.2 Investment Risks

- The success and profitability of the Company in part will depend upon the ability of the Board to invest in entities which have the ability to increase in value over time. There can be no guarantee that there are sufficient opportunities that meet the criteria for investment, which would allow the Company to implement its investment program.
- Rattoon intends to invest in unlisted Australian entities. There are risks associated with investments in unlisted entities. Unlisted entities generally have no public market for their equity and therefore there can be no assurance that an investor such as Rattoon will be able to find a ready market to sell their interest. In addition, unlisted Australian entities are not required to provide continuous disclosure as is required by the ASX or NSX. Therefore, Rattoon may have limited access to financial information in relation to the unlisted entity. This may hamper investment decisions and the ongoing review of investments.
- There is no guarantee that unlisted Australian entities will make any distributions in any year.
- Particular investments will have specific risks associated with them depending on the industry they operate in.

7.3 Specific Risks

(a) Investment in Tattersall's

There are specific risks associated with Rattoon's investment in the ELGA, including:

- The Company has not been able to access detailed information in relation to the arrangements between the ELGA and Tattersall's Holdings Pty Ltd, which operates the recreational businesses. Therefore, there may be inherent risks in relation to those arrangements in terms of the flow of funds from Tattersall's Holdings Pty Ltd to the ELGA available for distribution to beneficiaries.
- Under the will of the Late George Adams ("Will"), the Trustees have discretionary power to wind up the Tattersall's business. Once the Trustees have decided to wind up the Tattersall's business they are directed to divide the net proceeds of the realisations of the assets to the beneficiaries of the Will.
- The gaming environment under which Tattersall's operates has experienced a period of scrutiny and increasing government regulations. The risks associated with such scrutiny and regulations are set out below.

(i) *Smoking Bans*

Smoking bans in gaming rooms were introduced on 1 September 2002 in Victoria and have had and are expected to continue to have a negative impact on revenues of Tattersall's.

In the 2003 financial year, Tattersall's experienced a significant decline in turnover predominately due to smoking bans put in place by the Victorian Government. This continued during the 2004 Financial year, with turnover decreasing from \$13.3 billion in 2003 to \$12.9 billion in 2004. The impact of these smoking bans is expected to continue to affect Tattersall's future performance. Furthermore, there is a possibility that relevant Federal, State and Territory Governments may increase the scope of existing bans.

(ii) *Government Regulation*

Problem gambling has become a significant issue in the community. Many welfare groups have requested various governments regulate the industry further.

This has the potential to negatively impact revenues and or costs of Tattersall's.

(iii) *Regulation of Ownership of Gambling Interests*

Ownership of entities involved in the gambling industry in a jurisdiction is regulated by the relevant government authority for that jurisdiction, and as such, parties exceeding certain ownership requirements need to be approved by the relevant government authority. If Rattoon continues to increase its ownership stake in Tattersall's, there is a potential risk of a relevant government authority not approving the transfer of ownership of additional interests in ELGA to Rattoon.

Tattersall's operates in each relevant jurisdiction pursuant to relevant legislation which provides a framework within which gaming activity must be conducted. Actions and policies of the current or any future relevant governments in changing legislation, regulations or licence conditions in relation to gaming or administering the regulatory regime may adversely impact on Tattersall's.

Furthermore, the regulatory regime in each relevant jurisdiction may change over time in light of such factors as new government policies and industry developments. There is a risk that a licence held by Tattersall's will not be renewed at all or on its current conditions, either on the expiry of the current term of the licence or during any review by the issuing authority prior to the expiry of the current term.

For example, on 24 March 2005, the Victorian Government announced measures that would allow other organisations to hold lottery licences, potentially ending Tattersalls dominance in the Australian lottery market. It is expected that changes to the Gambling Regulation Act 2003 will allow up to three parties to hold licences.

In addition, the Victorian Government has announced its intention to review the Gaming Operator's licences that have been issued under the Gaming Machine Control Act 1991 (Vic) (which would include the licence held by Tattersalls) in the term of the current Parliament.

(b) Investment in NSX Ltd

There are specific risks associated with Rattoon's investment in NSX Limited, including:

- Increased competition could result in a reduced number of new listings. Despite NSX's demonstrated ability to compete effectively in the markets in which it operates the approval of new Australian market licensees that attract significant listings could adversely affect NSX's financial performance.
- NSX's revenue is primarily derived from listing fees. Revenue is concentrated, as revenue is currently derived from 25 listed companies. A small number of entities have played a significant role in directing those listed companies to NSX. There is a risk of decreased revenue if one or more of these entities cease to refer listing applicants.
- NSX's financial performance is sensitive to the level of activity within the equity markets. The level of activity in the equity markets can be cyclical and sensitive to a number of factors beyond the control of NSX. When market conditions experience a downturn the applications for listings on any stock exchange, including NSX, are likely to fall.
- NSX may be affected by changes in government policy or legislation applying to companies in the financial products trading, clearing and settlement services industry. NSX's activities as an operator of trading, clearing and settlement facilities are covered by the licensing and regulatory regime imposed under the Corporations Act. At worst, some of NSX's activities would need to cease if it were to have its licence terminated.
- NSX is exposed to the risk that a participant may default on its obligations, particularly in the circumstances of extreme movements in market prices. NSX's risk management procedures are directed towards maintaining this risk at acceptably low levels.
- While NSX makes all reasonable efforts to operate the markets and its clearing business in an appropriate manner there is always the risk that NSX will be subject to claims by NSX participants and that NSX is liable for their losses. NSX is afforded considerable protection against this risk by its rules.
- NSX's ability to compete effectively in the future will, in part, be driven by its ability to maintain an appropriate technology platform for the efficient delivery of its product and services. With rapid technology advances, NSX is exposed to the risk that its systems may become technologically obsolete while other exchanges develop systems which may be superior from functionality and cost perspectives.

If you are in any doubt as to whether you should subscribe for Shares, you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitor, accountant or other professional adviser first.

8. Financial Information

The financial information in this section 8 comprises:

- an audit reviewed statement of financial position as at 31 December 2004, pro forma adjustments in respect of the Offer and a Pro forma statement of financial position as at 31 December 2004 as set out in section 8.1; and
- extracts from the Rattoon Holdings Limited Interim Financial Report for the Half Year ended 31 December 2004 as set out in section 8.1.

No pro forma statement of financial performance or statement of cashflows have been included in this Prospectus.

The Pro forma Statement of Financial Position has been derived from the audit reviewed statement of financial position as at 31 December 2004 adjusted to reflect 222,222,222 New Shares issued under this Prospectus at \$0.45 per share raising \$100,000,000, less expected costs of the Offer.

In order to understand the basis, assumptions and limitations underlying the Pro Forma Statement of Financial Position the historical financial information presented in this Prospectus should be read in conjunction with:

- the statement of significant accounting policies set out in section 8.1, Note 1;
- the risk factors described in section 7; and
- other information contained in the Prospectus.

Any reference to the interim Financial Report of Rattoon Holdings Limited for the half year ended 31 December 2004 is a reference to the interim financial report of Rattoon Holdings Limited which was reviewed by Horwath Melbourne who issued an unqualified opinion in relation to that financial report.

8.1 Historical Financial Information

The table below sets out the pro forma statement of financial position for Rattoon Holdings Limited as at 31 December 2004 ("Pro forma Statement of Financial Position"). In preparing the Pro forma Statement of Financial Position the audit reviewed statement of financial position of Rattoon Holdings Limited has been adjusted to reflect 222,222,222 New Shares issued under this Prospectus at \$0.45 per share raising \$100,000,000, less expected costs of the Offer but before the acquisition of any Notional Units under the Rattoon Offer.

Funds raised under this Prospectus will be used to acquire Notional Units under the Rattoon Offer. However, the Pro forma Statement of Financial Position does not include the impact of the acquisition of any Notional Units or any debt funding which may be used to fund part of the Rattoon Offer.

Depending upon the level of acceptances received from Beneficiaires, Rattoon may use debt funding (up to a maximum gearing of 30%) to fund part of the Rattoon Offer. If acceptances for \$100 million of Notional Units are received, Rattoon intends to use at least \$6,105,000 in debt funding to fund part of the Rattoon offer.

PROFORMA STATEMENT OF FINANCIAL POSITION

	Notes ¹	Audit Reviewed 31 Dec 2004 ²	Pro forma Adjustments ³	Pro forma Statement of Financial Position 31 Dec 2004 ⁴
		\$	\$	\$
CURRENT ASSETS				
Cash assets	3	391,223	93,895,000	94,286,223
Receivables		89,100	-	89,100
Other		22,610	-	22,610
TOTAL CURRENT ASSETS		<u>502,933</u>	<u>-</u>	<u>94,397,933</u>
NON-CURRENT ASSETS				
Other financial assets		8,300,838	-	8,300,838
TOTAL NON-CURRENT ASSETS		<u>8,300,838</u>	<u>-</u>	<u>8,300,838</u>
TOTAL ASSETS		<u>8,803,771</u>	<u>93,895,000</u>	<u>102,698,771</u>
CURRENT LIABILITIES				
Accruals		7,500	-	7,500
Payables		20,376	-	20,376
TOTAL CURRENT LIABILITIES		<u>27,876</u>	<u>-</u>	<u>27,876</u>
NON CURRENT LIABILITIES				
Interest Bearing Liabilities		0	-	0
TOTAL NON CURRENT LIABILITIES		<u>0</u>	<u>-</u>	<u>0</u>
TOTAL LIABILITIES		<u>27,876</u>	<u>-</u>	<u>27,876</u>
NET ASSETS		<u>8,775,895</u>	<u>93,895,000</u>	<u>102,670,895</u>
EQUITY				
Contributed equity	4	32,796,426	93,895,000	126,691,426
Accumulated losses		(24,020,531)	-	(24,020,531)
TOTAL EQUITY	5	<u>8,775,895</u>	<u>93,895,000</u>	<u>102,670,895</u>

- (1) Represents a reference to a note to the Historical Financial Information contained on the pages following this statement.
- (2) Represents the audit reviewed financial position of Rattoon Holdings Limited as at 31 December 2004.
- (3) Represents pro forma adjustments as outlined in Note 2 of the Notes to the Historical Financial Information.
- (4) The pro forma Statement of Financial Position has been prepared in accordance with and should be read in conjunction with the accounting policies as set out in the Notes to the Historical Financial Information and the adjustments made and described above.

The pro forma Statement of Financial Position is presented in an abbreviated form in so far as it does not include all the disclosure requirements of the Australian Accounting Standards applicable to Annual Financial Reports prepared in accordance with the Corporations Act.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The historical statement of financial position as at 31 December 2004 and Pro forma Statement of Financial Position as at 31 December 2004 have been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act, except that certain disclosures have been omitted. In the view of Rattoon, these disclosures are not considered relevant to Named Investors.

The financial report has been prepared on an accruals basis and is based on historical costs. It does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The accounting policies have been consistently applied, unless otherwise stated.

(b) Income Tax

The company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences, which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account either as provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation, and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less provision for any doubtful debts. An estimate for doubtful debts is made when collection for the full amount is no longer possible.

(d) Investments

Non-current investments are measured on the cost basis. The carrying amount of investments is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount of these investments. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

(e) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Other revenue is recognised when the right to receive the revenue has been established.

All revenue is stated net of the amount of goods and services tax (GST).

(f) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Pro forma Statement of Financial Position are shown inclusive of GST.

(g) Payables

Payables represent the principal amounts outstanding at balance date plus, where applicable, any accrued interest.

(h) Transaction costs on the issue of equity instruments

Transaction costs on the issue of equity instruments are recognized directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had these instruments not been issued.

NOTE 2: PROFORMA ADJUSTMENTS

Adjustments and Assumptions used in the preparation of the Pro forma Statement of Financial Position.

The Pro forma Statement of Financial Position has been prepared to reflect the state of affairs of Rattoon as it would appear at 31 December 2004. It reflects the following assumptions:-

Rattoon will issue 222,222,222 million ordinary shares of \$0.45 each pursuant to the Offer, based upon the number of Named Investors as at the date of this Prospectus. Total proceeds to be raised are expected to be \$100,000,000. These proceeds will be used to make investments in ELGA.

NOTE 3: CASH ASSETS

	Audit Reviewed 31 Dec 04	Pro forma Adjustments	Pro forma Statement of Financial Position 31 Dec 2004
	\$	\$	\$
Cash assets	<u>391,223</u>	<u>93,885,000</u>	<u>94,276,223</u>

	Audit Reviewed 31 Dec 04	Pro forma Adjustments	Pro forma Statement of Financial Position 31 Dec 2004
	\$	\$	\$
NOTE 4: CONTRIBUTED EQUITY			
(a) Ordinary Shares (\$)			
At the beginning of the reporting period	32,796,426	-	32,796,426
Shares issued during the period	-	100,000,000	100,000,000
Costs of raising equity	-	(6,105,000)	(6,105,000)
At reporting date	32,796,426	93,895,000	126,691,426
Ordinary Shares (number)			
At the beginning of the reporting period	39,179,847	-	39,179,847
Shares issued during the period	-	222,222,222	222,222,222
At reporting date	39,179,847	222,222,222	261,402,069
NOTE 5: TOTAL EQUITY			
Total equity at the beginning of the reporting period	8,816,390	-	8,816,390
Total changes in equity recognised in the statement of financial performance	(40,495)	-	(40,495)
Transactions with owners as owners			
- Contributions of equity	-	93,885,000	93,885,000
Total equity at the reporting date	8,775,895	93,895,000	102,670,895

9. Additional Information

9.1 Disclosing Entity

The Company is a disclosing entity for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Copies of documents lodged at the ASIC in relation to the Company may be obtained from, or inspected at, an office of the ASIC.

9.2 Financial Services Licensees

The Company does not hold an Australian Financial Services Licence or a dealer's licence. Accordingly, the Company will only issue Shares under this Prospectus to Named Investors or pursuant to the Underwriting Agreement.

9.3 Rights and Liabilities attaching to New Shares

The New Shares will, from allotment, rank equally with existing Shares. A summary of the more significant and relevant rights and restrictions attaching to the Shares is set out below.

(a) Voting

At a general meeting of the Company every member present in person or by proxy, attorney or representative will have one vote on a show of hands and, on a poll, one vote for each fully paid Ordinary Share that they hold in the Company.

(b) General Meetings

Each member will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices other documents required to be furnished to members under the Company's Constitution and the Corporations Act.

(c) Dividends

The Company intends to pay dividends to the extent permitted by law and prudent business practices.

(d) Offer of Further Shares

The issue of Ordinary Shares in the Company is under the control of the Directors of the Company.

(e) Return of Capital

On a winding up of the Company, any surplus assets that are available for distribution among the members of the Company are to be distributed in proportion to the Ordinary Shares held by them respectively in accordance with the amounts paid up (excluding amounts credited) on the Ordinary Shares. On a winding up of the Company the liquidator may, with the authority of a special resolution divide among the members in kind the whole or any part of the property of the Company, and may for that purpose set such value as the liquidator considers fair upon any property to be so divided, and may determine how the division is to be carried out between the members or different classes of members.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees, upon such trust for the benefit of the contributories as the liquidator thinks fit, but so that no member is compelled to accept any shares or other shares in respect of which there is any liability.

(f) **Share Buy Back**

The Company can buy back Ordinary Shares in accordance with the Corporations Act.

(g) **Transfer of Shares**

Subject to the Corporations Act and any other applicable law for Australia and the Listing Rules of the NSX, Shares are freely transferable.

9.4 Taxation

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them by consulting their own professional tax advisers before investing in the New Shares. Taxation consequences will depend on particular circumstances. Neither the Company nor any of its officers, employees, agents and advisers accept any liability or responsibility in respect of the taxation consequences connected with an investment in New Shares in the Company under the Offer.

9.5 Directors' Interests

The interest of the Directors of the Company and their Associates in Ordinary Shares in the Company as at the date of the Prospectus are set out below.

Director	Title	Number of Shares	Number of Options
Hugh Henderson	Chairman	8,770	-
Hugh Robertson	Non-Executive Director	950,351	-
Michael Naphtali	Non-Executive Director	749,115	-
Graeme Cureton	Non-Executive Director	200,000	-

(a) **Remuneration**

Under the Company's Constitution, each Director (other than a Managing Director or an Executive Director) may be paid remuneration for ordinary services performed as a Director.

The maximum amount of remuneration that may be paid to Non-Executive Directors is set at \$120,000. This remuneration may be divided among the Non-Executive Directors in such fashion as the Board may determine.

Under the NSX Listing Rules, the maximum fees payable to Directors may not increase without prior approval from the Shareholders at a General Meeting. The Directors will seek approval from time to time in relation to fees as they think appropriate. Only one director receives fees.

Mr Henderson has his director's fees set at \$30,000 per annum plus compulsory superannuation.

In addition, the Directors may be paid for travelling and other expenses properly incurred by them in attending meetings of the Directors or any committee of Directors or General Meetings of the Company or otherwise in connection with the execution of their duties as Directors.

(b) **Directors' Indemnity**

The Company has indemnified present and former Directors and the auditor of the Company out of the assets of the Company to the relevant extent against any liability incurred by that Director or auditor in the discharge of the duties of that Director or auditor to the Company unless the liability:

- (i) arises out of conduct involving a lack of good faith; or
- (ii) is to the Company or a related body corporate (as defined in the Corporations Act).

The Company also agrees to indemnify present and former Directors and the auditors of the Company against any liability for costs and expenses incurred by that Director or auditor in defending any proceedings, whether civil or criminal, in which judgement is given in favour of the Director or auditor or on which the Director or auditor is acquitted or in connection with any application in relation to those proceedings in which the court grants relief to that Director or auditor under the Corporations Act.

9.6 Related Party Transactions

The Company is not aware of any Related Party transactions requiring disclosure in the Prospectus other than set out below:

- Michael Naphtali is a Non-Executive Director of Rattoon Holdings Limited and may receive remuneration in respect of services rendered in that capacity. Mr Naphtali is also Chairman of Hindal Securities Pty Ltd, which is acting as Manager of this Offer and will be receiving fees in relation to those services as set out in section [9.9].
- Hugh Robertson is a Non-Executive Director of Rattoon Holdings Limited and may receive remuneration in respect of services rendered in that capacity. Mr Robertson is a Director of Bell Potter Securities Limited, which is acting as Underwriter of this Offer and will be receiving fees in relation to those services as set out in section 9.8.

9.7 Corporate Governance

The Board has established a set of principles for the corporate governance of the Company which provides the framework for how the Board is to carry out its duties and obligations on behalf of the Company's Shareholders.

This statement outlines the corporate governance practices in place at the date of this report.

(a) **Board of Directors and its Committees**

The Board of the Company has the overall responsibility for corporate governance of the Company, including the Company's strategic direction and monitoring the performance of the Company and ensuring best practice corporate governance. In addition, the Board is responsible for ensuring that appropriate risk management systems, internal control and reporting systems and compliance frameworks are in place and operating effectively.

The Company, under its constitution, is required to have at least three Directors. There are currently four Non-Executive Directors on the Board including the Chairman. The names and details of the Directors of the Company in office at the date of this Prospectus are set out in section 6 of this Prospectus. The Chairman is elected by the Board.

To assist in the execution of its responsibilities, the Board has established the following Committees:

(b) Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee's Charter provides that the committee shall consist of at least two non-executive directors and the Company Secretary and should meet at least twice a year.

The primary functions of the Audit, Risk and Compliance Committee are to:

- (i) assist the Board in overseeing reliability and integrity of accounting policies and financial reporting and disclosure practices;
- (ii) provide advice to the Board on financial statements, due diligence, financial systems integrity and business risks to enable the Board to fulfil its fiduciary and stewardship obligations; and
- (iii) assist the Board in establishing and maintaining processes to ensure that there is compliance with all applicable laws, regulations and company policies and an adequate system of internal control, management or risk and safeguard of assets.

(c) Remuneration Committee

The remuneration committee determines where necessary, the composition and remuneration of the Board and the remuneration and appointment of Senior Executives.

(d) Risk Identification and Management

Wherever there are risks, which are inherent in the operational or financial profile of the Company, the Board ensures that adequate internal controls are in place to assist in minimising those risks.

The Company will seek insurance where appropriate.

All Directors have access to Company records and information and receive detailed financial and operational reports from the Company Secretary during the year to enable them to carry out their duties.

All Directors are aware of their obligation to notify the Board should a conflict of interest arise and the need to advise the Company of all other company directorships they hold.

(e) Directors Dealing in Company Shares

Directors and officers must notify the Chairman in writing, in advance, and obtain permission before they or their associates or close relatives buy or sell Rattoon securities. The Chairman must notify the deputy chairman in writing, in advance, and obtain permission, before he or his associates or close relatives buy or sell Rattoon securities. Directors and officers are subject to the restrictions under the Corporations Act in relation to Rattoon securities if they are in possession of inside information.

9.8 Underwriting Agreement

The Underwriting Agreement provides for the Underwriter to arrange and manage the placements and to fully underwrite the issues of the New Shares. The Underwriting Agreement allows the Company to drawdown on the underwritten equity on a progressive basis to enable the Company to meet its obligations in relation to the Rattoon Offer.

The Company is liable to pay the Underwriter a commission of 5% of the amount obtained by multiplying \$0.45 by the total number of New Shares issued in respect of the Offer which are quoted on the NSX.

Excluding any fees due and payable to subunderwriters or brokers appointed by the Underwriter in respect of the amounts subunderwritten, the Company must also reimburse the Underwriters for all reasonable costs, charges and expenses (including legal fees and disbursements up to a maximum of \$20,000) incurred by the Underwriters in connection with the Offer. The Underwriter must obtain the Company's prior consent to the incurring of any significant expense.

Before the day upon which the Company first makes application to the trustees of the ELGA for the registration of the transfer of the Notional Units, the Underwriter may terminate its obligations under the Underwriting Agreement by notice in writing to the Company, without cost or liability, immediately if prior to completion of the Offer if any of the following events occur:

- (a) **repayment or withdrawal** - any circumstances arises after the date of the Underwriting Agreement resulting in:
 - (i) the Company being required to:
 - (A) repay the money received from Applicants of New Shares; or
 - (B) give Applicants of New Shares an opportunity to withdraw their subscriptions and be repaid; or
 - (ii) persons having a right to return New Shares issued in connection with the Offer and have their subscription money repaid;
- (b) **failure to obtain listing** - approval for listing on the NSX is not granted or approval for the official quotation of all of the New Shares is subsequently withdrawn, qualified or withheld before the issue of the New Shares;
- (c) **specific intervention by ASIC** - ASIC either:
 - (i) gives notice of its intention to hold a hearing under section 739 of the Corporations Act;
 - (ii) applies for an order under Part 9.5 of the Corporations Act in relation to the Offer; or
 - (iii) commences any investigation, examination or hearing under Part 3 of the ASIC Act 2001 in connection with the Offer;
- (d) **Insolvency** - An insolvency event in relation to the Company occurs or is threatened;
- (e) **Constitution altered** - The Company alters its Constitution without prior written consent of the Underwriter;
- (f) **Change to the Board** - There are any changes to the Board without the prior consent of the Underwriter;
- (g) **Directors charged** - Director of the Company is charged with an indictable offence relating to any financial or corporate matter or is disqualified from managing a corporation under Part 2D.6 of the Corporations Act;
- (h) **Material adverse change** - any material adverse change occurs in the financial or trading position or performance or in the assets, liabilities, earnings, profits, losses, business, operations or prospects of the Company;
- (i) **Hostilities** - There is an outbreak of hostilities not presently existing or an escalation of hostilities or political or civil unrest or a terrorist act is committed involving any one or more of, Australia, New Zealand, the United Kingdom, the United States of America, the Peoples' Republic of China (including Hong Kong), Indonesia, or the Middle East, or a diplomatic military or political establishment of any of those countries anywhere in the world, and the Underwriter is of the opinion that the event

has or is likely to have a material adverse effect on the Offer or is likely to create a potential liability for the Underwriter;

- (j) **Default under Underwriting Agreement** - the Company is in default under the Underwriting Agreement and the Underwriter is of the opinion that the event has or is likely to have a material adverse effect on the Offer or is likely to create a potential liability for the Underwriter;
- (k) **Change of law** - any of the following occurs and has or is likely to have the effect of prohibiting, restricting, or regulating or having a materially adverse effect on the Offer and the Underwriter is of the opinion that any of the following has or is likely to have a material adverse effect on the Offer or is likely to create a potential liability for the Underwriter:
 - (i) the introduction of legislation into the Parliament of the Commonwealth of Australia or of any state or territory;
 - (ii) the public announcement or proposal of prospective legislation or policy by the government of the Commonwealth of Australia or of any state or territory; or
 - (iii) the adoption of, or announcement of a proposal to adopt, any policy or regulation by ASIC, the Reserve Bank of Australia or any other governmental authority;
- (l) **market conditions** - any change or disruption in the national or international political, financial or economic conditions which has or is likely to have an adverse effect on the Offer occurs and the Underwriter is of the opinion that this has or is likely to have a material adverse effect on the Offer or is likely to create a potential liability for the Underwriter; and
- (m) **warranty untrue or incorrect** - any representation or warranty in the Underwriting Agreement is or becomes untrue or incorrect and the Underwriter is of the opinion that this has or is likely to have a material adverse effect on the Offer or is likely to create a potential liability for the Underwriter.

The Company unconditionally and irrevocably indemnifies the Underwriter, its related bodies corporate and their respective officers, employees, agents, representatives and advisers (each an "Indemnified Party") against:

- (a) all losses suffered by the Indemnified Party;
- (b) all liabilities incurred by the Indemnified Party; and
- (c) all legal costs and expenses in connection with a demand, action, arbitration or proceeding;

arising directly or indirectly as a result of or in connection with:

- (a) the Offer;
- (b) a breach or non-performance of any of the obligations of the Company under the Underwriting Agreement whether express or implied, or of any other obligations binding on the Company relating to the Offer;
- (c) any announcement, advertisement or promotional material or other publicity issued, made or distributed by or in behalf of an Indemnified Party in relation to the Offer;
- (d) any announcement, advertisement or promotional material or other statement or publicity issued, made or distributed by or on behalf of an Indemnified Party in relation to the Offer:
 - (i) in reliance on any material or information provided by or on behalf of the Company; or

- (ii) with the consent or with the knowledge of the Company;
- (e) a representation or warranty made or given by the Company proving to be untrue or incorrect;
- (f) the Company engaging directly or indirectly in misleading or deceptive conduct in relation to the Offer;
- (g) the occurrence of any of the termination events;
- (h) any claim for which an Indemnified Party is liable under the Corporations Act or any other applicable law in relation to the Offer;
- (i) any investigation, inquiry or legal proceedings by ASIC or the NSX or other proceeding in connection with the Offer.

The indemnity given by the Company in favor of any Indemnified Party does not extend to any liability arising as a result of the indemnified person's negligence, reckless or willful default or fraud.

The above description of the Underwriting Agreement is a summary of its substantive provisions and is not intended to set out in detail all of its provisions.

9.9 Manager to the Offer agreement

Rattoon has signed a management agreement with Hindal Securities Pty Limited to provide corporate advisory services as part of the Offer. Hindal is entitled to a management fee of 1.0% of funds raised under the Prospectus (exclusive of GST). The agreement is conditional upon the successful completion of the Offer.

9.10 Consents

The following parties have given and not withdrawn written consents to be named in the Prospectus in the form and context in which they are named:

(a) **Horwath Melbourne**

Horwath Melbourne have acted as auditors to the Company.

(b) **Arnold Bloch Leibler**

Arnold Bloch Leibler, as lawyers to the Company, have advised the Company on legal matters in relation to the Offer and have participated in reviewing various drafts of the Prospectus. Arnold Bloch Leibler does not make or purport to make any statement in this Prospectus.

(c) **Security Transfer Registrars Pty Ltd**

Security Transfer Registrars Pty Ltd conducted and maintained the Company's share registry.

(d) **Bell Potter**

Bell Potter, as Underwriter to the Offer has reviewed various drafts of the Prospectus. Bell Potter does not make or purport to make any statement in the Prospectus other than that which is set out in section 9.8 of the Prospectus.

(e) **Hindal**

Hindal, as Manager to the Offer has reviewed various drafts of the Prospectus. Hindal does not make or purport to make any statement in the Prospectus other than that which is set out in section 9.9 of the Prospectus.

None of those named parties have authorised or caused the issue of the Prospectus. None of them takes any responsibility for any part of the Prospectus.

9.11 Interests of Advisers

- (a) Interests of advisers and other persons named in the Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus are as follows:

(i) **Arnold Bloch Leibler**

Arnold Bloch Leibler has acted as solicitors to the Company in relation to the Offer. Arnold Bloch Leibler's fees for work in relation to the Offer up to the date of lodgement of the Prospectus are approximately \$100,000. Arnold Bloch Leibler will receive further fees for additional work done determined on the basis of time spent and hourly rates agreed with the Company. Partners of Arnold Bloch Leibler hold relevant interests of a total of 8,250 Ordinary Shares of the Company at the date of this Prospectus.

(ii) **Bell Potter**

Bell Potter is acting as underwriter to the Offer and is being paid fees as set out in section 9.8 of the Prospectus. Bell Potter, hold relevant interests of a total of 190,000 ordinary shares of the Company at the date of this Prospectus.

(iii) **Hindal**

Hindal is acting as Manager of the Offer and is being paid fees as set out in section 9.9 of the Prospectus.

- (b) Except as disclosed in the Prospectus, no adviser to the Company or Underwriter in the past two years has had, before the date of the Prospectus, any interest:

- (i) in the formation or promotion of the Company;
- (ii) in any property acquired or proposed to be acquired by the Company in connection with the Offer; or
- (iii) in the Offer.

9.12 Expenses of the Offer

The expenses of the Offer are estimated as follows:

Legal Fees	\$100,000
Underwriting Fees* ¹	\$5,000,000
Lead Manager Fees* ¹	\$1,000,000
Printing, Postage and other costs	\$5,000
TOTAL (excluding GST)	\$6,105,000

Note *¹ As set out in section 9.8 and section 9.9, these fees are payable only on success and the quantum of fees is contingent on the amount of shares (and corresponding value)

ultimately issued by the Company. The expenses set out above assume that the total number of shares, being 222,222,222 (equating to \$100 million) are issued by the Company.

These expenses have been paid or will be paid by the Company. These expenses relate to the Offer and exclude costs incurred by the Company in relation to the acquisition of investments.

9.13 Litigation

There are no known current or pending legal proceedings against the Company as at the date of the Prospectus which in the Directors' opinion may have a material adverse effect on the business or financial position of the Company.

9.14 Authorisation

No person is authorised to give any information or to make any representations in connection with the Offer, which is not contained in this Prospectus. In making representations in this Prospectus, regard has been had to the fact that certain matters may reasonably be expected to be known to professional advisers of any kind with whom Named investors may reasonably be expected to consult.

9.15 Terms of Options on issue

At 11 April 2005, the following options were in existence:

Option Holder	Issue Date	No. of Options	Exercise Price \$	Expiry Date
Former Executive Director	19/06/01	1,200,000	30.00	30/04/05
Former Executive Director	19/06/01	1,200,000	40.00	30/04/06
Former Executive Director	19/06/01	1,200,000	50.00	30/04/07
Former Executive Director	19/06/01	250,000	35.00	01/06/05
Staff Options	19/06/01	250,000	35.00	01/06/05
Other Options	19/06/01	7,300,000	35.00	Various
Staff Options	29/11/01	500,000	15.00	30/06/05
Former Executive Director	29/11/01	1,200,000	15.00	30/04/05
Former Executive Director	29/11/01	1,200,000	20.00	30/04/06
Former Executive Director	29/11/01	1,200,000	25.00	30/04/07
Total unquoted options on issue		15,500,000		

10. Glossary

Applicant	A person who submits an Application and whose name is set out in the Application Form
Application	An application for New Shares under this Prospectus
Application Form	The personalised Application Form for New Shares accompanying this Prospectus
Application Money	The Application Price multiplied by the number of New Shares applied for
Application Price	\$0.45 for each New Share applied for
ASIC	Australian Securities and Investments Commission
Associate	Has the meaning given by Division 2 of the Corporations Act
Australian Financial Services Licence	An Australian Financial Services Licence issued by ASIC under part 7.6 of the Corporations Act.
Bell Potter	Bell Potter Securities Limited (ACN 006 390 772)
Beneficiary	A beneficiary of the ELGA
Board	The Board of Directors of the Company
CHESS	The clearing and settlement facility (as defined in chapter 7 of the Corporations Act) operated by ASIC which is known as the Clearing House Electronic Sub-register System or CHESS
Closing Date	The date by which valid acceptances must be received by the Share Registrar, being 18 April 2005 subject to variation
Company	Rattoon Holdings Limited (ABN 16 076 611 268)
Corporations Act or Act	Corporations Act 2001 (Cth)
Constitution	The Constitution of Rattoon Holdings Limited
Director	A Director of the Company
Directors	The Directors of the Company
Draw Down Notice	A notice provided by the Company to the Underwriter advising the number of New Shares to be issued at the time specified in the notice to enable the Company to fund the acquisition of Notional Units under the Rattoon Offer
Draw Down Process	The process whereby Rattoon issues a Draw Down Notice to the Underwriter
ELGA	The Estate of the Late George Adams
Form	The application for New Shares accompanying to this Prospectus
General Meeting	A general meeting of shareholders of Rattoon to be held on 11 May 2005
HIN	Holder Identification Number
Hindal	Hindal Securities Pty Ltd (ACN 067 618 615)
Historical Financial Information	The Financial information of Rattoon as at 31 December 2004 plus any pro forma adjustments
Initial Public Offering	The offer of securities to the public by way of a prospectus
Issue	The issue of Shares in accordance with this Prospectus
Listing Rules	The listing rules of the NSX
Manager	Hindal Securities Pty Ltd (ACN 067 618 615)

Named Investor/s	Those sophisticated and professional investors whose name appears on an individualised Application Form attached to the Prospectus
New Shares	Any Share issued pursuant to this Prospectus
Notional Unit	A notional unit in the ELGA
NSX	Stock Exchange of Newcastle Limited
Offer	The invitation to subscribe for New Shares pursuant to this Prospectus
Opening Date	The date of this Prospectus
Ordinary Share	An ordinary share in the Company
Pro forma Statement of Financial Position	The pro forma statement of financial position for Rattoon Holdings Limited as at 31 December 2004 and set out in section 8.1
Prospectus	This Prospectus as modified or varied by any supplementary prospectus made by the Company and lodged with the ASIC from time to time
Rattoon	Rattoon Holdings Limited (ABN 16 076 611 268)
Rattoon Offer	The offer to Beneficiaries in ELGA to acquire up to \$100 million of Notional Units
Related Parties	Hugh Henderson, Michael Naphtali, Graeme Cureton and Hugh Robertson and any parent, spouse or child of those persons
Share	A fully paid ordinary share in the capital of the Company
Share Registrar	Security Transfer Registrars Pty Ltd
Shareholder(s)	A holder of an Ordinary Share
SRN	Security Holder Reference Number
Tattersall's	The business conducted by the ELGA including through Tattersall's Holdings Pty Ltd and its subsidiaries
Underwriter	Bell Potter Securities Limited (ABN 25 006 390 772)
Underwriting Agreement	The Underwriting Agreement between Rattoon Holdings Limited and the Underwriter dated 11 April 2005