

# RATTOON

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

**A.B.N. 16 076 611 268**  
**INTERIM FINANCIAL REPORT**  
**FOR THE HALF YEAR ENDED**  
**31 DECEMBER 2004**

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## **DIRECTORS' REPORT**

The Board of Directors of Rattoon Holdings Limited ('Rattoon') present the following report for the half-year ended 31 December 2004.

### **1 DIRECTORS**

The names of the Directors in office at any time during or since the end of the half-year are:

Gordon Moffatt  
Hugh Henderson

Michael Naphtali  
Hugh Robertson

### **2 REVIEW AND RESULTS OF OPERATIONS**

During the six months to 31 December 2004 Rattoon continued to manage its existing investment portfolio and seek out additional investments in unlisted Australian entities.

The first investment of this nature was made 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 \$13.9 billion in the 2003 financial year. Rattoon has invested approximately \$7.6 million in the ELGA. Media reports have outlined the proposed listing of Tattersall's in 2005, however, the float proposal is still subject to a number of conditions precedent. The Board of Rattoon is actively reviewing the float proposal and will inform its shareholders and the Newcastle Stock Exchange as more information is obtained. It has also been reported in the press that Rattoon favours an in specie distribution of Tattersall's stock if and when Tattersall's lists on the ASX. The Directors of Rattoon are considering an in specie distribution of any Tattersall's shares it receives along with other options but as yet no decision has been made by the Board of Rattoon.

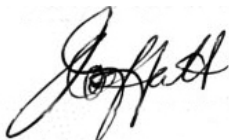
During the period, Rattoon successfully applied for shares in the listing of the Newcastle Stock Exchange ("NSX Limited") on the Australian Stock Exchange ("ASX"). NSX Limited operates Australia's second official stock exchange approved under Corporations Act in Australia. Rattoon has successfully applied for 1,000,000 shares at an offer price of 50 cents per share under the prospectus lodged by NSX Limited. Rattoon began investigations into an investment in NSX Limited while it was still an unlisted entity, however during NSX Limited's capital raising process the nature of the raising evolved into an initial public offering on the ASX. While investments in listed companies are not Rattoon's primary focus, the directors of Rattoon believe that the investment still met Rattoon's investment criteria of providing long-term capital growth for Rattoon's shareholders.

Rattoon also completed a shareholder top-up facility and small shareholding sale facility during the period enabling Rattoon's Shareholders to either acquire additional shares or to divest their shareholding. As the shareholder top-up facility and small shareholding sale facility was conducted on-market, there was no change to the issued capital of Rattoon.

### **3 AUDITORS' INDEPENDENCE DECLARATION**

A copy of the Auditors' Independence Declaration as required by Section 307C of the Corporations Act 2001 is set out in the following Report.

Signed in accordance with a resolution of the Board of Directors at Melbourne this 15th Day of March 2005.



Gordon Moffatt  
Chairman

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE HALF YEAR ENDED 31 DECEMBER 2004**

	<b>Note</b>	<b>31 Dec 2004</b>	<b>31 Dec 2003</b>
		<b>\$</b>	<b>\$</b>
Revenue from ordinary activities		<b>187,889</b>	1,624,956
Proceeds on sale of investments		-	2
Total Revenue from ordinary activities	2	<b>187,889</b>	1,624,958
Employee and sub-contractor costs		<b>(67,275)</b>	(32,700)
Administration costs		<b>(155,628)</b>	(25,965)
Filing fees		<b>(4,191)</b>	(18,719)
Other expenses from ordinary activities		<b>(1,290)</b>	(76,404)
Total expenses		<b>(228,384)</b>	(153,788)
<b>(Loss) Profit from ordinary activities before income tax expense</b>		<b>(40,495)</b>	1,471,170
Income tax expense relating to ordinary activities		-	-
<b>Net (loss) profit attributable to the members</b>		<b>(40,495)</b>	1,471,170
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>		<b>(40,495)</b>	1,471,170
Basic (Loss) earnings per share (cents per share)		<b>(0.10 cents)</b>	6.71 cents
Diluted (Loss) earnings per share (cents per share)		<b>(0.10 cents)</b>	6.71 cents

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2004**

	<b>Note</b>	<b>31 Dec 2004</b>	<b>30 June 2004</b>
		<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>			
Cash assets		<b>391,223</b>	712,008
Receivables		<b>89,100</b>	225,790
Other		<b>22,610</b>	54,450
<b>TOTAL CURRENT ASSETS</b>		<b>502,933</b>	992,248
<b>NON-CURRENT ASSETS</b>			
Other financial assets	3	<b>8,300,838</b>	7,852,090
<b>TOTAL NON-CURRENT ASSETS</b>		<b>8,300,838</b>	7,852,090
<b>TOTAL ASSETS</b>		<b>8,803,771</b>	8,844,338
<b>CURRENT LIABILITIES</b>			
Accruals		<b>7,500</b>	-
Payables		<b>20,376</b>	27,948
<b>TOTAL CURRENT LIABILITIES</b>		<b>27,876</b>	27,948
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>-</b>	-
<b>TOTAL LIABILITIES</b>		<b>27,876</b>	27,948
<b>NET ASSETS</b>		<b>8,775,895</b>	8,816,390
<b>EQUITY</b>			
Contributed equity	4	<b>32,796,426</b>	32,796,426
Accumulated Losses		<b>(24,020,531)</b>	(23,980,036)
<b>TOTAL EQUITY</b>		<b>8,775,895</b>	8,816,390

**STATEMENT OF CASH FLOW FOR THE HALF YEAR ENDED 31 DECEMBER 2004**

	<b>31 Dec 2004</b>	<b>31 Dec 2003</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	-	-
Payments to suppliers and employees	<b>(196,616)</b>	(249,900)
Interest and trust distributions received	<b>324,579</b>	119,930
<b>Net cash provided by (used in) operating activities</b>	<b>127,963</b>	<b>(129,970)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	-	2
Payment for Investments	<b>(500,000)</b>	(7,593,985)
<b>Net cash used in investing activities</b>	<b>(500,000)</b>	<b>(7,593,983)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares (net)	-	9,184,473
Proceeds / (repayment) of borrowings	<b>51,252</b>	(48,229)
<b>Net cash provided by financing activities</b>	<b>51,252</b>	<b>9,136,244</b>
Net (decrease) / increase in cash held	<b>(320,785)</b>	1,412,291
Cash at 1 July 2004	<b>712,008</b>	23,111
<b>Cash at 31 December 2004</b>	<b>391,223</b>	<b>1,435,402</b>

**NOTE 1: BASIS OF PREPARATION**

The half year financial statements are a general purpose financial report that has been prepared in accordance with Accounting Standards AASB 1029: Interim Financial Reporting, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2004 and any public announcements made by Rattoon Holdings Limited during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The accounting policies are consistent with those applied in the 30 June 2004 annual report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

**1(a): IMPACT OF ADOPTING INTERNATIONAL FINANCIAL REPORTING STANDARDS**

The Australian Accounting Standards Board (AASB) is adopting Australian equivalents to International Financial Reporting Standards (IFRS), for application to reporting periods beginning on or after 1 January 2005. The adoption of IFRS will be first reflected in the Company's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

The Company is in the process of analysing the full impact of IFRS. The actual impacts will depend on the particular circumstances and conditions prevailing at the time of application of IFRS. For these reasons it is not yet possible to fully quantify the impact of the transition to IFRS on the Company. However based on work-to-date the following key impacts have been identified:

*(a) Investment Portfolio to be Measured at Market Value*

Under IFRS the investment portfolio will be revalued to fair market value continuously with all increments and decrements being included in Net Profit, whereas currently the investment portfolio is currently valued at the lower of cost and market value in aggregate.

This change may result in increased volatility in reported results for the investment portfolio.

*(b) Income Tax Impact of Measuring Investment Portfolio at Market Value*

Under IFRS, the Company will be required to recognise an additional tax asset or liability reflecting the deferred tax effect of measuring the investment portfolio at market value as described in (a) above. The additional deferred tax liability or asset on the investment portfolio will be reflected in income tax expense.

*(c) Recognition of Deferred Capital Gains Tax on Investment Portfolio*

Under IFRS, the Company must recognise an additional deferred tax liability amount for the capital gains tax payable on unrealised gains in the investment portfolio. This additional deferred tax liability is offset against the unrealized gains on the investment portfolio recognised in the Asset Revaluation Reserve of the Company.

**31 Dec 2004    31 Dec 2003**  
**\$                    \$**

**NOTE 2: (LOSS) PROFIT FROM ORDINARY ACTIVITIES**

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

**Revenue**

Operating activities

• trust distributions received or receivable	<b>166,464</b>	106,710
• interest received or receivable	<b>21,425</b>	13,220
• other income	-	8,325
	<b>187,889</b>	128,255

Non-operating activities

• forgiveness of trade creditors and a liability to convertible note holders under deed of company arrangement	-	1,496,701
• proceeds on sale of investments	-	2
	<b>187,889</b>	1,496,703

Total Revenue from ordinary activities

<b>187,889</b>	1,624,958
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**Other expenses:**

• carrying value of assets sold	-	2
• auditors remuneration – audit and half year review	<b>20,555</b>	10,000
• auditors remuneration – other services	<b>9,648</b>	27,400
• secretarial costs	<b>26,400</b>	16,200
• legal fees	<b>15,671</b>	16,988



<b>31 Dec 2004</b>	<b>30 June 2004</b>
<b>\$</b>	<b>\$</b>

**NOTE 3: OTHER FINANCIAL ASSETS**

Investments in unlisted corporations

- |   |                  |           |
|---|------------------|-----------|
| • at cost – notional units in the Estate of the Late George Adams | <b>7,698,335</b> | 7,698,335 |
| • at cost – loan to the Estate of the Late George Adams           | <b>102,503</b>   | 153,755   |
| • at cost – shares in NSX Limited                                 | <b>500,000</b>   | -         |

<b>8,300,838</b>	<b>7,852,090</b>
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**NOTE 4: CONTRIBUTED EQUITY**

**Ordinary shares \$**

At the beginning of the reporting period	<b>32,796,426</b>	23,648,004
Shares issued during the period	-	9,545,000
Costs of raising equity	-	(396,578)
At reporting date	<b>32,796,426</b>	32,796,426

**Ordinary shares – number**

At the 1 July	<b>39,179,847</b>	99,958,475
Share consolidation ( 100:1)	5 (i)	- (98,958,628)
Shares issued during the period	5 (ii)	- 38,180,000
At 31 December	<b>39,179,847</b>	39,179,847

**Share Consolidation**

(i) On 1 July 2003 a General Meeting of Shareholders approved a Share consolidation of 100 to 1, which resulted in the number shares being reduced from 99,958,475 to 999,847.

(ii)

- On 30 July 2003 a private placement of 12.970 million shares at \$0.25 cents per share was made to professional investors.
- On 22 Oct 2003 a second private placement of 20 million shares at \$0.25 cents per share was made to professional investors.
- On 28 Oct 2003 a third private placement of 5.01million shares at \$0.25 cents per share was made to professional investors.
- On 19 December 2003 a fourth private placement of 200,000 shares at \$0.25 cents per share was made to professional investors.

**NOTE 5: CONTROLLED ENTITIES**

As Rattoon Holdings Limited did not have control over any subsidiary entities as at 31 December 2004 consolidated financial statements have not been prepared

**NOTE 6: STATEMENT OF OPERATIONS BY SEGMENTS**

During the half year ended 31 December 2004 the company operated in a single segment being investment in Australian private entities, solely within Australia.

**NOTE 7: CONTINGENT LIABILITIES**

There are no contingent liabilities as at 31 December 2004 and there has been no change in contingent liabilities since the last annual reporting date

**NOTE 8: EVENTS SUBSEQUENT TO BALANCE DATE**

As at 31 December 2004, Rattoon had subscribed for 1,000,000 shares at 50 cents per share in NSX Limited. NSX Limited listed on the Australian Stock Exchange ("ASX") code: NSX on 13 January 2005. Between 17 January 2005 and 3 February 2005, Rattoon sold 200,000 shares at an average price of \$1.00 per share.

Otherwise, there has not arisen in the interval between the end of the interim period and the date of this report any matter or circumstance that in the opinion of the Director's of the Company has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

**DIRECTORS' DECLARATION**  
**31 DECEMBER 2004**

The directors of Rattoon Holdings Limited declare that:

1. The financial statements and notes, as set out on pages 1 to 8:
  - (a) comply with Accounting Standard AASB 1029: Interim Financial Reporting and Corporations regulations; and
  - (b) give a true and fair view of the financial position of the Company as at 31 December 2004 and its performance for the half – year ended on that date.
- 2 In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Chairman

Gordon Moffatt

Dated this 15th day of March 2005.

**RATTOON HOLDINGS LIMITED**

**ABN 16 076 611 268**

15<sup>th</sup> March 2005

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

**AUDITORS' INDEPENDENCE DECLARATION**

This declaration is made in connection with our half year review of the financial report of Rattoon Holdings Limited for the period ended 31 December 2004 and in accordance with the provisions in the Corporations Act 2001.

We declare that, to the best of our knowledge and belief, there have been:

No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to this review;

No contraventions of the Code of Professional Conduct of the Institute of Chartered Accountants in Australia in relation to this review.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Horwath Melbourne', written in a cursive style.

**HORWATH MELBOURNE**

A handwritten signature in blue ink, appearing to read 'N. Burne', written in a cursive style.

**Nicholas E. Burne**  
**Partner**

## **RATTOON HOLDINGS LIMITED**

**ABN 16 076 611 268**

### **INDEPENDENT REVIEW REPORT TO THE MEMBERS OF RATTOON HOLDINGS LIMITED**

**ABN 16 076 611 268**

#### **Scope**

##### *The financial report and directors' responsibility*

The financial report comprises the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Rattoon Holdings Limited ("the Company"), for the half-year ended 31 December 2004.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

##### *Review approach*

We conducted an independent review in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia and the Corporations Act 2001, so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing and Assurance Standards applicable to review engagements. A review is limited primarily to inquiries of the company's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

#### **Independence**

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

#### **Statement**

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

- (a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's financial position as at 31 December 2004 and of its performance for the half-year ended on that date; and
  - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.



**HORWATH MELBOURNE**  
**Chartered Accountants**



**Nicholas E. Burne – Partner**  
**Date – 15 March 2005**