

FORM: Half yearly/preliminary final report

Name of issuer

Pritchard Equity Limited

ACN or ARBN

100 517 404

Half yearly
(tick)Preliminary
final (tick)

✓

Half year/financial year ended
('Current period')30th June 2006

For announcement to the market

Extracts from this statement for announcement to the market (see note 1).

				\$A
Sales (or equivalent) operating revenue (item 1.1)	Up	132%	to	272,428
Operating profit (loss) before abnormal items and tax (item 1.4)	Up	132%	to	257,980
Abnormal items before tax (item 1.5)		gain (loss) of	to	
Operating profit (loss) after tax but before outside equity interests (item 1.8)	Up	159%	to	254,068
Extraordinary items after tax attributable to members (item 1.13)		gain (loss) of	to	
Operating profit (loss) and extraordinary items after tax attributable to members (item 1.16)	Up	159%	to	254,068
Exploration and evaluation expenditure incurred (item 5.2)	up/down	%	to	
Exploration and evaluation expenditure written off (item 5.3)	up/down	%	to	
Dividends Franking rate applicable				
Current period	¢	N/A	¢	N/A
Previous corresponding period	¢	¢	¢	¢
Record date for determining entitlements to the dividend, (in the case of a trust distribution) (see item 15.2)				
Short details of any bonus or cash issue or other items(s) of importance not previously released to the market:				

Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the *Corporations Act* or other standards acceptable to the Exchange (see note 13).

Identify other standards used

2. This statement, and the financial statements under the *Corporations Act* (if separate), use the same accounting policies.
3. This statement does/does not* (*delete one*) give a true and fair view of the matters disclosed (see note 2).
4. This statement is based on financial statements to which one of the following applies:

The financial statements have been audited.

The financial statements have been subject to review by a registered auditor (or overseas equivalent).

☒ The financial statements are in the process of being audited or subject to review.

The financial statements have *not* yet been audited or reviewed.

5. If the accounts have been or are being audited or subject to review and the audit report is not attached, details of any qualifications are attached/will follow immediately they are available* (*delete one*). (*Half yearly statement only - the audit report must be attached to this statement if the statement is to satisfy the requirements of the Corporations Act.*)

6. The *issuer* has a formally constituted audit committee.

Sign here:  1
(Director/Company secretary)

Date: 13/9/2006.

Print name: Steven Pritchard

Pritchard Equity Limited

INCOME STATEMENT FOR YEAR ENDED 30 JUNE 2006

	Note	Economic Entity		Parent Entity	
		2006	2005	2006	2005
		\$	\$	\$	\$
Income from investment portfolio	2a	35,770	54,219	22,597	54,219
Income from trading portfolio	2b	(4,239)	-	-	-
Income from deposits	2c	4,522	207	4,522	207
Share of net profit of associated company		161,204	67,551	-	-
Other income	2d	75,171	-	-	-
Total income from ordinary activities		272,428	121,977	27,189	54,426
Administration expenses		12,951	632	10,687	212
Borrowing costs expense		300	-	-	-
Impairment of non-current assets		183	7,499	2,002	10,960
Listing fees		1,014	-	1,014	-
Loss on acquisition of controlled entity		-	3,041	-	-
Operating profit before income tax	3	257,980	110,805	13,416	43,254
Income tax expense/(credit)	4	1,535	12,894	1,547	12,894
Operating profit after income tax		256,445	97,911	11,869	30,360
Profit attributable to minority equity interest		2,377	-	-	-
Profit attributable to members of the company		254,068	97,911	11,869	30,360
Overall Operations					
Basic earnings per share (cents per share)	7	28.36	12.41		
Diluted earnings per share (cents per share)	7	28.36	12.41		

The accompanying notes form part of these financial statements.

Pritchard Equity Limited

BALANCE SHEET AS AT 30 JUNE 2006

	Note	Economic Entity		Parent Entity	
		2006	2005	2006	2005
		\$	\$	\$	\$
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	8	282,902	14,343	116,841	14,243
Receivables	9	16,751	-	15,299	-
Trading Portfolio	10	113,070	-	-	-
TOTAL CURRENT ASSETS		412,723	14,343	132,140	14,243
NON-CURRENT ASSETS					
Investment portfolio	12	678,398	84,178	82,795	84,177
Investments in associates accounted for using the equity method	13	566,861	540,000	544,050	540,000
Investments in controlled entities	14	-	-	600,709	3,050
Other financial assets	15	-	73,142	-	73,142
Deferred tax assets	11	20,795	3,288	20,795	3,288
TOTAL NON-CURRENT ASSETS		1,266,054	700,608	1,245,061	703,657
TOTAL ASSETS		1,678,777	714,951	1,380,489	717,900
CURRENT LIABILITIES					
Trade and other payables	16	51,373	212	36,268	212
Short-term borrowings	17	134,569	-	4,229	2,949
Current tax liabilities	11	-	417	-	417
TOTAL CURRENT LIABILITIES		185,942	629	40,497	3,578
NON-CURRENT LIABILITIES					
Deferred tax liabilities	11	18,704	60,270	163,528	140,293
TOTAL NON-CURRENT LIABILITIES		18,704	60,270	163,528	140,293
TOTAL LIABILITIES		204,646	60,899	204,025	143,871
NET ASSETS		1,474,131	654,052	1,176,464	574,029
EQUITY					
Contributed equity	18	794,576	252,973	794,576	252,973
Reserves	19	30,130	104,812	346,447	291,533
Retained earnings		519,361	296,267	35,442	29,523
Parent interest		1,344,067	-	-	-
Minority equity interest		130,064	-	-	-
TOTAL EQUITY		1,474,131	654,052	1,176,465	574,029

The accompanying notes form part of these financial statements.

Pritchard Equity Limited

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2006

Economic Entity

	Note	Issued Capital	Asset Revaluation Reserve	Capital Profits Reserve	Retained Profits	Total
Balance at 1 July 2004	2	10,000	-	-	199,327	209,327
Shares issued during the year	39	242,973		-	-	242,973
Profit for the year		-	-	-	97,911	97,911
Revaluation of non current assets (net of tax)		-	103,840	-	-	103,840
Transfer from retained profits to reserves		-	-	972	(972)	-
Balance at 30 June 2005		252,973	103,840	972	296,266	654,051
Balance at 1 July 2005		252,973	103,840	972	296,266	654,051
Shares issued during the year	39	580,257	-	-	-	580,257
Transaction Costs		(38,654)	-	-	-	(38,654)
Profit for the year		-	-	-	256,445	256,445
Revaluation of non current assets (net of tax)		-	(102,237)	27,555	(27,555)	(102,237)
Transfer from retained profits to reserves		-	-	-	-	-
Balance at 30 June 2006		794,576	1,603	28,527	519,361	1,344,067

The accompanying notes form part of these financial statements.

Pritchard Equity Limited

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2006

Parent Entity

	Note	Issued Capital	Asset Revaluation Reserve	Capital Profits Reserve	Retained Profits	Total
Balance at 1 July 2004	2	10,000	-	-	135	10,135
Shares issued during the year	39	242,973	-	-	-	242,973
Profit for the year		-	-	-	30,360	30,360
Revaluation of non current assets (net of tax)		-	290,561	-	-	290,561
Transfer from retained profits to reserves				972	(972)	-
Balance at 30 June 2005		252,973	290,561	972	29,523	574,029
Balance at 1 July 2005		252,973	290,561	972	29,523	574,029
Shares issued during the year	39	580,257	-	-	-	-
Transaction Costs		(38,654)	-	-	-	-
Profit for the year		-	-	-	11,869	11,869
Revaluation of non current assets (net of tax)			48,904	-	-	48,904
Transfer from retained profits to reserves		-	-	5,950	(5,950)	-
Balance at 30 June 2006		794,576	339,525	6,922	35,445	1,176,465

The accompanying notes form part of these financial statements.

Pritchard Equity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the economic entity of Pritchard Equity Limited. Pritchard Equity Limited is a listed public company, incorporated and domiciled in Australia.

The financial report of Pritchard Equity Limited as an individual entity comply with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

First-time Adoption of Australian Equivalents to International Financial Reporting Standards

Pritchard Equity Limited as an individual entity have prepared financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS) from 1 July 2005.

In accordance with the requirements of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards, adjustments to the parent entity and consolidated entity accounts resulting from the introduction of AIFRS have been applied retrospectively to 2005 comparative figures excluding cases where optional exemptions available under AASB 1 have been applied. These accounts are the first financial statements of Pritchard Equity Limited to be prepared in accordance with Australian equivalents to IFRS.

Reconciliations of the transition from previous Australian GAAP to AIFRS have been included in Note 2 to this report.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Policies

a. Principles of Consolidation

A controlled entity is any entity Pritchard Equity Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 19 to the financial statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

Pritchard Equity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

b. Investment and Trading Portfolios

(i) Balance Sheet classification

The Company has two portfolios of securities, the investment portfolio and the trading portfolio.

The investment portfolio relates to holdings of securities which the directors intend to retain on a long-term basis.

The trading portfolio comprises securities held for short term trading purposes.

The investment portfolio is classified as a 'non-current asset', whereas the trading portfolio is classified as a 'current asset'.

Ordinary securities within the investment portfolio are classified as 'assets available for sale', whilst securities within the trading portfolio are classified as 'assets measured at fair value through the Income Statement'.

(ii) Valuation of investment portfolio

Securities, including listed and unlisted shares and notes and options, are initially brought to account at cost, which is the cost of acquisition including transaction costs, and are revalued to market values continuously. Increments and decrements on Ordinary Securities are taken to the Asset Revaluation Reserve while it has a credit balance in total, otherwise they are included in Profit from ordinary activities before income tax expense.

Where disposal of an investment occurs any revaluation increment or decrement relating to it is transferred from the Asset Revaluation Reserve to the Income Statement.

(iii) Valuation of trading portfolio

Securities, including listed and unlisted shares and notes, are initially brought to account at cost which is the cost of acquisition including transaction costs and are revalued to market values continuously.

Increments and decrements on the value of securities in the trading portfolio are taken directly through the Income Statement.

(iv) Determination of market value

Market value for the purposes of valuing holdings of securities is determined by reference to market prices prevailing at balance date, where the securities are traded on an organised market. Where a security is not so traded, its fair value is determined by the Directors.

(v) Income from holdings of securities

Distributions relating to listed securities are recognised as income when those securities are quoted ex-distribution basis and distributions relating to unlisted securities are recognised as income when received. If the distributions are capital returns on ordinary securities the amount of the distribution is treated as an adjustment to the carry value of the securities.

c. Fair Value of Financial Assets and Liabilities

The fair value of cash and cash equivalents, and non-interest bearing monetary financial assets and liabilities of the Company approximates their carrying value.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

d. Investments in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognised group's share of post-acquisition reserves of its associates.

Pritchard Equity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

e. Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

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 economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

f. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments.

g. Initial Public Offer Costs

The costs incurred by the Company in respect of its initial public offer have been charged directly against contributed equity.

h. Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

i. Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

j. 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 Tax 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 the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

i. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Pritchard Equity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

NOTE 2: REVENUE

	Note	Economic Entity		Parent Entity	
		2006 \$	2005 \$	2006 \$	2005 \$
a. Income from Investment Portfolio					
— dividends received		7,718	273	4,673	273
— trust distributions received		953	-	3,450	-
— net realised gains/(losses)		17,615	1,387	4,990	1,387
— net unrealised fair value gain		9,484	52,559	9,484	52,559
Total Income from Investment Portfolio		35,770	54,219	22,597	54,219
b. Income from Trading Portfolio					
— sales revenue		45,656	-	-	-
— cost of sales		49,895	-	-	-
— net gains/(losses) from trading portfolio sales		(4,239)	-	-	-
— dividends received		-	-	-	-
— trust distributions received		-	-	-	-
Total Income from trading portfolio		(4,239)	-	-	-
c. Income from Deposits					
— Interest received		4,522	207	4,522	207
Total income from deposits		4,522	207	4,522	207
d. Other Income s					
— commissions received		1,961	-	-	-
— gain on acquisition		73,210	-	-	-
Total other income		75,171	-	-	-

NOTE 3: PROFIT FROM ORDINARY ACTIVITIES

	Note	Economic Entity		Parent Entity	
		2006 \$	2005 \$	2006 \$	2005 \$
Profit from ordinary activities before income tax has been determined after					
Expenses					
Administration expenses		9,529	632	7,521	212
Auditors remuneration		3,000	-	3,000	-
Bank charges		210	-	166	-
Borrowing costs		300	-	-	-
Listing fees		1,014	-	1,014	-
Loss on acquisition of controlled entity		-	3041	-	-
Impairment of non-current assets		395	7,499	1,604	10,960

Pritchard Equity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

NOTE 4: INCOME TAX EXPENSE

	Note	Economic Entity		Parent Entity	
		2006	2005	2006	2005
		\$	\$	\$	\$
a. The components of tax expense comprise:					
Current tax		1,318	415	1,318	415
Deferred tax liability	26	3,386	15,767	3,386	15,767
Deferred tax asset		(3,155)	(3,288)	(3,155)	(3,288)
Recoupment of prior year tax losses		-	-	-	-
Over provision in respect of prior years		(14)	-	-	-
		<u>1,535</u>	<u>12,894</u>	<u>1,549</u>	<u>12,894</u>

Pritchard Equity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

NOTE 5: AUDITORS' REMUNERATION

	Economic Entity		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
Remuneration of the auditor of the company for:				
— auditing or reviewing the financial report	3,000	-	3,000	-
— other services	-	-	-	-
— due diligence services	-	-	-	-
— Other services provided by a related practice of the auditor	-	-	-	-
	<u>3,000</u>	<u>-</u>	<u>3,000</u>	<u>-</u>
Remuneration of other auditors of subsidiaries for:				
— Auditing or reviewing the financial report of subsidiaries	-	-	-	-

NOTE 6: DIVIDENDS

	Economic Entity		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
Dividends paid or proposed				
No dividends were paid during the year and the Directors do not recommend the payment of a final dividend.				
Franking account				
Balance of franking account at year.	<u>513,331</u>	<u>173</u>	<u>2,590</u>	<u>173</u>

Pritchard Equity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

NOTE 7: EARNINGS PER SHARE

	Economic Entity	
	2006 Number	2005 Number
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	1,369,486	789,230
Weighted average number of options outstanding	1,358,716	-
Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive earnings per share	1,369,486	789,230
a. Basic and diluted earnings per share	\$	\$
Profit attributable to members of the company	254,068	97,911
	Cents	Cents
Basic earnings per share	28.36	12.41
Diluted earnings per share	28.36	12.41
c. Classification of securities	Number	Number
The following securities have been classified as potential ordinary shares and are included in determination of dilutive earnings per share:		
- Options outstanding	-	-

NOTE 8: CASH AND CASH EQUIVALENTS

Note	Economic Entity		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
Cash at bank	170,340	14,243	6,380	14,243
Deposits at call	110,561	100	110,461	-
	<u>282,902</u>	<u>14,343</u>	<u>116,841</u>	<u>14,243</u>

The effective interest rate on deposits at call was 4.80% (2005: 4.7%). The credit risk exposure of the Company in relation to cash and deposits is the carrying amount and any accrued unpaid interest.

Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

Cash and cash equivalents	<u>282,902</u>	<u>14,343</u>	<u>116,841</u>	<u>14,243</u>
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Pritchard Equity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

NOTE 9: TRADE AND OTHER RECEIVABLES

	Note	Economic Entity		Parent Entity	
		2006	2005	2006	2005
		\$	\$	\$	\$
CURRENT					
Dividends and trust distributions receivable		-	-	3,450	-
Goods and Services Tax Refund		6,418	-	6,083	-
Income Tax Refund		942	-	942	-
Trade debtors		9,390			
Other debtors		1	-	1	-
Amounts receivable from:					
— wholly-owned subsidiaries	-	-	-	5,009	-
Less: Impairment Provision	-	-	-	(186)	-
		16,751	-	15,299	-

Receivables are non-interest bearing and unsecured. The credit risk exposure of the Company in relation to receivables is the carrying amount.

NOTE 10: TRADING PORTFOLIO

	Note	Economic Entity		Parent Entity	
		2006	2006	2006	2005
		\$	\$	\$	\$
CURRENT					
Listed investments, at market value				-	-
- Fixed interest securities		560		-	-
- Options		1,500		-	-
- Shares		111,010		-	-
		113,070		-	-

NOTE 12: INVESTMENT PORTFOLIO

	Note	Economic Entity		Parent Entity	
		2006	2006	2006	2006
		\$	\$	\$	\$
NON-CURRENT					
Investments, at fair value		678,398	84,178	82,795	84,177

* A special purpose wholly owned subsidiary of the Company is the owner 700,000 partly paid ordinary shares in NSX Limited. These shares were issued at \$1.00 per share paid to 1 cent. The date of the final payment for the shares is at the option of the shareholder, except in the event of the winding up of NSX Limited when any unpaid balance on the partly paid shares may be called up. The proceeds on a winding up of NSX Limited are paid in proportion to the amounts paid on the partly paid shares. The fair value of the NSX Limited partly paid shares cannot be reliably measured as the variability in the range of reasonable fair value estimates is significant. As a result, the carrying value of the partly paid shares has been written down to \$1 in total.

Pritchard Equity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

NOTE 13: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Interests are held in the following associated companies

Name	Principal Activities	Country of Incorporation	Shares	Ownership Interest		Carry amount of Investment	
				2006 %	2005 %	2006 \$	2005 \$
Unlisted:							
Cameron Capital Limited	Stockbroking	Australia	Ord	32.74	32.74	566,861	540,000
						566,861	540,000

	Note	Economic Entity		Parent Entity	
		2006 \$	2005 \$	2006 \$	2005 \$
a. Movements During the Year in Equity Accounted Investment in Associated Companies					
Balance at beginning of the financial year		540,000	338,107	540,000	142,332
Add: New investments during the year		4,050	-	4,050	-
Share of associated company's profit after income tax	16b	161,204	67,551	-	-
Less: Dividend revenue from associated company		4,050	-	4,050	-
Revaluation		(134,342)	134,342	-	397,668
Balance at end of the financial year		<u>566,861</u>	<u>540,000</u>	<u>544,050</u>	<u>540,000</u>
b. Equity accounted profits of associates are broken down as follows:					
Share of associate's profit before income tax expense		219,648	72,115	-	-
Share of associate's income tax expense		58,444	4,564	-	-
Share of associate's profit after income tax		<u>161,204</u>	<u>67,551</u>	<u>-</u>	<u>-</u>
c. Summarised Presentation of Aggregate Assets, Liabilities and Performance of Associates					
Current assets		6,568,343	5,996,468	-	-
Non-current assets		291,616	124,108	-	-
Total assets		<u>6,859,959</u>	<u>6,195,576</u>	<u>-</u>	<u>-</u>
Current liabilities		5,046,942	4,823,527	-	-
Non-current liabilities		39,185	6,118	-	-
Total liabilities		<u>5,086,127</u>	<u>4,829,645</u>	<u>-</u>	<u>-</u>
Net assets		<u>1,773,832</u>	<u>1,290,931</u>	<u>-</u>	<u>-</u>
Revenues		4,190,771	3,694,168	-	-
Profit after income tax of associates		<u>492,321</u>	<u>206,303</u>	<u>-</u>	<u>-</u>

Pritchard Equity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

NOTE 14: INVESTMENTS IN CONTROLLED ENTITIES

a. Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%) [*]	
		2006	2005
Parent Entity:			
Pritchard Equity Limited	Australia		
Subsidiaries of Pritchard Equity Ltd:			
First Newcastle Pty. Limited	Australia	100	100
J. H. Clack & Co. Proprietary Limited	Australia	100	-
Henley Underwriting & Investment Company Pty. Limited	Australia	99.62	-
PEQ Hamilton Fund	Australia	60	-
PEQ Nominees Pty. Limited	Australia	100	-
The NSX Investment Trust	Australia	100	100

^{*} Percentage of voting power is in proportion to ownership

b. Acquisition of Controlled Entities

On 24 April 2006 Henley Underwriting & Investment Company Pty. Limited became subsidiary of the parent entity, with Pritchard Equity Limited entitled to 99.62% of profits earned from 24 April 2005.

On 3 May 2006 the parent entity incorporated a 100% owned subsidiary, J.H. Clack & Co. Proprietary Limited, with Pritchard Equity Limited entitled to all profits earned from 3 May 2006. At the date of incorporation J. H. Clack & Co. Proprietary Limited had no assets.

On 3 May 2006 the parent entity incorporated a 100% owned subsidiary PEQ Nominees Pty. Limited, with Pritchard Equity Limited entitled to all profits earned from 3 May 2006. At the date of incorporation PEQ Nominees Pty. Limited had no assets.

On 8 May 2006 the parent entity acquired a 100% of the PEQ Hamilton Fund upon the establishment of the fund. Following the issue of additional units in the fund on the 22 May 2006 Pritchard Equity Limited is entitled to 60% of all profits earned from 22 May 2006.

On 1 July 2004 the parent entity acquired 100% of First Newcastle Pty. Limited, with Pritchard Equity Limited entitled to all profits earned from 1 July 2004.

On 1 July 2004 the parent entity acquired 100% of The NSX Investment Trust, with Pritchard Equity Limited entitled to all profits earned from 1 July 2004.

c. Carrying Values

	Note	Economic Entity		Parent Entity	
		2006 \$	2006 \$	2006 \$	2006 \$
Unlisted investments, at recoverable amount					
— Shares		-	-	414,136	4,010
— units in unit trusts		-	-	516,402	233,292
Less: Impairment Provision		-	-	5,065	3,253
		-	-	925,483	234,049

Pritchard Equity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

NOTE 15: OTHER FINANCIAL ASSETS

	2006 \$	2005 \$	2006 \$	2006 \$
Unlisted investments, at recoverable amount				
— shares in other corporations, at cost	4	73,142	-	73,142
Less: Impairment Provision	4	-	-	-
	-	73,142	-	73,142

NOTE 16: TRADE AND OTHER PAYABLES

	Note	Economic Entity		Parent Entity	
		2006 \$	2005 \$	2006 \$	2005 \$
CURRENT					
Unsecured liabilities					
Trade payables		48,373	212	33,268	212
Accrued charges		3,000	-	3,000	-
		51,373	212	36,268	212

NOTE 17: BORROWINGS

	Note	Economic Entity		Parent Entity	
		2006 \$	2005 \$	2006 \$	2005 \$
CURRENT					
Unsecured liabilities					
Bank overdrafts		160	-	-	-
Unsecured loans			-	-	-
— Amounts payable to:					
— other corporations		27,337	-	1,280	-
— wholly-owned subsidiaries		-	-	2,949	2,949
		27,497	-	4,229	2,949
Secured liabilities					
Loan – Lift Capital Partners Pty. Limited	17a,b	107,072	-	-	-
		134,569		4,229	2,949
a. The carrying amounts of non-current assets pledged as security are:		222,930	-	-	-
b. A subsidiary of the Company has entered into an agreement with Lift Capital Partners Pty. Limited to provide it with a Lift Share Loan to fund the acquisition of various investments. Lift Capital Partners Pty. Limited has a floating charge over the assets of the subsidiary. The interest rate charged on the loan is variable and is currently 7.5% per annum					

Pritchard Equity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

NOTE 18: CONTRIBUTED EQUITY

	Economic Entity		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
579,358 (2005:289,230) A ordinary shares fully paid	357,524	86,723	357,524	86,723
540,128 (2005: 250,000) B ordinary shares fully paid	354,551	83,750	354,551	83,750
250,000 (2005: 250,000) fully paid C ordinary shares	82,500	82,500	82,500	82,500
	<u>794,575</u>	<u>252,973</u>	<u>794,575</u>	<u>252,973</u>

a. A ordinary shares

At the beginning of reporting period	86,723		86,723	-
Division of ordinary shares into A Ordinary shares, B Ordinary shares and C Ordinary Shares on 23 June 2005	-	83,750	-	83,750
Shares issued during the year				
— 8,874 shares issued on 28 June 2005 @ \$0.34 each	-	2,973	-	2,973
— 30,356 bonus shares issued on 29 June 2005	-	-	-	-
— 290,128 shares issued on 24 April 2006 @ \$1.00	290,128	-	290,128	-
Transaction costs relating to share issues	(19,327)	-	(19,327)	-
At reporting date	<u>357,524</u>	<u>86,723</u>	<u>357,524</u>	<u>86,723</u>

All Ordinary shares rank equally inter se for all purposes of participation in profits or capital of the Company. A Ordinary shares confer on their holder the right to receive notices, reports and accounts and to attend and speak, but not to vote at general meetings of the Company.

b. B ordinary shares

At the beginning of reporting period	83,750	-	83,750	-
Division of ordinary shares into A Ordinary shares, B Ordinary shares and C Ordinary Shares on 23 June 2005	-	83,750	-	83,750
Shares issued during the year				
— 290,128 shares issued on 24 April 2006 @ \$1.00	290,128	-	290,128	-
Transaction costs relating to share issues	(19,327)	-	(19,327)	-
At reporting date	<u>354,551</u>	<u>83,750</u>	<u>354,551</u>	<u>83,750</u>

All Ordinary shares rank equally inter se for all purposes of participation in profits or capital of the Company. B Ordinary shares confer on their holder the right to receive notices, reports and accounts and to attend and speak and vote at general meetings of the Company.

Pritchard Equity Limited

NOTE 18: CONTRIBUTED EQUITY

	Economic Entity		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
c. C Ordinary shares				
At the beginning of reporting period	82,500	-	82,500	-
Division of ordinary shares into A Ordinary shares, B Ordinary shares and C Ordinary Shares on 23 June 2005	-	82,500	-	82,500
At reporting date	82,500	82,500	82,500	82,500

All Ordinary shares rank equally inter se for all purposes of participation in profits or capital of the Company. C Ordinary shares confer on their holder the right to receive notices, reports and accounts and to attend and speak and vote at general meetings of the Company and the right to convert one C Ordinary share into one B Ordinary share by notice in writing to the Company.

d. Ordinary shares				
At the beginning of reporting period	-	10,000	-	10,000
Shares issued during the year				
— 1,500,000 shares issued on 14 June 2004 @ \$0.10 each	-	150,000	-	150,000
— 900,000 shares issued on 21 June 2005 @ \$0.10 each	-	90,000	-	90,000
Consolidation of 1,750,000 ordinary shares into 750,000 ordinary shares on 22 June 2005	-	-	-	-
Division of ordinary shares into A Ordinary shares, B Ordinary shares and C Ordinary Shares on 23 June 2005	-	(250,000)	-	(250,000)
At reporting date	-	-	-	-

e. Series 1 Options

During the year the Company granted 679,358 Series 1 Options. A Series 1 Option entitles the holder upon the payment of the exercise price of \$1.25 to 1 A Ordinary share. Series 1 Options may be exercised at any time from up to 10 December 2008 (inclusive) but not thereafter. As at the reporting date none of the options had been exercised.

f. Series 2 Options

During the year the Company granted 339,679 Series 2 Options. A Series 1 Option entitles the holder upon the payment of the exercise price of \$2.50 to 1 A Ordinary share. Series 1 Options may be exercised at any time from up to 10 December 2010 (inclusive) but not thereafter. As at the reporting date none of the options had been exercised.

g. Series 3 Options

During the year the Company granted 339,679 Series 3 Options. A Series 1 Option entitles the holder upon the payment of the exercise price of \$5.00 to 1 A Ordinary share. Series 1 Options may be exercised at any time from up to 10 December 2015 (inclusive) but not thereafter. As at the reporting date none of the options had been exercised.

Pritchard Equity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

NOTE 19: RESERVES

	Note	Economic Entity		Parent Entity	
		2006	2005	2006	2005
		\$	\$	\$	\$
Asset revaluation reserve	19a	1,603	103,840	339,525	290,561
Capital profits	19b	28,527	972	6,922	972
19a. Asset revaluation reserve					
Movements during the year					
Opening balance		103,840	-	290,561	-
Revaluation of non current assets		(145,176)	148,342	69,949	415,086
Provision for tax on unrealised gains		39,733	(44,502)	(20,985)	(124,526)
Closing Balance		<u>1,603</u>	<u>103,840</u>	<u>339,525</u>	<u>290,561</u>

The asset revaluation reserve records revaluations of non-current assets. Under certain circumstances dividends can be declared from this reserve

19b. Capital Profits Reserve

Movements During the Year					
Opening balance		972	-	972	-
Transfer from income statement		<u>27,555</u>	<u>972</u>	<u>5,950</u>	<u>972</u>
Closing balance		<u>28,527</u>	<u>972</u>	<u>6,922</u>	<u>972</u>

The capital profits reserve records realised capital gains upon sale of non-current assets. As the balance of this reserve relates to net realised gains it may be distributed as cash dividends at the discretion of Directors.

NOTE 20: SEGMENT REPORTING

Pritchard Equity Limited and its controlled entities carry on business of a strategic investment company solely within Australia.

Pritchard Equity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

b. Acquisition of Entities

On 24 April 2006 Henley Underwriting & Investment Company Pty. Limited became subsidiary of the parent entity, with Pritchard Equity Limited entitled to 96.62% of profits earned from 24 April 2005. Details of the acquisition are as follows:

Consideration	323,483	-	-	-
Current assets	196,998	-	-	-
Non-current assets	205,350	-	-	-
Total assets	402,348	-	-	-
Current liabilities	4,176	-	-	-
Non-current liabilities	-	-	-	-
Total liabilities	4,176	-	-	-
Net assets	398,172	-	-	-
Parent Interest	396,693	-	-	-
Minority Interest	1,479	-	-	-
Gain on acquisition	73,210	-	-	-

On 3 May 2006 the parent entity incorporated a 100% owned subsidiary, J.H. Clack & Co. Proprietary Limited, with Pritchard Equity Limited entitled to all profits earned from 3 May 2006. At the date of incorporation J. H. Clack & Co. Proprietary Limited had no assets.

On 3 May 2006 the parent entity incorporated a 100% owned subsidiary PEQ Nominees Pty. Limited, with Pritchard Equity Limited entitled to all profits earned from 3 May 2006. At the date of incorporation PEQ Nominees Pty. Limited had no assets.

On 8 May 2006 the parent entity acquired a 100% of the PEQ Hamilton Fund upon the establishment of the fund. Following the issue of additional units in the fund on the 22 May 2006 Pritchard Equity Limited is entitled to 60% of all profits earned from 22 May 2006. The total consideration paid by Pritchard Equity Limited for its interest in the PEQ Hamilton Fund is \$187,500.

On 1 July 2004 the parent entity acquired 100% of First Newcastle Pty. Limited, with Pritchard Equity Limited entitled to all profits earned from 1 July 2004. Details of the acquisition are as follows:

Consideration	-	4,010	-	-
Current assets	-	969	-	-
Non-current assets	-	-	-	-
Total assets	-	-	-	-
Current liabilities	-	-	-	-
Non-current liabilities	-	-	-	-
Total liabilities	-	-	-	-
Net assets	-	969	-	-
Loss on acquisition	-	3,041	-	-

Pritchard Equity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

On 1 July 2004 the parent entity acquired 100% of The NSX Investment Trust, with Pritchard Equity Limited entitled to all profits earned from 1 July 2004. Details of the acquisition are as follows:

Consideration	10,000	-	-
Current assets	-	2,292	-
Non-current assets	-	7,708	-
Total assets	-	10,000	-
Current liabilities	-	-	-
Non-current liabilities	-	-	-
Total liabilities	-	-	-
Net assets	-	10,000	-

NOTE 22: RELATED PARTY TRANSACTIONS

Economic Entity		Parent Entity	
2006	2005	2006	2005
\$	\$	\$	\$

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:

a. Key Management Personnel

4 November 2004 Pritchard Equity Limited acquired from Enzo Pirillo 25,000 \$1.00 options exercisable before 30 June 2006 to acquire shares in NSX Limited.	-	10	-	10
10 November 2004 Pirenz Nominees Pty. Limited, an associate of Enzo Pirillo, acquired from Pritchard Equity Limited 25,000 35 cent options exercisable before 28 August 2008 to acquire shares in NSX Limited.	-	12	-	12
1 July 2004 Pritchard Equity Limited acquired 100% of the issued capital of First Newcastle Pty Limited from Steven Pritchard.	-	100	-	100
1 July 2004 Pritchard Equity Limited subscribed for 10,000 units at a \$1 per unit in The NSX Investment Trust. The NSX Investment Trust redeemed 100 units held by The NSX Strategic Investment Trust, an entity associated with Steven Pritchard, for a consideration of \$100. These transactions resulted in The NSX Investment Trust becoming wholly owned by Pritchard Equity Limited.	-	10,100	-	10,100
3 November 2004 Pritchard Equity Limited acquired from Australian Building & Investment Company Pty Limited, a company associated with Steven Pritchard, 200,000 35 cent options exercisable on or before 28 August 2008 to acquire shares in NSX Limited.	-	100	-	100

Pritchard Equity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

1 June 2005 Pritchard Equity Limited acquired from Lateral Investment Corporation Pty Limited, 100,000 50 cent options exercisable on or before 15 December 2006 to acquire shares in Illuminator Investment Company Limited.	-	3,500	-	3,500
8 June 2005 Pritchard Equity Limited acquired from Superannuation Nominees Pty Limited, an associate of Steven Pritchard, 6,665 ordinary shares fully paid in Wimpar Holdings Limited.	-	6,665	-	6,665
21 June 2005 Pritchard Equity Limited acquired from Pritchard & Partners Pty Limited, 75,000 50 cent options exercisable before 15 December 2006 to acquire shares in Illuminator Investment Company Limited.	-	2,625	-	2,625
27 June 2005 Pritchard Equity Limited repaid loans of \$3,031 to Steven Pritchard and \$7,708 to Pritchard & Company Pty Limited	-	10,739	-	10,739
Accounting fees paid to Rees Pritchard Pty. Limited				
Handling fees payable to Pritchard & Partners Pty. Limited on subscriptions made under the initial public offer of shares in Pritchard Equity Limited	-	-	-	-
28 June 2005 Pritchard Equity Limited acquired 4 ordinary shares in the capital of The Newcastle Company Pty. Limited, the balance of ordinary shares are is held 10% by Steven Pritchard and 50% by Enzo Pirillo	-	4	-	4
Registry services provided by Newcastle Capital Markets Registries Pty. Limited of which each of Steven Pritchard and Enzo Pirillo have an indirect 25% interest.	-	-	-	-
Re-imburement of initial public offer costs paid by Pritchard & Partners Pty. Limited.	-	-	-	-
	-	-	-	-

NOTE 23: FINANCIAL RISK MANAGEMENT

Accounting Standards identify three types of risk associated with financial instruments (i.e. the Company's investments, receivables, payables and borrowings):

a. Credit Risk

The standard defines this as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

b. Liquidity Risk

The standard defines this as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company monitors its cash-flow requirements and ensures that it has either cash or access to short term borrowing facilities sufficient to meet any payments.

A substantial proportion of the assets of the Company are in the form of readily tradeable securities which can be sold on-market if necessary.

Pritchard Equity Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

c. Market Risk

The standard defines this as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price.

By its nature as the Company invests a substantial proportion of its assets in tradeable securities the Company is always subject to market risk as it invests its capital in securities where are not risk free i.e. the market price of these securities can fluctuate.

NOTE 24: COMPANY DETAILS

The registered office and principle place of business of Pritchard Equity Limited is:

10 Murray Street

Hamilton, New South Wales 2303