

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’)

31 December 2006

For announcement to the market

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

				\$A
Revenue (<i>item 1.1</i>)	up	232%	to	188,964
Profit (loss) for the period (<i>item 1.9</i>)	up	177%	to	158,222
Profit (loss) for the period attributable to members of the parent (<i>item 1.11</i>)	up	170%	to	154,439
Dividends		Current period		Previous corresponding period
Franking rate applicable:		N/A		N/A
Final dividend (<i>preliminary final report only</i>) (<i>item 10.13-10.14</i>)		N/A		N/A
Amount per <i>security</i>				
Franked amount per <i>security</i>				
Interim dividend (<i>Half yearly report only</i>) (<i>item 10.11 – 10.12</i>)		N/A		N/A
Amount per <i>security</i>				
Franked amount per <i>security</i>				
Short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				



PRITCHARD EQUITY LIMITED

ACN 100 517 404

**HALF YEAR FINANCIAL REPORT
FOR THE PERIOD ENDED
31ST DECEMBER, 2006**

PRITCHARD EQUITY LIMITED

DIRECTORS' REPORT

Your directors present the financial report of the consolidated entity consisting of Pritchard Equity Limited and entities it controlled for the half-year ended 31 December 2006.

Directors

The names of directors who held office during or since the end of the half-year:

- Steven Shane Pritchard
- Enzo Pirillo
- Gordon Bradley Elkington
- Robert Franklin Cameron (Retired 28 November 2006)

Review of Operations

The consolidated entity's principal activity was the making of medium and long term investments in both listed and unlisted investments. There have been no significant changes in the nature of these activities since the date of the Company's last annual report.

The net operating profit after tax for the half year increased to \$154,439 or 170% over the equivalent number of \$57,068 last year. As a result of this and the increased value of the Company's investment portfolio the net assets per share are now \$1.19 compared to \$0.77 in the previous corresponding period.

Auditor's Declaration

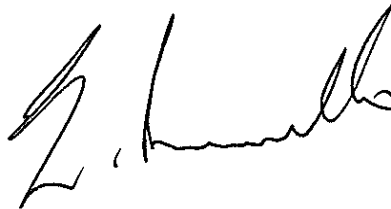
The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 2 for the half-year ended 31 December 2006.

This report is signed in accordance with a resolution of the Board of Directors.



Steven Shane Pritchard

Director



Enzo Pirillo

Director

Dated this 27th day February 2007

**Auditor's Independence Declaration
To the Directors of Pritchard Equity Limited**

The Board of Directors
Pritchard Equity Limited
10 Murray Street
HAMILTON NSW 2303

27 February 2007

Dear Sirs,

Pritchard Equity Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Pritchard Equity Limited.

As lead audit partner for the review of the financial statements of Pritchard Equity Limited for the half-year ended 31 December 2006, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



FORSYTHES



Martin Matthews
Partner
Chartered Accountants
Newcastle, 27 February 2007

PRITCHARD EQUITY LIMITED

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	Note	31.12.2006	31.12.2005
		\$	\$
Income from investment portfolio	2a	27,019	(973)
Income from trading portfolio	2b	37,049	-
Income from deposits	2c	7,253	289
Share of net profit of associated company		112,021	57,599
Other income	2d	5,622	-
Total income from ordinary activities		188,964	56,915
Administration expenses		29,409	130
Borrowing costs expense		4,030	-
Foreign exchange loss		269	-
Listing fees		2,914	-
Operating profit before income tax		152,342	56,785
Income tax expense/(credit)		(5,880)	(283)
Operating profit after income tax		158,222	57,068
Profit/(Loss) attributable to minority equity interest		3,783	-
Profit attributable to members of the company		154,439	57,068
Overall Operations			
Basic earnings per share (cents per share)		11.28	7.23
Diluted earnings per share (cents per share)		11.28	7.23

The accompanying notes form part of these financial statements.

PRITCHARD EQUITY LIMITED

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2006

	Note	31.12.2006	30.06.2006
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		82,798	282,902
Receivables		19,695	16,910
Trading portfolio		128,486	113,070
Other current assets		2,897	-
TOTAL CURRENT ASSETS		233,876	412,882
NON-CURRENT ASSETS			
Investment portfolio		917,290	678,398
Investments in associates accounted for using the equity method		666,452	564,023
Deferred tax assets		22,292	20,636
TOTAL NON-CURRENT ASSETS		1,606,034	1,263,057
TOTAL ASSETS		1,839,910	1,675,939
CURRENT LIABILITIES			
Trade and other payables		101,002	50,093
Short-term borrowings		86,329	135,850
Current tax liabilities		-	-
TOTAL CURRENT LIABILITIES		187,331	185,943
NON-CURRENT LIABILITIES			
Deferred tax liabilities		14,856	18,161
TOTAL NON-CURRENT LIABILITIES		14,856	18,161
TOTAL LIABILITIES		202,187	204,104
NET ASSETS		1,637,723	1,471,835
EQUITY			
Issued capital		787,997	794,576
Reserves		68,720	31,880
Retained earnings		656,538	516,556
Parent interest		1,513,255	1,343,012
Minority equity interest		124,468	128,823
TOTAL EQUITY		1,637,723	1,471,835

The accompanying notes form part of these financial statements.

PRITCHARD EQUITY LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

Note	\$	\$	\$	\$	\$
	Issued Capital	Asset Revaluation Reserve	Capital Profits Reserve	Retained Profits	Total
Balance at 1 July 2005	252,973	106,233	972	292,849	653,027
Shares issued during the year	-	-	-	-	-
Profit for the year	-	-	-	57,068	57,068
Revaluation of non current assets (net of tax)	-	(99,525)	-	-	(99,525)
Balance at 31 December 2005	<u>252,973</u>	<u>6,708</u>	<u>972</u>	<u>349,917</u>	<u>610,570</u>
 Balance at 1 July 2006	 794,576	 3,353	 28,527	 516,556	 1,343,012
Shares issued during the year	-	-	-	-	-
Transaction costs	(6,579)	-	-	-	(6,579)
Profit for the year	-	-	-	154,439	154,439
Revaluation of non current assets (net of tax)	-	22,382	-	-	22,382
Transfer from retained profits to reserves	-	-	14,486	(14,486)	-
Transfer to retained profits from reserves	-	-	(28)	28	-
Balance at 31 December 2006	<u>787,997</u>	<u>25,735</u>	<u>42,985</u>	<u>656,537</u>	<u>1,513,254</u>

The accompanying notes form part of these financial statements.

PRITCHARD EQUITY LIMITED

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	31.12.2006	31.12.2005
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Sales from trading portfolio	99,303	-
Purchases for trading portfolio	(72,670)	-
Dividends received	1,266	-
Interest received	5,136	288
Commissions Received	2,591	-
Other receipts	1,693	-
	<hr/> 37,319	<hr/> 288
Administration expenses	(23,861)	(342)
Bank charges	(273)	-
Borrowing costs	(3,745)	-
Other payments	(604)	-
Net cash provided by (used in) operating activities	<hr/> 8,836	<hr/> (54)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales from investment portfolio	160,449	-
Purchases for investment portfolio	(364,733)	-
Acquisition of subsidiary net of cash acquired	-	-
Net cash provided by (used in) investing activities	<hr/> (204,284)	<hr/> -
CASH FLOWS FROM FINANCING ACTIVITIES		
Initial public offer costs	(6,579)	(2,010)
Proceeds from borrowings	194,608	-
Repayment of borrowings	(192,425)	-
Net cash provided by (used in) financing activities	<hr/> (4,396)	<hr/> (2,010)
Net increase in cash held	(199,844)	(2,064)
Cash at beginning of period	282,642	14,243
Cash at end of period	<hr/> 82,798	<hr/> 12,179

PRITCHARD EQUITY LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose half-year financial report has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim financial report does not include all the notes of the type normally included in an annual financial report. This report should be read in conjunction with the 2006 Annual Report and public announcements made by the Company during the half-year, in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Basis of Preparation

The accounting policies and methods for compilation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2006 Annual Financial Report for the year ended 30 June 2006

NOTE 2: REVENUE

	31.12.06 \$	31.12.05 \$
a. Income from Investment Portfolio		
— dividends received	15,720	127
— trust distributions received	1,053	-
— net realised gains/(losses)	14,446	-
— net unrealised fair value gain/(loss)	(4,200)	(1,100)
Total Income from Investment Portfolio	27,019	(973)
b. Income from Trading Portfolio		
— sales revenue	94,303	-
— cost of sales	57,254	-
— net gains/(losses) from trading portfolio sales	37,049	-
— dividends received	-	-
— trust distributions received	-	-
Total Income from trading portfolio	37,049	-
c. Income from Deposits		
— interest received	7,253	289
Total income from deposits	7,253	289
d. Other Income		
— commissions received	5,389	-
— dividends from associated companies	-	-
— gain on acquisition	233	-
— trust distributions from controlled entities	-	-
Total other income	5,622	-

PRITCHARD EQUITY LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

NOTE 3: DIVIDENDS

31.12.06 31.12.05
\$ \$

Dividends Paid or Declared

There were no dividends paid or declared in the period.

- -

NOTE 4: ISSUED CAPITAL

Movements in Issued Capital of the Company during the half-year were as follows:

Date	Details	A Ordinary Shares	B Ordinary Shares	C Ordinary Shares	Issued Capital \$
01/07/2006	Opening balance	579,358	540,128	250,000	794,576
06/07/2006	Transaction costs relating to shares issues	-	-	-	(6,579)
31/12/2006	Balance	579,358	540,128	250,000	787,997

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 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.

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.

a. Options

On 27 April 2006 the Company granted 679,358 Series 1 Options. A Series 1 Option entitles the holder upon payment of the exercise price of \$1.25 to 1 A Ordinary share. Series 1 Options may be exercised at any time up to 10 December 2008 (inclusive) but not thereafter. As at the reporting date none of the options had been exercised.

On 27 April 2006 the Company granted 339,679 Series 2 Options. A Series 2 Option entitles the holder upon the payment of the exercise price of \$2.50 to 1 A Ordinary share. Series 2 Options may be exercised at any time up to 10 December 2010 (inclusive) but not thereafter. As at the reporting date none of the options had been exercised.

On 27 April 2006 the Company granted 339,679 Series 3 Options. A Series 3 Option entitles the holder upon the payment of the exercise price of \$5.00 to 1 A Ordinary share. Series 3 Options may be exercised at any time up to 10 December 2015 (inclusive) but not thereafter. As at the reporting date none of the options had been exercised.

At 31 December 2006 there were 1,358,716 (2005: 0) unissued A Ordinary shares for which options were outstanding. The options carry no rights to dividends and no voting rights.

PRITCHARD EQUITY LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

NOTE 5: SEGMENT REPORTING

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

2006	Investments	Stockbroking	Total
Revenue	76,943	112,021	188,964
Results	42,418	112,021	154,439
Assets	1,173,458	666,452	1,839,910

2005	Investments	Stockbroking	Total
Revenue	(684)	57,599	56,915
Results	(531)	57,599	57,068
Assets	166,089	463,258	629,347

NOTE 6: CONTINGENT LIABILITIES

At balance date Directors are not aware of any material contingent liabilities than those already disclosed elsewhere in the financial report.

NOTE 7: EVENTS SUBSEQUENT TO REPORTING DATE

Since 31 December 2006 to the date of this report there has been no event of which the Directors are aware which has had a material effect on the Group or its financial position.

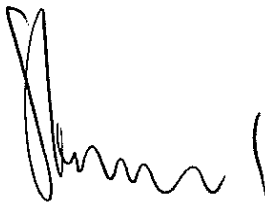
PRITCHARD EQUITY LIMITED

DIRECTORS' DECLARATION

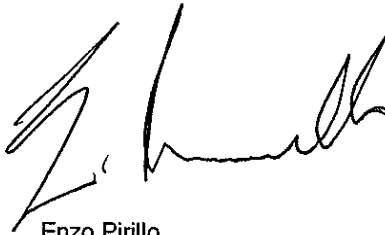
The directors of the company declare that:

1. The financial statements and notes, as set out on pages 3 to 9:
 - a. comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations; and
 - b. give a true and fair view of the economic entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors pursuant to s 303(5) of the Corporations Act 2001.



Steven Shane Pritchard
Director



Enzo Pirillo
Director

Dated this 27th day of February 2007

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PRITCHARD EQUITY LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Pritchard Equity Limited, which comprises the balance sheet as at 31 December 2006, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Group (the consolidated entity). The consolidated entity comprises both Pritchard Equity Limited (the company) and the entities it controlled at the end of the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Pritchard Equity Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 "Review of an Interim Financial Report Performed by the Independent Auditor of the Entity", in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001. As the auditor of Pritchard Equity Limited, ASRE 2410 requires that we comply with the ethical requirements to the audit of the annual financial report.

A review of the half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.


Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.



FORSYTHES



Martin Matthews
Partner

Newcastle
27 February 2007

PRITCHARD EQUITY LIMITED

CORPORATE DIRECTORY

Directors

Steven Shane Pritchard – Executive Chairman
Enzo Pirillo
Gordon Bradley Elkington

Secretary

Enzo Pirillo

Principal Place of Business and Registered Office

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Hamilton NSW 2303
Telephone (02) 4920 2877
Facsimile (02) 4920 2878

Accountants

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Solicitors

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Stockbroker

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