

# 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’)

30<sup>th</sup> June 2007

## For announcement to the market

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

Extracts from this statement for announcement to the market (see note 1):				\$A
Operating Revenue (item 1.1)	UP	106%	To	556,005
Operating Profit (loss) before abnormal items and tax	UP	85%	To	472,777
Operating Profit (loss) for the period after tax but before minority equity interests (item 1.9)	UP	94%	To	491,641
Profit (loss) for the period attributable to security holders (item 1.11)	UP	92%	To	481,458
Income Distributions		Current period	Previous corresponding period	
Short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				

**Annual meeting***(Preliminary final statement only)*

The annual meeting will be held as follows:

Place

Date

Time

Approximate date the annual report will be available


**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

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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:
- |  |   |
|--|---|
| <input type="checkbox"/> The financial statements have been audited.   | <input type="checkbox"/> The financial statements have been subject to review by a registered auditor (or overseas equivalent). |
| <input checked="" type="checkbox"/> The financial statements are in the process of being audited or subject to review. | <input type="checkbox"/> The financial statements have <i>not</i> 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~~/does not have\* (*delete one*) a formally constituted audit committee.

Sign here: .....  
.....  
(Director/Company secretary)

Date:

Print name: Steven Ritchie

# PRITCHARD EQUITY LIMITED

## INCOME STATEMENT FOR YEAR ENDED 30 JUNE 2007

	Note	Consolidated		Parent	
		2007	2006	2007	2006
		\$	\$	\$	\$
Income from investment portfolio	2a	45,219	35,770	104,852	15,097
Income from trading portfolio	2b	114,444	(4,239)	-	-
Income from deposits	2c	8,606	4,522	2,936	4,522
Share of net profit of associated company		366,072	158,365	-	-
Other income	2d	21,664	75,171	15,274	7,500
<b>Total income from ordinary activities</b>		<b>556,005</b>	<b>269,589</b>	<b>123,062</b>	<b>27,119</b>
Administration expenses		70,844	12,951	12,296	10,687
Borrowing costs expense		200	300	42,745	-
Impairment of non-current assets		-	183	-	2,002
Listing fees		12,184	1,014	12,184	1,014
Loss on acquisition of controlled entity		-	-	-	-
<b>Operating profit before income tax</b>	3	<b>472,777</b>	<b>255,141</b>	<b>55,837</b>	<b>13,416</b>
Income tax (expense)/benefit	4	<b>18,864</b>	<b>(1,547)</b>	<b>18,864</b>	<b>(1,547)</b>
<b>Operating profit after income tax</b>		<b>491,641</b>	<b>253,594</b>	<b>74,701</b>	<b>11,869</b>
Profit/(Loss) attributable to minority equity interest		(10,183)	(2,344)	-	-
<b>Profit attributable to members of the company</b>		<b>481,458</b>	<b>251,250</b>	<b>74,701</b>	<b>11,869</b>
<b>Overall Operations</b>					
Basic earnings per share (cents per share)	7	35.16	18.35		
Diluted earnings per share (cents per share)	7	35.16	18.35		

The accompanying notes form part of these financial statements.

# PRITCHARD EQUITY LIMITED

## BALANCE SHEET AS AT 30 JUNE 2007

	Note	Consolidated		Parent	
		2007	2006	2007	2006
		\$	\$	\$	\$
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	8	50,666	282,902	9,675	116,841
Receivables	9	92,186	16,910	125,524	15,458
Trading Portfolio	10	139,977	113,070	-	-
<b>TOTAL CURRENT ASSETS</b>		<b>282,829</b>	<b>412,882</b>	<b>135,199</b>	<b>132,299</b>
<b>NON-CURRENT ASSETS</b>					
Investment portfolio	12	1,114,614	678,398	151,982	82,795
Investments in associates accounted for using the equity method	13	946,778	564,023	163,065	146,382
Investments in controlled entities	14	-	-	554,836	513,821
Other financial assets	15	-	-	-	-
Deferred tax assets	11	24,915	20,636	24,915	20,637
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,086,307</b>	<b>1,263,057</b>	<b>894,798</b>	<b>763,635</b>
<b>TOTAL ASSETS</b>		<b>2,369,136</b>	<b>1,675,939</b>	<b>1,031,591</b>	<b>895,934</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	16	44,870	50,093	63,984	36,268
Short-term borrowings	17	225,842	135,850	16,000	4,229
Current tax liabilities	11	-	-	-	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>270,712</b>	<b>185,943</b>	<b>79,984</b>	<b>40,497</b>
<b>NON-CURRENT LIABILITIES</b>					
Deferred tax liabilities	11	19,923	18,161	19,923	18,161
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>19,923</b>	<b>18,161</b>	<b>19,923</b>	<b>18,161</b>
<b>TOTAL LIABILITIES</b>		<b>290,635</b>	<b>204,104</b>	<b>99,907</b>	<b>58,658</b>
<b>NET ASSETS</b>		<b>2,078,501</b>	<b>1,471,835</b>	<b>931,143</b>	<b>837,276</b>
<b>EQUITY</b>					
Contributed equity	18	787,997	794,576	787,997	794,576
Reserves	19	162,789	31,880	32,974	7,258
Retained earnings		976,898	516,556	110,172	35,442
Parent interest		1,927,684	1,343,012	931,143	837,276
Minority equity interest		150,817	128,823	-	-
<b>TOTAL EQUITY</b>		<b>2,078,501</b>	<b>1,471,835</b>	<b>931,143</b>	<b>837,276</b>

The accompanying notes form part of these financial statements.

# PRITCHARD EQUITY LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2007

	Note	Issued Capital	Asset Revaluation Reserve	Capital Profits Reserve	Retained Profits	Total
<b>Consolidated</b>						
<b>Balance at 1 July 2005</b>		<b>252,973</b>	<b>106,233</b>	<b>972</b>	<b>292,848</b>	<b>653,026</b>
Shares issued during the year		580,257	-	-	-	580,257
Transaction Costs		(38,654)	-	-	-	(38,654)
Profit for the year		-	-	-	251,263	251,263
Revaluation of non current assets (net of tax)		-	(102,880)	-	-	(102,880)
Transfer from retained profits to reserves		-	-	27,555	(27,555)	-
<b>Balance at 30 June 2006</b>		<b>794,576</b>	<b>3,353</b>	<b>28,527</b>	<b>516,556</b>	<b>1,343,012</b>
<b>Balance at 1 July 2006</b>		<b>794,576</b>	<b>3,353</b>	<b>28,527</b>	<b>516,556</b>	<b>1,343,012</b>
Shares issued during the year		-	-	-	-	-
Transaction Costs		(6,579)	-	-	-	(6,579)
Profit for the year		-	-	-	100,344	100,344
Revaluation of non current assets (net of tax)		-	124,835	-	-	124,835
Transfer from retained profits to reserves		-	-	6,074	(6,074)	-
<b>Balance at 30 June 2007</b>		<b>787,997</b>	<b>128,188</b>	<b>34,601</b>	<b>610,826</b>	<b>1,561,612</b>
<b>Parent</b>						
<b>Balance at 1 July 2005</b>		<b>252,973</b>	<b>1,494</b>	<b>972</b>	<b>29,523</b>	<b>284,962</b>
Shares issued during the year		580,257	-	-	-	580,257
Transaction Costs		(38,654)	-	-	-	(38,654)
Profit for the year		-	-	-	11,869	11,869
Revaluation of non current assets (net of tax)		-	(1,158)	-	-	(1,158)
Transfer from retained profits to reserves		-	-	5,950	(5,950)	-
<b>Balance at 30 June 2006</b>		<b>794,576</b>	<b>336</b>	<b>6,922</b>	<b>35,442</b>	<b>837,276</b>
<b>Balance at 1 July 2006</b>		<b>794,576</b>	<b>336</b>	<b>6,922</b>	<b>35,442</b>	<b>837,276</b>
Shares issued during the year		-	-	-	-	-
Transaction Costs		(6,579)	-	-	-	(6,579)
Profit for the year		-	-	-	74,701	74,701
Revaluation of non current assets (net of tax)		-	25,744	-	-	25,744
Transfer from retained profits to reserves		-	-	(28)	28	-
<b>Balance at 30 June 2007</b>		<b>787,997</b>	<b>26,080</b>	<b>6,894</b>	<b>110,172</b>	<b>931,142</b>

The accompanying notes form part of these financial statements.

# PRITCHARD EQUITY LIMITED

## CASH FLOW STATEMENT FOR YEAR ENDED 30 JUNE 2007

	Note	Consolidated		Parent	
		2007	2006	2007	2006
		\$	\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Sales from trading portfolio		137,297	43,613	-	-
Purchases for trading portfolio		(100,155)	(50,521)	-	-
Interest received		7,120	3,421	2,936	3,421
Commissions Received		5,391	1,961	-	-
Underwriting Fees Received		1,000	-	-	-
		50,653	(1,526)	2,936	3,421
Administration expenses		(57,784)	(5,548)	(46,132)	(3,322)
Bank charges		(1,538)	(209)	(357)	(166)
Borrowing costs		-	(3)	-	-
Other payments		(10,093)	(3,354)	(2,646)	(3,128)
Income tax paid		8,713	(4,279)	8,713	(415)
Net cash provided by (used in) operating activities	22	(9,049)	(14,919)	(37,488)	(3,610)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Sales from investment portfolio		63,575	178,123	7,756	23,469
Purchases for investment portfolio		(246,821)	(518,614)	(101,290)	(463,479)
Acquisition of subsidiary net of cash acquired		-	(206,576)	-	-
Dividends Received		1,277	-	-	-
Net cash provided by (used in) investing activities		(181,725)	(547,067)	(93,534)	(440,010)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from issue of shares		-	580,253	-	580,253
Proceeds from issue of equity in subsidiary		-	125,000	-	-
Capital Raising Costs		(26,455)	(30,306)	(26,455)	(30,306)
Proceeds from borrowings		182,810	228,280	63,450	1,280
Repayment of borrowings		(197,655)	(72,842)	(13,139)	(5,009)
Net cash provided by (used in) financing activities		(41,300)	830,385	23,856	546,218
Net increase (decrease) in cash held		(232,074)	268,399	(107,166)	102,598
Cash at beginning of financial year		282,742	14,343	116,841	14,243
Cash at end of financial year	8	50,668	282,742	9,675	116,841

The accompanying notes form part of these financial statements.

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### 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 consolidated 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 consolidated entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

#### Basis of Preparation

##### *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 14 to the financial statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the consolidated 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 consolidated 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.

##### b. 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.

##### c. 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'

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(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.

**d. Investments in Associates**

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

**e. Cash and Cash Equivalents**

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

**f. 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



# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

consolidated 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.

**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.

**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.

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 2: REVENUE

	Note	Consolidated		Parent	
		2007 \$	2006 \$	2007 \$	2006 \$
<b>a. Income from Investment Portfolio</b>					
— dividends received		63,577	7,718	118,718	623
— trust distributions received		5,069	953	-	-
— net realised gains/(losses)		5,893	17,615	(40)	4,990
— net unrealised fair value gain		(29,100)	9,484	(29,100)	9,484
<b>Total Income from Investment Portfolio</b>		<b>45,219</b>	<b>35,770</b>	<b>104,852</b>	<b>15,097</b>
<b>b. Income from Trading Portfolio</b>					
— sales revenue		310,597	45,656	-	-
— cost of sales		(197,143)	49,895	-	-
— net gains/(losses) from trading portfolio sales		113,454	(4,239)	-	-
— dividends received		990	-	-	-
— trust distributions received		-	-	-	-
<b>Total Income from trading portfolio</b>		<b>114,444</b>	<b>(4,239)</b>	<b>-</b>	<b>-</b>
<b>c. Income from Deposits</b>					
— interest received		8,606	4,522	2,936	4,522
<b>Total income from deposits</b>		<b>8,606</b>	<b>4,522</b>	<b>2,936</b>	<b>4,522</b>
<b>d. Other Income</b>					
— commissions received		5,390	1,961	-	-
— dividends from associated companies		-	-	-	4,050
— gain on acquisition	22	-	73,210	-	-
— trust distributions from controlled entities		15,274	-	15,274	3,450
<b>Total other income</b>		<b>21,664</b>	<b>75,171</b>	<b>15,274</b>	<b>7,500</b>

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 3: PROFIT FROM ORDINARY ACTIVITIES

	Note	Consolidated		Parent	
		2007	2006	2007	2006
		\$	\$	\$	\$
Profit from ordinary activities before income tax has been determined after					
<b>Expenses</b>					
Administration expenses		31,577	9,741	12,296	7,521
Auditors remuneration		35,000	3,000	31,000	3,000
Bank charges		603	210	357	166
Borrowing costs		200	300	-	-
Listing fees		12,184	1,014	12,184	1,014
Loss on acquisition of controlled entity		-	-	-	-
Impairment of non-current assets		-	183	-	2,002

### NOTE 4: INCOME TAX EXPENSE

	Note	Consolidated		Parent	
		2007	2006	2007	2006
		\$	\$	\$	\$
a. The components of tax expense comprise:					
Current tax		(4,360)	1,256	(4,360)	1,256
Deferred tax liability	11	(8,730)	3,386	(8,730)	3,386
Deferred tax asset		(5,774)	(3,095)	(5,774)	(3,095)
		<u>(18,864)</u>	<u>1,547</u>	<u>(18,864)</u>	<u>1,547</u>

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 4: INCOME TAX EXPENSE (Continued)

- b. The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:

	Note	Consolidated		Parent	
		2007	2006	2007	2006
		\$	\$	\$	\$
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2005: 30%)					
— Consolidated		141,833	76,542	-	-
— Parent		-	-	16,751	4,025
Less:					
Tax effect of:					
— rebateable fully franked dividends		27,262	1,946	35,615	2,476
— share of net profits of associated company netted directly		109,822	47,510	-	-
— non assessable amounts		23,613	25,537	-	-
— over provision for income tax in prior years		-	2	-	2
Income tax/(Benefit) attributable to entity		(18,864)	1,547	(18,864)	1,547
		%	%	%	%
The applicable weighted average effective tax rates are as follows:		0.0	0.6	0.0	11.5

### NOTE 5: AUDITORS' REMUNERATION

Remuneration of the auditor of the company for:

— auditing or reviewing the financial report	16,000	3,000	16,000	3,000
— other services	-	-	-	-
— due diligence services	-	-	-	-
— Other services provided by a related practice of the auditor	-	-	-	-
	<b>16,000</b>	<b>3,000</b>	<b>16,000</b>	<b>3,000</b>

### NOTE 6: DIVIDENDS

#### 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.	<b>543,974</b>	<b>515,611</b>	<b>54,571</b>	<b>2,590</b>
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# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 7: EARNINGS PER SHARE

	Consolidated	
	2007 Number	2006 Number
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	1,369,486	1,369,486
Weighted average number of options outstanding	1,358,716	1,358,716
Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive earnings per share	1,369,486	1,369,486
<b>a. Basic and diluted earnings per share</b>	\$	\$
Profit attributable to members of the company	481,458	251,250
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	35.16	18.35
Diluted earnings per share	35.16	18.35

### NOTE 8: CASH AND CASH EQUIVALENTS

	Note	Consolidated		Parent	
		2007 \$	2006 \$	2007 \$	2006 \$
Cash at bank		44,787	172,340	3,896	6,380
Deposits at call		5,779	110,562	5,779	110,461
		<b>50,566</b>	<b>282,902</b>	<b>9,675</b>	<b>116,841</b>

The effective interest rate on deposits at call was 5.25% (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	50,566	282,902	9,675	116,841
Bank overdraft	-	(160)	-	-
	<b>50,566</b>	<b>282,742</b>	<b>9,675</b>	<b>116,841</b>

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 9: TRADE AND OTHER RECEIVABLES

	Note	Consolidated		Parent	
		2007	2006	2007	2006
		\$	\$	\$	\$
CURRENT					
Dividends and trust distributions receivable		1766	-	15,274	3,450
Goods and Services Tax Refund		3,948	6,418	2,891	6,083
Withholding Tax		55	1,101	9,996	1,101
Other debtors		86,417	9,391	93,727	1
Amounts receivable from:					
— wholly-owned subsidiaries		-	-	9,369	5,009
Less: Impairment Provision		-	-	-	(186)
		<b>92,186</b>	<b>16,910</b>	<b>131,257</b>	<b>15,458</b>

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	Consolidated		Parent	
		2007	2006	2007	2006
		\$	\$	\$	\$
CURRENT					
Listed investments, at market value					
- Options		-	1,500	-	-
- Shares		139,977	111,570	-	-
		<b>139,977</b>	<b>113,070</b>	<b>-</b>	<b>-</b>

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 11: TAX

	Note	Consolidated		Parent	
		2007	2006	2007	2006
		\$	\$	\$	\$
<b>a. Liabilities</b>					
CURRENT					
Income Tax		-	-	-	-
NON-CURRENT					
Deferred tax liability comprises:					
Revaluation adjustments taken directly to equity		11,033	144	11,033	144
Fair value gain adjustments		8,730	18,017	8,730	18,017
Total		19,923	18,161	19,923	18,161
<b>b. Assets</b>					
Deferred tax assets comprise:					
Transaction costs on equity issue		11,756	13,251	11,756	13,251
Future income tax benefits attributable to tax losses		2,102	1,002	2,102	1,003
Impairment of non current assets		11,057	6,383	11,057	6,383
		24,915	20,636	24,915	20,637
<b>c. Reconciliations</b>					
<b>i. Deferred Tax Liability</b>					
The movement in deferred tax liability for each temporary difference during the year is as follows:					
Deferred capital gains tax					
Opening balance		144	45,528	144	640
Revaluation adjustments taken directly to equity		(6,824)	(45,384)	(6,824)	(496)
Closing balance		(6,680)	144	(6,680)	144
Fair value gain adjustments					
Opening balance		18,017	15,768	18,017	15,768
Charged to the income statement		8,730	3,386	8,730	3,386
Other		-	(1,137)	-	(1,137)
Closing balance		26,747	18,017	26,747	18,017
		19,923	18,161	19,923	18,161

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 11: TAX (Continued)

	Note	Consolidated		Parent	
		2007	2006	2007	2006
		\$	\$	\$	\$
ii. Deferred Tax Assets					
The movement in deferred tax assets for each temporary difference during the year is as follows:					
Transaction costs on equity issue					
Opening balance		13,251	-	13,251	-
Debited directly to equity		(1,495)	13,251	(1,495)	13,251
Opening balance		11,756	13,251	11,756	13,251
Future income tax benefits attributable to tax losses					
Opening balance		1,128	126	1,128	-
Credited to the income statement		974	1,002	974	1,003
Closing balance		2,102	1,128	2,102	1,003
Impairment of non current assets					
Opening balance		5,345	2,250	5,345	3,288
Credited to the income statement		4,800	3,095	4,800	3,095
Closing balance		10,145	5,345	10,145	6,383
Loss on acquisition of controlled entity					
Opening balance		912	912	912	-
Credited to the income statement		-	-	-	-
Closing balance		912	912	912	-
		24,915	24,915	24,915	20,637



# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 12: INVESTMENT PORTFOLIO

	Note	Consolidated		Parent	
		2007	2006	2007	2006
		\$	\$	\$	\$
NON-CURRENT					
Listed Investments, at fair value					
-	Fixed interest securities	-	29,850	-	-
-	Options	26,650	10,500	25,650	7,000
-	Shares	983,518	549,142	126,332	21,045
-	Trust units	-	33,915	-	-
		1,010,168	623,407	151,982	28,044
Unlisted Investments, at fair value					
-	Fixed interest securities	-	-	-	-
-	Options	-	54,750	-	54,750
-	Shares*	104,446	242	489,383	-
-	Trust units	-	-	228,518	-
		104,446	54,991	717,901	54,750
		1,114,614	678,398	869,883	82,795

\* A special purpose wholly owned subsidiary of the Company is the owner of 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.

### NOTE 13: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

#### Interests are held in the following associated company

Name	Principal Activities	Country of Incorporation	Shares	Ownership Interest		Carry amount of investment	
				2007 %	2006 %	2007 \$	2006 \$
Unlisted:							
Cameron Capital Limited	Stockbroking	Australia	Ord	32.74	32.74	946,778	564,023
						946,778	564,023

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 13: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

	Note	Consolidated		Parent	
		2007 \$	2006 \$	2007 \$	2006 \$
<b>a. Movements During the Year in Equity Accounted Investment in Associated Companies</b>					
Balance at beginning of the financial year		564,023	540,000	146,382	142,332
Add: New investments during the year		16,683	4,050	16,683	4,050
Share of associated company's profit after income tax	16b	366,072	158,365	-	-
Less: Dividend revenue from associated company			(4,050)		
Revaluation			(134,342)	-	-
<b>Balance at end of the financial year</b>		<b>946,778</b>	<b>564,023</b>	<b>163,065</b>	<b>146,382</b>
<b>b. Equity accounted profits of associates are broken down as follows:</b>					
Share of associate's profit before income tax expense		522,960	217,580		
Share of associate's income tax expense		(156,888)	(59,215)		
<b>Share of associate's profit after income tax</b>		<b>366,072</b>	<b>158,365</b>		

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 14: INVESTMENTS IN CONTROLLED ENTITIES

#### a. Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)*	
		2007	2006
Parent:			
Pritchard Equity Limited	Australia		
Subsidiaries of Pritchard Equity Limited:			
First Newcastle Pty. Limited	Australia	100	100
J. H. Clack & Co. Proprietary Limited	Australia	100	100
Henley Underwriting & Investment Company Pty. Limited	Australia	100	99.62
PEQ Hamilton Fund	Australia	60	60
PEQ Estates Pty. Limited	Australia	100	100
PEQ Nominees Pty. Limited	Australia	100	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 a subsidiary of the Parent, with Pritchard Equity Limited entitled to 96.62% of profits earned from 24 April 2005. The acquisition resulted in a profit of \$73,210 which has been brought to account as income refer Note 2d.

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 19 June 2007 the parent entity incorporated a 100% owned subsidiary PEQ Estates Pty. Limited, with Pritchard Equity Limited entitled to all profits earned from that date. At the date of incorporation PEQ Estates Pty. Limited had no assets.

#### c. Carrying Values

	Note	Consolidated		Parent	
		2007	2006	2007	2006
		\$	\$	\$	\$
Unlisted investments, at recoverable amount					
- Shares		-	-	326,318	329,093
- Trust units		-	-	236,225	197,500
Less: Impairment Provision		-	-	(12,772)	(12,772)
		-	-	<b>549,771</b>	<b>513,821</b>

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 15: OTHER FINANCIAL ASSETS

	Note	Consolidated		Parent	
		2007	2006	2007	2006
		\$	\$	\$	\$
Unlisted investments					
- shares in other corporations, at cost		4	4	4	4
Less: Impairment Provision		4	4	4	4
		-	-	-	-

### NOTE 16: TRADE AND OTHER PAYABLES

	Note	Consolidated		Parent	
		2007	2006	2007	2006
		\$	\$	\$	\$
CURRENT					
Unsecured liabilities					
Trade payables		28,870	47,093	7,621	33,268
Accrued charges		16,000	3,000	16,000	3,000
		<b>44,870</b>	<b>50,093</b>	<b>23,621</b>	<b>36,268</b>

### NOTE 17: BORROWINGS

	Note	Consolidated		Parent	
		2007	2006	2007	2006
		\$	\$	\$	\$
CURRENT					
Unsecured liabilities					
Bank overdrafts		-	160	-	-
Unsecured loans					
- Amounts payable to:			-	-	-
- other corporations		87,521	28,618	-	1,280
- wholly-owned subsidiaries		-	-	2,737	2,949
		<b>87,521</b>	<b>28,778</b>	<b>2,737</b>	<b>4,229</b>
Secured liabilities					
Loan – Lift Capital Partners Pty. Limited	17a, b	<b>76,936</b>	<b>107,072</b>	-	-
Loan – BT Securities Limited	17c,d	<b>61,385</b>	-	-	-
		<b>225,842</b>	<b>135,850</b>	<b>2,737</b>	<b>4,229</b>

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 18: CONTRIBUTED EQUITY

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
579,358 (2005:289,230) A ordinary shares fully paid	354,235	357,524	354,235	357,524
540,128 (2005: 250,000) B ordinary shares fully paid	351,262	354,552	351,262	354,552
250,000 (2005: 250,000) C ordinary shares fully paid	82,500	82,500	82,500	82,500
	<b>787,997</b>	<b>794,576</b>	<b>787,997</b>	<b>794,576</b>

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. A ordinary shares

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
At the beginning of reporting period	357,524	86,723	357,524	86,723
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	(3,289)	(19,327)	(3,289)	(19,327)
At reporting date	<b>354,235</b>	<b>357,524</b>	<b>354,235</b>	<b>357,524</b>

#### b. B ordinary shares

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
At the beginning of reporting period	354,551	83,750	354,551	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	(3,289)	(19,327)	(3,289)	(19,327)
At reporting date	<b>351,262</b>	<b>354,551</b>	<b>351,262</b>	<b>354,551</b>

#### c. Series 1 Options

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

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 up to 10 December 2008 (inclusive) but not thereafter. As at the reporting date none of the options had been exercised.

### d. Series 2 Options

During the year 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.

### e. Series 3 Options

During the year 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.

## NOTE 19: RESERVES

		Consolidated		Parent	
	Note	2007	2006	2007	2006
		\$	\$	\$	\$
Asset revaluation reserve	19a	128,188	3,353	26,080	336
Capital profits	19b	34,601	28,527	6,894	6,922
		<b>162,789</b>	<b>31,880</b>	<b>32,974</b>	<b>7,258</b>

### a. Asset revaluation reserve

#### Movements during the year

Opening balance	3,353	106,233	336	1,494
Revaluation of non current assets	135,867	(148,265)	36,777	(1,654)
Provision for tax on unrealised gains	(11,033)	45,385	(11,033)	496
Closing Balance	<b>128,188</b>	<b>3,353</b>	<b>26,080</b>	<b>336</b>

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

### b. Capital Profits Reserve

#### Movements During the Year

Opening balance	28,257	972	6,922	972
Transfer from income statement	6,074	27,555	-	5,950
Closing balance	<b>34,601</b>	<b>28,527</b>	<b>6,922</b>	<b>6,922</b>

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

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

### NOTE 21: DIRECTORS AND EXECUTIVES DISCLOSURE

In accordance with the Corporations Amendments Regulation 2005 (No.4) the Company has transferred the disclosure required by AASB 1046 from the notes to the Financial Statements to the Directors' Report under the heading of Remuneration Report.

### NOTE 22: CASH FLOW INFORMATION

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>a. Reconciliation of Cash Flow from Operations with Profit after Income Tax</b>				
Profit after income tax	491,641	253,594	77,701	11,869
Non-cash flows in profit				
Dividends re-invested	(94,872)	(6,588)	(133,992)	(4,673)
Impairment of non-current assets	-	183	-	2,002
Loss/(gain) on acquisition of controlled entity	-	(73,210)	40	-
Net gain on disposal of investments	(5,893)	(17,615)	-	(4,990)
Unrealised fair value gain	29,182	(9,484)	29,100	(9,484)
Write-downs to recoverable amount	-	-	-	-
Share of associated companies net profit after income tax and dividends	(366,072)	(158,365)	-	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries	10,182	-	-	-
(Increase)/decrease in trade and term receivables	(1,486)	(12,229)	-	(6,579)
(Increase)/decrease in the trading portfolio	(76,312)	4,374	-	-
Increase/(decrease) in trade payables and accruals	21,674	7,996	6,564	8,213
Increase/(decrease) in income taxes payable	(18,855)	(2,474)	(18,661)	1,133
Increase/(decrease) in deferred taxes payable	1,762	(1,101)	1,762	(1,101)
Cashflow from operations	(9,049)	(14,919)	(37,486)	(3,610)

### NOTE 22: CASH FLOW INFORMATION (Continued)

#### b. Acquisition of Entities

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

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

Reconciliation of cash flow on acquisition of Henley Underwriting & Investment Company Pty Limited

Consideration	323,483
Consideration paid in prior years	57,854
Consideration paid this year	265,629
Cash outflow on acquisition is as follows:	
Cash paid	(265,629)
Net cash acquired with subsidiary	59,053
Total cash inflow/(outflow)	(206,576)

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 2007

### NOTE 22: CASH FLOW INFORMATION (Continued)

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
	<hr/>
Current assets	2,292
Non-current assets	7,708
Total assets	10,000
	<hr/>
Current liabilities	-
Non-current liabilities	-
Total liabilities	-
	<hr/>
Net assets	10,000
	<hr/>