



# **PRITCHARD EQUITY LIMITED**

## **2007 ANNUAL REPORT**

**Pritchard Equity Limited** ABN 80 100 517 404

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# **PRITCHARD EQUITY LIMITED**

## **OUR VALUES AND OBJECTIVES**

- While our Company is a corporation, our philosophy is that of a partnership. We do not view the Company itself as the ultimate owner of assets, but instead as a conduit through which shareholders own the assets.
- We do not measure the Company's performance by its revenue or its size, but by the growth of the intrinsic value of its shares. Our long-term financial goal is to maximise this growth by investing in businesses that generate cash and earn above average returns on the capital invested in them.
- We maintain a conservative approach to borrowing, and will reject investment opportunities that present themselves, rather than over leverage our balance sheet.
- We are sensitive to our fiduciary obligations to our suppliers and creditors, and to our many long term shareholders, some of whom have committed significant portions of their investment funds to our care.
- We will be candid in reporting to shareholders, and will tell them everything about the business that we believe they would like to know.

# PRITCHARD EQUITY LIMITED

## FINANCIAL HIGHLIGHTS

Year ended 30 June	2007	2006	2005
<b>Income Statement</b>			
Total income	536,564	269,589	121,977
Total expenses	89,678	14,448	11,172
Operating profit before income tax	446,886	255,141	110,805
Income tax expense/(Benefit)	(20,799)	1,547	12,894
Operating profit after income tax	467,685	253,594	97,911
Minority interests	10,183	2,344	-
Profit attributable to members of the company	457,502	251,250	97,911
<b>Balance Sheet</b>			
Total assets	2,367,549	1,675,939	714,951
Total liabilities	297,730	204,104	61,925
Total equity	2,069,819	1,471,835	653,026
<b>Share Information</b>			
Basic earnings per share (cents per share)	33.41	18.35	12.41
Earnings per share growth (%)	82	47	Not Applicable
Net assets per share (cents per share)	140	98.06	82.74
Share prices at end of period			
— A Ordinary shares	1.10	85.0	Not Applicable
— B Ordinary shares	1.10	95.0	Not Applicable
Ordinary share capital (number of shares)	1,369,486	1,369,486	789,230
<b>Key Measures</b>			
Return on average ordinary shareholders' equity (%)	28.0	25.2	22.7
Return on average assets (%)	22.6	21.2	21.8
Gearing Ratio (%)	9.8	8.5	-

# PRITCHARD EQUITY LIMITED

## CHAIRMAN'S REVIEW

Dear Fellow Shareholder

Your Directors are pleased to be able to report another year of rewarding progress in the financial results of Pritchard Equity Limited ("the Group") with the consolidated net operating profit after tax increasing to \$457,502, an improvement on last years result of \$206,252 or 82%.

The Group achieved a very pleasing return of its shareholders equity of 28%, compared to 25.2% in the prior year.

While the book value of our net assets per share increased from 98.06 cents per share to \$1.40, an increase of some 42%.

During the year, the board developed what it believed was an appropriate statement of values and objectives for the Company. A copy of this is included with this years annual report.

The Board has also taken the opportunity, to review and update its Corporate Governance Statement which may be found at the front of this years annual report.

We would encourage our shareholders to review both of these and would welcome any comments that you may make in respect of them.

### Investment Activity

At balance date the group had approximately 47% of its assets in listed investments, 44% in unlisted investments, 2% in cash and 7% in other assets.

### Listed Investments

The Australian Stock Market as was the case with most of the worlds' major stock markets experienced a buoyant year.

Pritchard Equity Limited's investment portfolio strategy for its listed investments is to maintain an investment in a small number of companies which we believe have good opportunities for growth in both their capital value and dividends over long term.

At balance date the group had investments of more than 5% of the issued capital in the following listed companies;

- Florin Mining Investment Company Limited
- Illuminator Investment Company Limited
- Winpar Holdings Limited

The Group, has also from time to time taken advantage of short term trading opportunities as they emerge.

### Unlisted Investments

The Company's major unlisted investment is its 32.74% interest in Cameron Capital Limited. The Cameron Capital Limited group enjoyed a increase in profits of 142% compared to the prior year. The group was able to capitalise on the continued buoyant equity market conditions and sponsored the listing of a number of new stock exchange floats.

During the year the group acquired a strategic holding of 4.15% in the issued capital of Penrose Club Holdings Limited. Penrose Club Holdings Limited is an unlisted public company which owns a substantial parcel of land at Penrose in the Southern Highlands of New South Wales. It is our understanding that the Board of Penrose Club Holdings Limited is presently considering a number of business opportunities which may result in good financial returns for its shareholders.

We will continue to evaluate new opportunities as they identified.

Steven Pritchard

Chairman

8 November 2007

# PRITCHARD EQUITY LIMITED

## DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Pritchard Equity Limited and the entities it controlled for the financial year ended 30 June 2007.

### Directors

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

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

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

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

### Company Secretary

Enzo Pirillo held the position of company secretary at the end of the financial year. Details in respect of the qualifications of the Company Secretary are contained in the Information on Directors.

### Principal Activities

During the year, the principal activity of the consolidated entity was the making of medium and long term investments in both listed and unlisted investments.

There were no significant changes in the nature of the Company's principal activities during the financial year.

### Dividends Paid or Recommended

No dividends were paid during the year and the Directors do not recommend the payment of a final dividend.

### Operating Results and Review of Operations

The consolidated entity's portfolio of investments grew strongly during the year ended 30 June 2007. The group achieved an increase in profitability during the 2007 financial year, primarily as a result of an increased contribution from its associated company Cameron Capital Limited. The consolidated net profit after providing for income tax and eliminating minority equity interests was \$457,502, an 82% increase on the prior year.

### Financial Position

The net assets of the consolidated entity as at 30 June 2007 were \$2,069,819 compared to \$1,471,835 as at 30 June 2006 an increase of \$597,984. This increase has largely resulted from the following:

- Consolidated Operating Profit of \$457,502
- Revaluation of the Groups listed investment portfolio by \$128,888.

The group currently holds cash and readily realisable assets of \$1,174,161 which places it in a strong position to take advantage of new investment opportunities as they emerge.

### Significant Changes in State of Affairs

The directors are not aware of any other significant changes in the operations of the consolidated entity, or the environment in which it operates, that will adversely affect the results in subsequent years.

### After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significant affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial.

### Future Developments, Prospects and Business Strategies

The Company will continue to pursue its investment objectives for the long-term benefit of members. This will require the continued review of the investment strategy that is in place and may require some changes to that strategy.

Further information on likely developments in the operations of the Consolidated entity and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Consolidated entity.

# PRITCHARD EQUITY LIMITED

## Environmental Issues

The Company's operations are not regulated by any significant environmental regulation under Commonwealth or State law.

## Information on Directors

<b>Steven Shane Pritchard</b>	—	Chairman (Executive)
Qualifications	—	B. Com., CPA, F. Fin. Previously a member of the Stock Exchange of Newcastle Limited
Experience	—	Chairman and director since 10 May 2002.
Interest in Shares and Options	—	322,730 A Ordinary shares 273,900 B Ordinary shares 250,000 C Ordinary shares 212,480 Series 1 Options 106,240 Series 2 Options 106,240 Series 3 Options
Special Responsibilities	—	Steven Pritchard is a member of the Audit Committee Director of Henley Underwriting & Investment Company Pty Limited
Directorships held in other listed entities	—	Current chairman and director of Illuminator Investment Company Limited (since 22 December 2003), current director of Florin Mining Investment Company Limited (since 29 September 2004), and Winpar Holdings Limited (since 4 July 2004)
<b>Enzo Pirillo</b>	—	Director (Executive) and Company Secretary
Qualifications	—	B. Com., CPA, F. Fin.
Experience	—	Director and company secretary since 14 September 2005.
Interest in Shares and Options	—	1,000 A Ordinary shares 1,000 B Ordinary shares 51,000 Series 1 Options 25,500 Series 2 Options 25,500 Series 3 Options
Special Responsibilities	—	Enzo Pirillo is a Member of the Audit Committee Director of Henley Underwriting & Investment Company Pty Limited
<b>Gordon Bradley Elkington</b>	—	Director (Non-Executive)
Qualifications	—	B. Sc., M. Sc., PhD, LL.M
Experience	—	Director since 12 December 2005
Interest in Shares and Options	—	15,200 A Ordinary shares 15,200 B Ordinary shares 40,200 Series 1 Options 20,100 Series 2 Options 20,100 Series 3 Options
Special Responsibilities	—	Gordon Elkington is a Member of the Audit Committee
Directorships held in other listed entities	—	Director of Stokes (Australasia) Limited (since 24 April 2003) and Winpar Holdings Limited (since 1994)

# PRITCHARD EQUITY LIMITED

## Meetings of Directors

During the financial year, 5 meetings of directors (including committees) were held. Attendances were:

	DIRECTORS MEETINGS		AUDIT COMMITTEE MEETINGS	
	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended
Steven Shane Pritchard	5	5	1	1
Enzo Pirillo	5	5	1	1
Robert Cameron	3	-	-	-
Gordon Elkington	5	5	1	1

## Shares Under Option

Shares under option at 30 June 2007 are as follows

Date options granted	Expiry Date	Issue price of shares	Number under option
24 April 2006	10 December 2008	\$1.25	679,358
24 April 2006	10 December 2010	\$2.50	339,679
24 April 2006	10 December 2015	\$5.00	339,679

## Indemnifying Officers or Auditor

During or since the end of the financial year the company has not given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums.

## Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

## Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2007 has been received and can be found on page 7 of the directors' report.

Signed in accordance with a resolution of the Board of Directors.

**Steven Shane Pritchard**

Director

**Enzo Pirillo**

Director

Dated this 8th day of November 2007.



# PRITCHARD EQUITY LIMITED

## REMUNERATION REPORT

This report details the nature and amount of remuneration for each director of Pritchard Equity Limited, and for the executives receiving the highest remuneration.

### Remuneration policy

All issues in relation to remuneration of both Executive Directors and Non-Executive Directors are dealt with by the board of the Company.

The constitution of Pritchard Equity Limited requires approval by the shareholders in general meetings of a maximum amount of remuneration per year to be allocated between Non-Executive Directors as they determine. In proposing the maximum amount for consideration in general meeting, and in determining the allocation, the Board takes account of the time demands made on Directors, together with such factors as the general level of fees paid to Directors. The amount of remuneration currently approved by shareholders for Non-Executive Directors is a maximum of \$80,000 per annum.

Non-Executive Directors hold office until such time as they retire, resign or are removed from office under the terms set out in the constitution of the Company. Non-Executive Directors do not receive any performance based remuneration.

### Details of remuneration

The Company has only two executives, SS Pritchard and E Pirillo (2006: two executives), both of whom are Directors of the Company.

Details of the remuneration for each Director of the Company was as follows:

2007	Salary & Fees	Superannuation Contributions	Other	Total
	\$	\$	\$	\$
Steven Pritchard	-	-	-	-
Enzo Pirillo	-	-	-	-
Robert Cameron	-	-	-	-
Gordon Elkington	-	-	-	-

2006	Salary & Fees	Superannuation Contributions	Other	Total
	\$	\$	\$	\$
Steven Pritchard	-	-	-	-
Enzo Pirillo	-	-	-	-
Robert Cameron	-	-	-	-
Gordon Elkington	-	-	-	-

## AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF 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 audit of Pritchard Equity Limited financial statements for the year ended 30 June 2007, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



FORSYTHES



MJ Matthews  
Partner  
Chartered Accountants  
NEWCASTLE  
16 November 2007

# PRITCHARD EQUITY LIMITED

## CORPORATE GOVERNANCE STATEMENT

The Board has the responsibility of ensuring that the Company is properly managed so as to protect and enhance the interests of shareholders, consistently with the Company's meeting its obligations to all parties with which it interacts. To this end, the Board has adopted what it believes to be appropriate corporate governance policies and practices, having regard to its size and the nature of its activities.

The main corporate governance policies are summarised below.

### **Appointment and retirement of non-executive directors**

It is the Board's policy to determine the terms of the appointment and retirement of non-executive directors on a case by case basis, and in conformity with the requirements of the Listing Rules and the *Corporations Act*.

### **Director qualifications**

In choosing directors, the Company seeks to appoint those individuals who have a significant personal or family ownership interest in the Company's ordinary shares. These persons must also have high integrity, business skills, shareholder orientation and a genuine interest in the Company.

### **Board size**

The Board presently consists of three members, two of whom are executive directors. Under the Company's constitution, the Board must consist of not less than three members and not more than 10. The Board periodically reviews the number of its members, having regard to the nature and extent of the Company's operations.

### **Directors' responsibilities**

The basic responsibility of the directors is to exercise their business judgment to act in what they believe to be the best interests of the Company and its shareholders, and to conduct themselves in accordance with their fiduciary duties.

### **Directors' access to independent professional advice**

It is the Board's policy that any committees established by the Board should:

- be entitled to obtain independent professional or other advice at the Company's cost, unless the Board determines otherwise;
- be entitled to obtain such resources and information from the Company, its employees and advisers, as they may require;
- operate in accordance with any terms of reference established by the Board.

### **Board meetings**

The Chairman of the Board is responsible for establishing the agenda for each Board meeting. Each director is free to suggest items for inclusion on the agenda and to raise at any Board meeting subjects that are not on the agenda. At least once each year the Board reviews the Company's long term plans and the principal issues that the Company will face in the future.

### **Audit committee**

The Board has established an Audit Committee, which meets with the external auditors at least twice a year. The Audit Committee addresses the financial and compliance responsibilities of the Board, and monitors in particular:

- the adequacy of the Company's internal controls and procedures to ensure compliance with all applicable legal obligations;
- the adequacy of financial risk management processes;
- any reports prepared by the external auditor.

# PRITCHARD EQUITY LIMITED

## INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	Note	Consolidated		Parent	
		2007	2006	2007	2006
		\$	\$	\$	\$
Income from investment portfolio	2a	28,536	35,770	(27,105)	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		378,588	158,365	-	-
Other income	2d	6,390	75,171	131,957	7,500
<b>Total income from ordinary activities</b>		<b>536,564</b>	<b>269,589</b>	<b>107,788</b>	<b>27,119</b>
Administration expenses		69,008	12,643	46,217	10,687
Borrowing costs expense		8,135	608	-	-
Impairment of non-current assets		351	183	-	2,002
Listing fees		12,184	1,014	12,184	1,014
<b>Operating profit before income tax</b>	3	<b>446,886</b>	<b>255,141</b>	<b>49,387</b>	<b>13,416</b>
Income tax (expense)/benefit	4	<b>20,799</b>	<b>(1,547)</b>	<b>20,799</b>	<b>(1,547)</b>
<b>Operating profit after income tax</b>		<b>467,685</b>	<b>253,594</b>	<b>70,186</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>457,502</b>	<b>251,250</b>	<b>70,186</b>	<b>11,869</b>
<b>Overall Operations</b>					
Basic earnings per share (cents per share)	7	33.41	18.35		
Diluted earnings per share (cents per share)	7	33.41	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	94,766	16,910	129,156	15,458
Trading Portfolio	10	139,977	113,070	-	-
<b>TOTAL CURRENT ASSETS</b>		<b>285,409</b>	<b>412,882</b>	<b>138,831</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	942,611	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>2,082,140</b>	<b>1,263,057</b>	<b>894,798</b>	<b>763,635</b>
<b>TOTAL ASSETS</b>		<b>2,367,549</b>	<b>1,675,939</b>	<b>1,033,629</b>	<b>895,934</b>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Trade and other payables	16	51,965	50,093	30,716	36,268
Short-term borrowings	17	225,842	135,850	56,363	4,229
<b>TOTAL CURRENT LIABILITIES</b>		<b>277,807</b>	<b>185,943</b>	<b>87,079</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>297,730</b>	<b>204,104</b>	<b>107,002</b>	<b>58,658</b>
<b>NET ASSETS</b>		<b>2,069,819</b>	<b>1,471,835</b>	<b>926,627</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		968,216	516,788	105,656	35,442
Parent interest		1,919,002	1,343,244	926,627	837,276
Minority equity interest		150,817	128,591	-	-
<b>TOTAL EQUITY</b>		<b>2,069,819</b>	<b>1,471,835</b>	<b>926,627</b>	<b>837,276</b>

The accompanying notes form part of these financial statements.

# PRITCHARD EQUITY LIMITED

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

	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>293,093</b>	<b>653,271</b>
Shares issued during the year	580,257	-	-	-	580,257
Transaction Costs	(38,654)	-	-	-	(38,654)
Profit for the year	-	-	-	251,250	251,250
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>516,788</b>	<b>1,343,244</b>
<b>Balance at 1 July 2006</b>	<b>794,576</b>	<b>3,353</b>	<b>28,527</b>	<b>516,788</b>	<b>1,343,244</b>
Shares issued during the year	-	-	-	-	-
Transaction Costs	(6,579)	-	-	-	(6,579)
Profit for the year	-	-	-	457,502	457,502
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>968,216</b>	<b>1,919,002</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	-	-	-	70,186	70,186
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>105,656</b>	<b>926,627</b>

The accompanying notes form part of these financial statements.

# PRITCHARD EQUITY LIMITED

## CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	Note	Consolidated	Parent	
		2007	2006	2007
		\$	\$	\$
				2006
				\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Sales from trading portfolio		229,963	43,613	-
Purchases for trading portfolio		(222,016)	(50,521)	-
Interest received		7,120	3,421	2,936
Commissions Received		5,391	1,961	-
Underwriting Fees Received		1,000	-	-
		21,458	(1,526)	2,936
Administration expenses		(50,626)	(4,943)	(46,132)
Bank charges		(538)	(209)	(357)
Borrowing costs		(7,158)	(608)	-
Other payments		(10,093)	(3,354)	(2,646)
Income tax paid		8,713	(4,279)	8,713
Net cash provided by (used in) operating activities	22	(38,244)	(14,919)	(37,486)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Sales from investment portfolio		236,807	178,123	7,756
Purchases for investment portfolio		(498,579)	(518,614)	(101,290)
Acquisition of subsidiary net of cash acquired		-	(206,576)	-
Dividends Received		244	-	-
Net cash provided by (used in) investing activities		(261,528)	(547,067)	(93,534)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of shares		-	580,253	-
Proceeds from issue of equity in subsidiary		4,000	125,000	-
Capital Raising Costs		(26,456)	(30,306)	(26,456)
Proceeds from borrowings		89,992	228,440	63,450
Repayment of borrowings		-	(72,842)	(13,140)
Net cash provided by (used in) financing activities		(67,536)	830,545	23,854
Net increase (decrease) in cash held		(232,236)	268,559	(107,166)
Cash at beginning of financial year		282,902	14,343	116,841
Cash at end of financial year	8	<b>50,666</b>	<b>282,902</b>	<b>9,675</b>
		<b>116,841</b>		

The accompanying notes form part of these financial statements.

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL 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 and 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. The financial statements were authorised for issue by the directors on 15 November 2007.

#### **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 Consolidated entity approximates their carrying value.

##### **c. Investment and Trading Portfolios**

###### **(i) Balance Sheet classification**

The Consolidated entity 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 FINANCIAL 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 FINANCIAL 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.

**k. Adoption Of New And Revised Accounting Standards**

In the current year, the company has adopted all of the new and revised standards and interpretations issued by the Australian accounting standards board (the AASB) that are relevant to its operations and effective for the current annual reporting period.

At the date of authorisation of the financial report the following standards and interpretations were in issue but not yet effective:

* AASB 7 'financial instruments: disclosures' and consequential amendments to other accounting standards resulting from its issue	Effective for annual reporting periods beginning on or after 1 January 2007
* AASB 101 'presentation of financial statements' - revised standard	Effective for annual reporting periods beginning on or after 1 January 2007
* Interpretation 10 'interim financial reporting and impairment'	Effective for annual reporting periods beginning on or after 1 November 2006
* Interpretation 11 'group treasury share transactions and consequential amendments to other accounting standards resulting from its issue'	Effective for annual reporting periods beginning on or after 1 March 2007

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the company. The circumstances addressed by Interpretation 10, which prohibits the reversal of certain impairment losses, do not affect the company's previously reported results and accordingly, there will be no impact to these financial statements on adoption of the Interpretation.

The application of AASB 101 (revised), AASB 7 and AASB 2005-10 will not affect any of the amount recognised in the financial statements, but will change the disclosures presently made in relation to the company's financial instruments and the objectives, policies and processes are managing capital.

These Standards and Interpretations will be applied in the financial report of the Company that relates to the annual reporting period beginning after the effective date of each pronouncement, which will be the company's annual reporting period beginning on 1 July 2007.

# PRITCHARD EQUITY LIMITED

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

### NOTE 2: REVENUE

	Note	Consolidated		Parent	
		2007	2006	2007	2006
		\$	\$	\$	\$
<b>a. Income from Investment Portfolio</b>					
— dividends received		46,674	7,718	2,035	623
— trust distributions received		5,069	953	-	-
— net realised gains/(losses)		5,893	17,615	(40)	4,990
— net unrealised fair value gains/(losses)		(29,100)	9,484	(29,100)	9,484
<b>Total Income from Investment Portfolio</b>		<b>28,536</b>	<b>35,770</b>	<b>(27,105)</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	-	-	-
<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		-	-	16,683	4,050
— dividends from subsidiaries		-	-	100,000	-
— gain on acquisition	22b	-	73,210	-	-
— trust distributions from controlled entities		-	-	15,274	3,450
— sub-underwriting Fees received		1,000	-	-	-
<b>Total other income</b>		<b>6,390</b>	<b>75,171</b>	<b>131,957</b>	<b>7,500</b>

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL 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		26,955	9,433	8,410	7,521
Auditors remuneration		41,450	3,000	31,000	3,000
Bank charges		603	210	357	166
Borrowing costs		8,135	608	-	-
Listing fees		12,184	1,014	12,184	1,014
Impairment of non-current assets		351	183	-	2,002

### NOTE 4: INCOME TAX EXPENSE

- a. The components of tax expense comprise:

Current tax		(6,295)	1,256	(6,295)	1,256
Deferred tax liability	11	(8,730)	3,386	(8,730)	3,386
Deferred tax asset	11	(5,774)	(3,095)	(5,774)	(3,095)
		(20,799)	1,547	(20,799)	1,547

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL 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:

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2006: 30%)				
— Consolidated	134,066	76,542	-	-
— Parent	-	-	14,816	4,025
Less:				
Tax effect of:				
— rebateable fully franked dividends	9,333	1,946	35,615	2,476
— share of net profits of associated company netted directly	113,576	47,510	-	-
— recoupment of unused prior year tax losses now recognised	23,245	25,537	-	-
— Effect of revaluation of investments for tax purposes	9,177	-	-	-
— over provision for income tax in prior years	-	2	-	2
— tax losses not brought to account	466	-	-	-
Income tax/(Benefit) attributable to entity	<b>(20,799)</b>	<b>1,547</b>	<b>(20,799)</b>	<b>1,547</b>
	%	%	%	%
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	41,450	3,000	31,000	3,000
	<b>41,450</b>	<b>3,000</b>	<b>31,000</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 FINANCIAL 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 Consolidated entity	457,502	251,250
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	33.41	18.35
Diluted earnings per share	33.41	18.35
<b>c. Classification of securities</b>	<b>Number</b>	<b>Number</b>
The following potential ordinary shares are not dilutive and therefore are excluded from the weighted average number of ordinary shares for the purposes of dilutive earnings per share:		
- Options outstanding	1,358,716	1,358,716

### NOTE 8: CASH AND CASH EQUIVALENTS

	Consolidated		Parent	
	2007 \$	2006 \$	2007 \$	2006 \$
Cash at bank	44,887	172,340	3,896	6,380
Deposits at call	5,779	110,562	5,779	110,461
	<b>50,666</b>	<b>282,902</b>	<b>9,675</b>	<b>116,841</b>

The effective interest rate on deposits at call was 5.25% (2006: 4.7%).

The credit risk exposure of the Consolidated entity 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	50,666	283,062	9,675	116,841
Bank overdraft	-	(160)	-	-
	<b>50,666</b>	<b>282,902</b>	<b>9,675</b>	<b>116,841</b>

# PRITCHARD EQUITY LIMITED

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

### NOTE 9: TRADE AND OTHER RECEIVABLES

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
CURRENT				
Dividends and trust distributions receivable	1,766	-	15,274	3,450
Goods and Services Tax Refund	4,593	6,418	3,536	6,083
Withholding Tax	55	1,101	-	1,101
Other debtors	88,352	9,391	7,250	1
Amounts receivable from:				
— wholly-owned subsidiaries	-	-	103,096	5,009
Less: Impairment Provision	-	-	-	(186)
	<b>94,766</b>	<b>16,910</b>	<b>129,156</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

#### 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 FINANCIAL YEAR ENDED 30 JUNE 2007

### NOTE 11: TAX

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>a. Liabilities</b>				
NON-CURRENT				
Deferred tax liability comprises:				
Revaluation adjustments taken directly to equity	11,193	144	11,193	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	9,939	13,251	9,939	13,251
Deferred tax assets attributable to tax losses	2,102	1,003	2,102	1,003
Impairment of non current assets	6,257	6,383	6,257	6,383
Other Temporary Differences	6,617	-	6,617	-
	24,915	20,637	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	(6,968)	(45,384)	(6,968)	(496)
Closing balance	(6,824)	144	(6,824)	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 FINANCIAL YEAR ENDED 30 JUNE 2007

### NOTE 11: TAX (Continued)

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>ii. Deferred Tax Assets</b>				
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	(3,312)	13,251	(3,312)	13,251
Closing balance	9,939	13,251	9,939	13,251
Deferred tax assets 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	-	3,095	-	3,095
Closing balance	5,345	5,345	5,345	6,383
Loss on acquisition of controlled entity				
Opening balance	912	912	912	-
Closing balance	912	912	912	-
Other temporary differences				
Opening balance	-	-	-	-
Credited to the income statement	6,617	-	6,617	-
Closing balance	6,617	-	6,617	-
	24,915	20,636	24,915	20,637
<b>d. Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1f occur</b>				
- operating losses	197,601	275,083	-	-
- capital losses	775,223	778,066	-	-
	945,868	1,053,149	-	-

# PRITCHARD EQUITY LIMITED

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

### NOTE 12: INVESTMENT PORTFOLIO

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
NON-CURRENT				
Listed Investments, at fair value				
- Fixed interest securities	-	29,850	-	-
- Options	-	10,500	-	7,000
- Shares	983,518	549,142	126,332	21,045
- Trust units	-	33,915	-	-
	983,518	623,407	126,332	28,044
Unlisted Investments, at fair value				
- Fixed interest securities	-	-	-	-
- Options	26,650	54,750	25,650	54,750
- Shares*	104,446	242	-	-
	131,096	54,991	25,650	54,750
	<b>1,114,614</b>	<b>678,398</b>	<b>151,982</b>	<b>82,795</b>

\* 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	942,611	564,023
						<b>942,611</b>	<b>564,023</b>

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL 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	13b	378,588	158,365	-	-
Less: Dividend revenue from associated company		(16,683)	(4,050)	-	-
Revaluation		-	(134,342)	-	-
<b>Balance at end of the financial year</b>		<b>942,611</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		540,840	217,580		
Share of associate's income tax expense		(162,252)	(59,215)		
<b>Share of associate's profit after income tax</b>		<b>378,588</b>	<b>158,365</b>		
<b>c. Summarised Presentation of Aggregate Assets, Liabilities and Performance of Associates</b>					
Current assets		9,850,847	6,568,543		
Non-current assets		610,495	289,170		
<b>Total assets</b>		<b>10,461,342</b>	<b>6,857,713</b>		
Current liabilities		7,342,112	5,046,270		
Non-current liabilities		148,994	37,609		
<b>Total liabilities</b>		<b>7,491,106</b>	<b>5,083,879</b>		
<b>Net assets</b>		<b>2,970,236</b>	<b>1,773,834</b>		
Revenues		5,823,787	4,176,427		
Profit after income tax of associates		1,157,148	483,905		

# PRITCHARD EQUITY LIMITED

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

### NOTE 14: INVESTMENTS IN CONTROLLED ENTITIES

#### a. Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%) <sup>*</sup>	
		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

<sup>\*</sup> 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 and 29 June 2007 Pritchard Equity Limited is entitled to 60% of all profits earned from 29 June 2007.

On 19 June 2007 the parent entity incorporated 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

	Consolidated		Parent	
	2007 \$	2006 \$	2007 \$	2006 \$
Unlisted investments, at recoverable amount				
- Shares	-	-	331,383	329,093
- Trust units	-	-	236,225	197,500
Less: Impairment Provision	-	-	(12,772)	(12,772)
	-	-	<b>554,836</b>	<b>513,821</b>

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL 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	-
Less: Impairment Provision		4	4	4	-
		-	-	-	-

### NOTE 16: TRADE AND OTHER PAYABLES

#### CURRENT

##### Unsecured liabilities

Trade payables	35,965	47,093	14,716	33,268
Accrued charges	16,000	3,000	16,000	3,000
	<b>51,965</b>	<b>50,093</b>	<b>30,716</b>	<b>36,268</b>

### NOTE 17: BORROWINGS

#### CURRENT

##### Unsecured liabilities

Bank overdrafts	-	160	-	-
Unsecured loans				
- Amounts payable to:		-	-	-
- other corporations	87,521	28,618	-	1,280
- wholly-owned subsidiaries	-	-	56,363	2,949
	<b>87,521</b>	<b>28,778</b>	<b>56,363</b>	<b>4,229</b>

##### Secured liabilities

- Short-term borrowings	17a	138,321	107,072	-	-
		<b>225,842</b>	<b>135,850</b>	<b>56,363</b>	<b>4,229</b>

The above short-term borrowings are secured by listed securities held in the company's investment and trading portfolios. Repayment of the facility is done either through the use of cash received from dividends and distributions or the sale of securities.

a. The carrying amounts of assets pledged as security is:

<b>489,127</b>	<b>222,930</b>	-	-
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# PRITCHARD EQUITY LIMITED

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

### NOTE 18: CONTRIBUTED EQUITY

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
579,358 (2006: 579,358) A ordinary shares fully paid	354,235	357,524	354,235	357,524
540,128 (2006: 540,128) B ordinary shares fully paid	351,262	354,552	351,262	354,552
250,000 (2006: 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

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

At the beginning of reporting period	354,552	83,750	354,552	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	(3,290)	(19,326)	(3,290)	(19,326)
At reporting date	<b>351,262</b>	<b>354,552</b>	<b>351,262</b>	<b>354,552</b>

#### c. Series 1 Options

As at 30 June 2007, the Company has 679,358 (2006: 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.

# PRITCHARD EQUITY LIMITED

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

### NOTE 18: CONTRIBUTED EQUITY (Continued)

#### d. Series 2 Options

As at 30 June 2007, the Company has 339,679 (2006: 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

As at 30 June 2007, the Company has 339,679 (2006: 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

	Note	Consolidated		Parent	
		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	28,527	972	6,922	972
Transfer from retained profits	6,074	27,555	(28)	5,950
Closing balance	<b>34,601</b>	<b>28,527</b>	<b>6,894</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.

# PRITCHARD EQUITY LIMITED

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

### NOTE 20: SEGMENT REPORTING

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

2007	Investments	Stockbroking	Total
Revenue	157,976	378,588	536,564
Results	78,914	378,588	457,502
Assets	1,424,936	942,611	2,367,549

2006	Investments	Stockbroking	Total
Revenue	111,224	158,365	269,589
Results	92,885	158,365	251,250
Assets	1,111,916	564,023	1,675,939

### 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	467,685	253,594	70,186	11,869
Non-cash flows in profit				
Dividends re-invested	(29,989)	(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)/loss	29,182	(9,484)	29,100	(9,484)
Write-downs to recoverable amount	-	-	-	-
Share of associated companies net profit after income tax and dividends	(378,588)	(158,365)	-	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries				
(Increase)/decrease in trade and term receivables	(24,230)	(12,229)	-	(6,579)



# PRITCHARD EQUITY LIMITED

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

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

(Increase)/decrease in the trading portfolio	(105,506)	4,374	-	-
Increase/(decrease) in trade payables and accruals	27,927	7,996	16,012	8,213
Increase/(decrease) in income taxes payable	(18,832)	(2,474)	(18,832)	1,133
Increase/(decrease) in deferred taxes payable	-	(1,101)	-	(1,101)
Cashflow from operations	(38,244)	(14,919)	(37,486)	(3,610)

### b. Acquisition of Entities

In the prior year Henley Underwriting & Investment Company Pty. Limited became a subsidiary of the parent entity, with Pritchard Equity Limited entitled to 96.62% of profits earned from 24 April 2006. 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)

# PRITCHARD EQUITY LIMITED

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

### NOTE 23: RELATED PARTY TRANSACTIONS

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
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:				
<b>a. Associated Company</b>				
24 April 2006 Pritchard Equity Limited acquired 813,576 ordinary fully paid shares in Henley Underwriting & Investment Company Pty Limited from Cameron Capital Limited for a total consideration of \$65,086.08.	-	65,086	-	65,086
24 April 2006 Pritchard Equity Limited allotted to subsidiaries of Cameron Capital Limited 37,500 A ordinary shares, 37,500 B ordinary shares, 37,500 Series 1 Options, 18,750 Series 2 Options and 18,750 Series 3 Options for a total consideration of \$75,000 pursuant to the initial public offer made by Pritchard Equity Limited	-	75,000	-	75,000
22 May 2006 Cameron Capital Limited applied for and was allotted 125,000 units in the PEQ Hamilton Fund at \$1.00 per unit	-	125,000	-	-
30 June 2007 Cameron Capital Limited applied for and was allotted 4,000 units in the PEQ Hamilton Fund at \$1.00 per unit	4,000	-	-	-
<b>b. Key Management Personnel</b>				
Accounting fees paid/payable to Rees Pritchard Pty. Limited	22,244	10,623	6,019	10,403
Brokerage paid to Pritchard & Partners Pty. Limited for stockbroking services	1,032	3,613	44	221
Handling fees payable to Pritchard & Partners Pty. Limited on subscriptions made under the initial public offer of shares in Pritchard Equity Limited	-	21,864	-	21,864
Brokerage paid to Cameron Stockbrokers Limited for stockbroking services	9,226	-	-	-

# PRITCHARD EQUITY LIMITED

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

### NOTE 24: FINANCIAL RISK MANAGEMENT

Accounting Standards identify three types of risk associated with financial instruments (i.e. the Consolidated entity'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.

Credit risk is managed as noted in the Notes to the financial statements with respect to cash and trade and other receivables. None of these assets are over-due or considered to be impaired.

**b. Liquidity Risk**

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

The Consolidated entity 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 Consolidated entity are in the form of readily tradeable securities which can be sold on-market if necessary.

**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 Consolidated entity invests a substantial proportion of its assets in tradeable securities the Consolidated entity is always subject to market risk as it invests its capital in securities which are not risk free i.e. the market price of these securities can fluctuate.

**d. Interest Rate Risk**

The consolidated entity is exposed to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. The effective average of interest rates on short term borrowings was 8.57% (2006: 7.50).

### NOTE 25: COMPANY DETAILS

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

10 Murray Street

Hamilton. New South Wales 2303

# PRITCHARD EQUITY LIMITED

## DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 9 to 32, are in accordance with the *Corporations Act 2001* and:
  - a. comply with Accounting Standards and the Corporations Regulations 2001; and
  - b. give a true and fair view of the financial position as at 30 June 2007 and of the performance for the year ended on that date of the company and consolidated entity;
2. the executive directors have each declared that:
  - a. the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
  - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
  - c. the financial statements and notes for the financial year give a true and fair view;
3. in the director's 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.

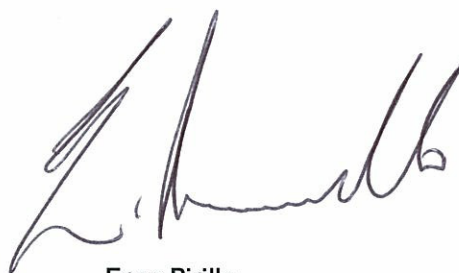
At the date of this declaration, there are reasonable grounds to believe that the companies which are party to this deed of cross guarantee will be able to meet any obligations or liabilities to which they are, or may become subject to, by virtue of the deed.

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



**Steven Shane Pritchard**

Director



**Enzo Pirillo**

Director

Dated this 8th day of November 2007.



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

We have audited the accompanying financial report of Pritchard Equity Limited, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

We have also audited the remuneration disclosures contained in the directors' report. As permitted by the Corporations Regulations 2001, the company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), required by Accounting Standard AASB 124 Related Party Disclosures, in the remuneration report and not in the financial report.

Directors' responsibility for the financial report and the AASB 124 remuneration disclosure contained in the directors' report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the 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.

The directors of the company are also responsible for the remuneration disclosures contained in the directors' report.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report and the remuneration disclosures contained in the directors' report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures contained in the directors' report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Independence**

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

### **Auditor's opinion on the financial report**

In our opinion:

- (a) the financial report of Pritchard Equity Limited is in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

### **Auditor's Opinion on the AASB 124 remuneration disclosures contained in the directors' report**

In our opinion, the remuneration disclosures that are contained in the remuneration report comply with Accounting Standard AASB 124.



FORSYTHES



MJ Matthews  
Partner  
Chartered Accountants  
Newcastle, 16 November 2007

# PRITCHARD EQUITY LIMITED

## STOCK EXCHANGE INFORMATION

### Top 20 A Ordinary Shareholders as at 8 November 2007.

Shareholder	No. of Shares	% of Issued
Pritchards Continuation Proprietary Limited	168,000	29.00
Pritchard & Company Pty Limited	63,398	10.94
Cameron Securities Pty. Limited	35,000	6.04
Pritchard & Company Pty Limited	27,171	4.69
Mrs Margaret Jane Pritchard	25,000	4.32
Mr John Weston Seaforth MacKenzie	23,330	4.03
Bell IXL Investments Limited	22,500	3.88
Pritchard & Partners Pty Limited	21,695	3.74
Wilcorp No 41 Pty. Limited	19,168	3.31
Abelia Grove Pty. Limited	17,230	2.97
Dr Gordon Bradley Elkington	15,200	2.62
Newcastle Capital Markets Registries Pty Limited	12,500	2.16
Mr Mark Stewart Moore	8,600	1.48
Mr Steven Shane Pritchard	7,918	1.37
Lateral Investment Corporation Pty. Limited	7,840	1.35
Illuminator Investment Company Limited	6,250	1.08
Pritchard & Partners Pty Limited	6,000	1.04
Pritchard & Partners Pty Limited	5,705	0.98
Mr John Richard Gilbert & Mrs Janet Patricia Gilbert	5,000	0.86
Jarfem Pty Limited	5,000	0.86
	502,505	86.72

### Number of A ordinary shares held

1 – 1,000  
1,001 – 5,000  
5,001 – 10,000  
10,001 – 50,000  
50,001 – 100,000  
100,001 and over

### Number of Shareholders

36  
21  
6  
10  
1  
1

# PRITCHARD EQUITY LIMITED

## STOCK EXCHANGE INFORMATION

### Top 20 B Ordinary Shareholders as at 8 November 2007.

Shareholder	No. of Shares	% of Issued
Pritchards Continuation Proprietary Limited	150,000	27.77
Pritchard & Company Pty Limited	53,200	9.85
Cameron Securities Pty. Limited	35,000	6.48
Pritchard & Company Pty Limited	26,800	4.96
Mrs Margaret Jane Pritchard	25,000	4.63
Mr John Weston Seaforth MacKenzie	23,330	4.32
Bell IXL Investments Limited	22,500	3.88
Wilcorp No 41 Pty. Limited	19,168	3.55
Abelia Grove Pty. Limited	17,230	3.19
Pritchard & Partners Pty Limited	17,000	3.15
Dr Gordon Bradley Elkington	15,200	2.81
Newcastle Capital Markets Registries Pty Limited	12,500	2.31
Mr Mark Stewart Moore	8,600	1.59
Lateral Investment Corporation Pty. Limited	6,650	1.23
Mr Steven Shane Pritchard	6,650	1.23
Illuminator Investment Company Limited	6,250	1.16
Jarfem Pty Limited	5,000	0.93
Mr John Barry Roberts + Mrs Judith Elizabeth Roberts	5,000	0.93
Superannuation Nominees Pty. Limited	5,000	0.93
Superannuation Nominees Pty. Limited	5,000	0.93
	465,078	85.83

### Number of B ordinary shares held

1 – 1,000  
1,001 – 5,000  
5,001 – 10,000  
10,001 – 50,000  
50,001 – 100,000  
100,001 and over

### Number of Shareholders

26  
23  
4  
10  
1  
1



# PRITCHARD EQUITY LIMITED

## STOCK EXCHANGE INFORMATION

### Top 20 C Ordinary Shareholders as at 8 November 2007.

Shareholder	No. of Shares	% of Issued
Pritchards Continuation Proprietary Limited	150,000	60.00
Pritchard & Company Pty Limited	80,000	32.00
Lateral Investment Corporation Pty. Limited	10,000	4.00
Mr Steven Shane Pritchard	10,000	4.00
	250,000	100.00

### Number of B ordinary shares held

### Number of Shareholders

1 – 1,000	-
1,001 – 5,000	-
5,001 – 10,000	2
10,001 – 50,000	-
50,001 – 100,000	1
100,001 and over	1

### Substantial Shareholders

As at 11 September 2007 the names and holdings of substantial shareholders as disclosed in notices received by the Company are as follows:-

Substantial Shareholder	No. B Ordinary shares	% of total
Steven Shane Pritchard	285,250	36.10
John Weston Seaforth MacKenzie	40,560	5.13

Substantial Shareholder	No. C Ordinary shares	% of total
Steven Shane Pritchard	250,000	100.00

# PRITCHARD EQUITY LIMITED

## STOCK EXCHANGE INFORMATION

### Top 20 Series 1 Option holders as at 8 November 2007.

Option holder	No. of Options	% of Issued
Pritchards Continuation Proprietary Limited	77,230	11.37
Pritchard & Company Pty Limited	72,829	10.72
Mrs Margaret Jane Pritchard	55,000	8.10
Mr Enzo Pirillo	50,000	7.36
Cameron Securities Pty. Limited	35,000	5.15
Pritchard & Company Pty Limited	27,171	4.00
Dr Gordon Bradley Elkington	25,000	3.68
RFC Investment Holdings Pty Limited	25,000	3.68
Mr John Weston Seaforth MacKenzie	23,330	3.43
Pritchard & Partners Pty Limited	22,000	3.24
Wilcorp No 41 Pty. Limited	19,168	2.82
Abelia Grove Pty. Limited	17,230	2.54
Dr Gordon Bradley Elkington	15,200	2.24
Mr Daniel DiStefano	15,000	2.21
Mr Brett Andrew Hall	15,000	2.21
Mrs Anna Pirillo	15,000	2.21
Mr Barry Preston	15,000	2.21
Newcastle Capital Markets Registries Pty Limited	12,500	1.84
Bell IXL Investments Limited	11,250	1.66
Mr Mark Stewart Moore	9,600	1.41
	557,508	82.08

### Number of Series 1 options held

1 – 1,000  
 1,001 – 5,000  
 5,001 – 10,000  
 10,001 – 50,000  
 50,001 – 100,000  
 100,001 and over

### Number of Option holders

24  
 35  
 2  
 16  
 3  
 -

# PRITCHARD EQUITY LIMITED

## STOCK EXCHANGE INFORMATION

### Top 20 Series 2 Option holders as at 8 November 2007.

Option holder	No. of Options	% of Issued
Pritchards Continuation Proprietary Limited	38,615	11.37
Pritchard & Company Pty Limited	36,415	10.72
Mrs Margaret Jane Pritchard	27,500	8.10
Mr Enzo Pirillo	25,000	7.36
Cameron Securities Pty. Limited	17,500	5.15
Pritchard & Company Pty Limited	13,585	4.00
Dr Gordon Bradley Elkington	12,500	3.68
RFC Investment Holdings Pty Limited	12,500	3.68
Mr John Weston Seaforth MacKenzie	11,665	3.43
Pritchard & Partners Pty Limited	11,000	3.24
Wilcorp No 41 Pty. Limited	9,584	2.82
Abelia Grove Pty. Limited	8,615	2.54
Dr Gordon Bradley Elkington	7,600	2.24
Mr Daniel DiStefano	7,500	2.21
Mr Brett Andrew Hall	7,500	2.21
Mrs Anna Pirillo	7,500	2.21
Mr Barry Preston	7,500	2.21
Newcastle Capital Markets Registries Pty Limited	6,250	1.84
Bell IXL Investments Limited	5,625	1.66
Mr Mark Stewart Moore	4,800	1.41
	278,754	82.08

### Number of Series 2 options held

1 – 1,000  
1,001 – 5,000  
5,001 – 10,000  
10,001 – 50,000  
50,001 – 100,000  
100,001 and over

### Number of Option holders

40  
21  
9  
10  
-  
-

# PRITCHARD EQUITY LIMITED

## STOCK EXCHANGE INFORMATION

### Top 20 Series 3 Option holders as at 8 November 2007.

Option holder	No. of Options	% of Issued
Pritchards Continuation Proprietary Limited	38,615	11.37
Pritchard & Company Pty Limited	36,415	10.72
Mrs Margaret Jane Pritchard	27,500	8.10
Mr Enzo Pirillo	25,000	7.36
Cameron Securities Pty. Limited	17,500	5.15
Pritchard & Company Pty Limited	13,585	4.00
Dr Gordon Bradley Elkington	12,500	3.68
RFC Investment Holdings Pty Limited	12,500	3.68
Mr John Weston Seaforth MacKenzie	11,665	3.43
Pritchard & Partners Pty Limited	11,000	3.24
Wilcorp No 41 Pty. Limited	9,584	2.82
Abelia Grove Pty. Limited	8,615	2.54
Dr Gordon Bradley Elkington	7,600	2.24
Mr Daniel DiStefano	7,500	2.21
Mr Brett Andrew Hall	7,500	2.21
Mrs Anna Pirillo	7,500	2.21
Mr Barry Preston	7,500	2.21
Newcastle Capital Markets Registries Pty Limited	6,250	1.84
Bell IXL Investments Limited	5,625	1.66
Mr Mark Stewart Moore	4,800	1.41
	278,754	82.08

### Number of Series 2 options held

1 – 1,000  
1,001 – 5,000  
5,001 – 10,000  
10,001 – 50,000  
50,001 – 100,000  
100,001 and over

### Number of Option holders

40  
21  
9  
10  
-  
-

# 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

10 Murray Street  
Hamilton NSW 2303  
Telephone (02) 4920 2877  
Facsimile (02) 4920 2878

### Accountants

Rees Pritchard Pty. Limited  
10 Murray Street  
Hamilton NSW 2303  
Telephone (02) 4920 2877  
Facsimile (02) 4920 2878

### Auditors

Forsythes  
175 Scott Street  
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