

# FORM: Half yearly/preliminary final report

Name of *issuer*

Pritchard Equity Limited

ACN or ARBN

100 517 404

Half yearly  
(tick)

✓

Preliminary  
final (tick)

Half year/financial year ended  
(‘Current period’)

31<sup>st</sup> December 2008

## For announcement to the market

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

				\$A
Operating Revenue (item 1.1)	DOWN	147%	To	(65,959)
Operating Profit (loss) before abnormal items and tax	DOWN	220%	To	(120,680)
Operating Profit (loss) for the period after tax but before minority equity interests (item 1.9)	DOWN	193%	To	(108,804)
Profit (loss) for the period attributable to security holders (item 1.11)	DOWN	201%	To	(111,726)
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 checked="" 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 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: .....

Date:

*(Director/Company secretary)*

Print name: .....



# **PRITCHARD EQUITY LIMITED**

**ACN 100 517 404**

## **HALF YEAR FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31<sup>ST</sup> DECEMBER, 2008**

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

10 Murray Street Hamilton NSW 2303 • PO Box 413 Hamilton, NSW Australia 2303 • Telephone: 02 4920 2877 • Facsimile: 02 4920 2878  
Email: [mail@pritchards.com.au](mailto:mail@pritchards.com.au) • Webpage: [www.pritchards.com.au](http://www.pritchards.com.au)

# PRITCHARD EQUITY LIMITED

## DIRECTORS' REPORT

Your directors present the financial report of the consolidated entity consisting of Pritchard Equity Limited and entities it controlled for the half-year ended 31 December 2008.

### Directors

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

- Steven Shane Pritchard
- Enzo Pirillo
- Gordon Bradley Elkington

### Review of Operations

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

The net operating loss after tax was \$(111,726) compared to a profit of \$110,803 in the previous year. This loss can primarily be attributed to the continuing turmoil in global financial markets. As a result, the net assets per share as at 31 December, 2008 was \$1.30.

### Auditor's Declaration


The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 2 for the half-year ended 31 December 2008.

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



**Steven Shane Pritchard**

Director



**Enzo Pirillo**

Director

Dated this day 5th March 2009



## 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 review of the financial statements of Pritchard Equity Limited for the half-year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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



FORSYTHES



Martin Matthews  
Partner  
Chartered Accountants  
Newcastle, 5 March 2009

# PRITCHARD EQUITY LIMITED

## CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Note	31.12.2008	31.12.2007
		\$	\$
Income from investment portfolio	2a	2,286	26,835
Income from trading portfolio	2b	(37,981)	(8,054)
Income from deposits	2c	14,146	1,934
Share of net profit/(loss) of associated company		(44,015)	117,410
Other income	2d	605	99
<b>Total income from ordinary activities</b>		<b>(64,959)</b>	<b>138,224</b>
Administration expenses		43,516	27,955
Finance Costs		5,851	6,722
Listing fees		6,354	2,889
<b>Operating profit/(loss) before income tax</b>		<b>(120,680)</b>	<b>100,658</b>
Income tax (expense)/credit		11,876	15,799
<b>Operating profit/(loss) after income tax</b>		<b>(108,804)</b>	<b>116,457</b>
(Profit)/Loss attributable to minority equity interest		(2,922)	(5,654)
<b>Profit/(loss) attributable to members of the company</b>		<b>(111,726)</b>	<b>110,803</b>
<b>Overall Operations</b>			
Basic earnings per share (cents per share)		(7.56)	8.09
Diluted earnings per share (cents per share)		(7.56)	8.09

The accompanying notes form part of these financial statements.

# PRITCHARD EQUITY LIMITED

## CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2008

	Note	31.12.2008	30.06.2008
		\$	\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		333,993	411,643
Trade and other receivables		41,731	15,522
Trading portfolio		29,196	62,726
Other current assets		2,662	-
<b>TOTAL CURRENT ASSETS</b>		<b>407,582</b>	<b>489,891</b>
<b>NON-CURRENT ASSETS</b>			
Investment portfolio		842,831	656,356
Investments in associates accounted for using the equity method		1,102,517	1,146,532
Deferred tax assets		98,348	47,802
Deferred expenditure		89,681	30,955
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,133,377</b>	<b>1,881,645</b>
<b>TOTAL ASSETS</b>		<b>2,540,959</b>	<b>2,371,536</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		104,651	84,599
Short-term borrowings		71,662	37,673
Current tax payables		321	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>176,634</b>	<b>122,272</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings		252,137	142,237
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>252,137</b>	<b>142,237</b>
<b>TOTAL LIABILITIES</b>		<b>428,771</b>	<b>264,509</b>
<b>NET ASSETS</b>		<b>2,112,188</b>	<b>2,107,027</b>
<b>EQUITY</b>			
Issued capital	4	928,560	728,260
Reserves		(162,632)	(35,219)
Retained earnings		1,182,263	1,287,730
Parent interest		1,948,191	1,980,771
Minority equity interest		163,997	126,256
<b>TOTAL EQUITY</b>		<b>2,112,188</b>	<b>2,107,027</b>

The accompanying notes form part of these financial statements.

# PRITCHARD EQUITY LIMITED

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Note				
	Issued Capital	Asset Revaluation Reserve	Capital Profits Reserve	Retained Earnings	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2007</b>	787,997	128,188	34,601	968,216	1,919,002
Profit for the half year	-	-	-	110,803	110,803
Revaluation of non current assets (net of tax)	-	71,625	-	-	71,625
Transfer from retained earnings to reserves	-	-	10,662	-	10,662
Transfer to retained earnings from reserves	-	-	-	(11,220)	(11,220)
<b>Balance at 31 December 2007</b>	<u>787,997</u>	<u>199,813</u>	<u>45,263</u>	<u>1,067,799</u>	<u>2,100,872</u>
<b>Balance at 1 July 2008</b>	728,260	(45,293)	10,074	1,287,730	1,980,771
Shares issued during the half year	200,300	-	-	-	200,300
Profit for the half year	-	-	-	(111,726)	(111,726)
Revaluation of non current assets (net of tax)	-	(121,054)	-	-	(121,054)
Transfer from retained earnings to reserves	-	-	(6,361)	-	(6,361)
Transfer to retained earnings from reserves	-	-	-	6,361	6,361
Dividends/distributions paid	-	-	-	(102)	(102)
<b>Balance at 31 December 2008</b>	<u>928,560</u>	<u>(166,347)</u>	<u>3,715</u>	<u>1,180,105</u>	<u>1,948,191</u>

The accompanying notes form part of these financial statements.



# PRITCHARD EQUITY LIMITED

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	31.12.2008	31.12.2007
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Sales from trading portfolio	5,541	211,741
Purchases for trading portfolio	-	(27,990)
Dividends received	2,591	23,566
Interest received	11,998	1,949
Distributions received	4,991	109
Commissions received	666	5,161
Other receipts	5,606	-
	31,393	214,536
Administration expenses	(45,538)	(36,450)
Bank charges	(1,014)	(228)
Finance costs	(5,851)	(6,722)
Net cash provided by (used in) operating activities	(21,010)	171,136
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sales from investment portfolio	10,824	132,292
Purchases for investment portfolio	(208,830)	(236,920)
Net cash provided by (used in) investing activities	(198,006)	(104,628)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	124,300	-
Deferred expenditure	(127,297)	-
Dividends/distributions paid	(2,259)	-
Proceeds from borrowings	176,608	161,285
Repayment of borrowings	(29,986)	(159,175)
Net cash provided by (used in) financing activities	141,366	2,110
Net increase/(decrease) in cash held	(77,650)	68,618
Cash at beginning of period	411,643	50,666
Cash at end of period	333,993	119,284

# PRITCHARD EQUITY LIMITED

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

#### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

The interim financial report does not include all the notes of the type normally included in an annual financial report. This report should be read in conjunction with the 2008 Annual Report and public announcements made by the Company during the half-year, in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

#### Basis of Preparation

The accounting policies and methods for compilation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2008 Annual Financial Report for the year ended 30 June 2008.

#### NOTE 2: REVENUE

	31.12.08 \$	31.12.07 \$
<b>a. Income from Investment Portfolio</b>		
— dividends received	5,964	24,931
— trust distributions received	2,683	3,039
— net realised gains/(losses)	(6,361)	12,215
— net unrealised fair value gain/(loss)	-	(13,350)
<b>Total Income from investment portfolio</b>	<b>2,286</b>	<b>26,835</b>
<b>b. Income from Trading Portfolio</b>		
— sales revenue	5,548	131,428
— cost of sales	(43,529)	(139,482)
<b>Total Income from trading portfolio</b>	<b>(37,981)</b>	<b>(8,054)</b>
<b>c. Income from Deposits</b>		
— interest received	14,146	1,934
<b>Total income from deposits</b>	<b>14,146</b>	<b>1,934</b>
<b>d. Other Income</b>		
— commissions received	605	99
<b>Total other income</b>	<b>605</b>	<b>99</b>

#### NOTE 3: DIVIDENDS

	31.12.08 \$	31.12.07 \$
<b>Dividends Paid or Declared</b>		
25/09/2008 Preferred Income Equity Securities dividend paid	102	-
31/12/2008 Preferred Income Equity Securities dividend declared	289	-
	<b>391</b>	<b>-</b>

# PRITCHARD EQUITY LIMITED

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

#### NOTE 4: ISSUED CAPITAL

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

Date	Details	A Ordinary Shares	B Ordinary Shares	Preferred Income Equity Securities	Issued Capital \$
01/07/2008	Opening balance	331,985	392,412	3,863	728,260
10/12/2008	Options exercised	169,500	-	-	169,500
31/12/2008	Takeover considerations	23,100	7,700	-	30,800
31/12/2008	Balance	524,585	400,112	3,863	928,560

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.

The holders of preferred income equity securities are entitled to a cumulative preferential dividend of \$10 per annum (inclusive of any franking credits that would accrue to an Australian resident shareholder in respect of that dividend) accruing at the rate of \$5 for each 6 month period (or part of such period) ending on 30 June and 31 December each year during which the securities are on issue.

Holders of preferred income equity securities may request their conversion into A ordinary shares on 30 November 2013 or on 30 November of any subsequent year by giving written notice to the Company on or before 15 November of the year in which the conversion is to take place and the Company may convert preferred income equity securities into A ordinary shares at any time by giving 60 days written notice to security holders of the date on which the conversion is to take place.

On conversion, a holding of  $m$  preferred income equity securities will be converted into a corresponding holding of  $n = m \times 100 \times e / (a - i)$  A ordinary shares, where  $e$  is the total number of issued ordinary shares shown in the last audited accounts,  $a$  is the consolidated net assets of the group shown in the last audited accounts, expressed in dollars, and  $i$  is any minority equity interest shown in the last audited accounts, also expressed in dollars.

Subject to the *Corporations Act* and the NSX Listing Rules, the Company may redeem preferred income equity securities at \$100 per security on 31 December 2013 or on 31 December of any subsequent year by giving three months written notice to security holders of its intention to redeem the securities.

On a winding up of the Company or on a reduction of capital a holder of preferred income equity securities will be entitled to receive \$100 for each security ahead of any payment to the holders of ordinary shares, but no other right to participate in surplus assets

#### a. Options

On 27 April 2006 the Company granted 679,358 Series 1 Options. A Series 1 Option entitles the holder upon payment of the exercise price of \$1.25 to 1 A Ordinary share. Series 1 Options may be exercised at any time up to 10 December 2008 (inclusive) but not thereafter. As at the reporting date 184,200 options have been exercised with the balance of 495,158 having expired.



# PRITCHARD EQUITY LIMITED

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

#### NOTE 4: ISSUED CAPITAL (CONTINUED)

##### a. Options (Continued)

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

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

#### NOTE 5: SEGMENT REPORTING

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

31.12.2008	Investments	Stockbroking	Total
Revenue	(20,944)	(44,015)	(64,959)
Results	(67,711)	(44,015)	(111,726)
Assets	1,438,442	1,102,517	2,540,959

31.12.2007	Investments	Stockbroking	Total
Revenue	20,814	117,410	138,224
Results	(6,607)	117,410	110,803
Assets	1,564,338	1,060,021	2,624,359

#### NOTE 6: CONTINGENT LIABILITIES

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

#### NOTE 7: EVENTS SUBSEQUENT TO REPORTING DATE

Since 31 December 2008 to the date of this report there has been no event specific to the Consolidated entity of which the Directors are aware which has had a material effect on the Consolidated entity or its financial position. However, Directors note that there has been a continued correction in the financial markets in which the Consolidated entity invests between the Balance Sheet date and the date of this report.



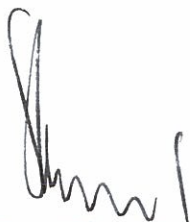
# PRITCHARD EQUITY LIMITED

## DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 3 to 9:
  - a. comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations; and
  - b. give a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Steven Shane Pritchard  
Director



Enzo Pirillo  
Director

Dated this 5<sup>th</sup> day of March 2009

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

### ***Report on the Half-Year Financial Report***

We have reviewed the accompanying half-year financial report of Pritchard Equity Limited, which comprises the condensed balance sheet as at 31 December 2008, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year period.

### ***Directors' responsibility for the financial report***

The directors of the company are responsible for the preparation and fair presentation of the half-year 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.

### ***Auditor's responsibility***

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Pritchard Equity Limited's financial position at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. As the auditor of Pritchard Equity Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### ***Independence***

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

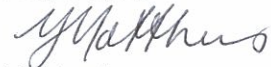
### ***Conclusion***

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

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



FORSYTHES



MJ Matthews

Partner

Chartered Accountants

Newcastle, 5 March 2009



# 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  
Newcastle NSW 2300  
Telephone (02) 4926 2699  
Facsimile (02) 4929 1435

### Solicitors

Baker & McKenzie  
Level 27, AMP Centre  
50 Bridge Street  
Sydney NSW 1223  
Telephone (02) 9225 0200  
Facsimile (02) 9225 1595

### Share Registry

Newcastle Capital Markets Registries Pty.  
Limited  
10 Murray Street  
Hamilton NSW 2303  
Telephone (02) 4920 2877  
Facsimile (02) 4920 2878

### Stockbroker & Nominated Advisers

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

### Stockbroker

Cameron Stockbrokers Limited  
Level 5  
10 Spring Street  
Sydney NSW 2000  
Telephone (02) 8225 5100  
Facsimile (02) 9232 7272