

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’)

31st December 2019

For announcement to the market

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

				\$A
Operating Revenue (item 1.1)	UP	23%	To	412,055
Operating Profit (loss) before abnormal items and tax	UP	15%	To	250,829
Operating Profit (loss) for the period after tax but before non-controlling interest (item 1.9)	UP	22%	To	193,201
Profit (loss) for the period attributable to members (item 1.11)	UP	19%	To	187,901
Income Distributions		Current period	Previous corresponding period	
Short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				

Annual meeting*(Preliminary final statement only)*

The annual meeting will be held as follows:

Place

Date

Time

Approximate date the annual report will be available

Compliance statement

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

Identify other standards used

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

- | | |
|---|--|
| <input type="checkbox"/> The financial statements have been audited. | <input checked="" 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 audited or subject to review and the audit report is not attached, details of any qualifications are attached/will follow immediately they are available* (*delete one*). (*Half yearly statement only - the audit report must be attached to this statement if the statement is to satisfy the requirements of the Corporations Act.*)

6. The issuer has/~~does not have~~* (*delete one*) a formally constituted audit committee.

Sign here:


(Director/Company secretary)

Date: 13 March 2020

Print name:

Steve. P. L. L.

PRITCHARD EQUITY LIMITED

ACN 100 517 404

**HALF YEAR FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2019**

PRITCHARD EQUITY LIMITED

DIRECTORS' REPORT

Your directors present the financial report of the consolidated entity consisting of Pritchard Equity Limited and the entities it controlled for the half year ended 31 December 2019.

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 securities.

The group offered a number of structured finance products that it has made available to qualifying investors.

There have been no significant changes in the nature of these activities since the date of the Company's last annual report.

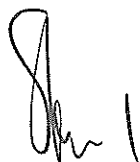
The net operating profit after tax attributable to members of the company was \$187,901 compared to \$157,219 in the previous corresponding period.

As at 31 December 2019, the consolidated entity had total assets of \$287,701,332, total liabilities of \$284,852,183 resulting in total equity of \$2,849,149.

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 2019.

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

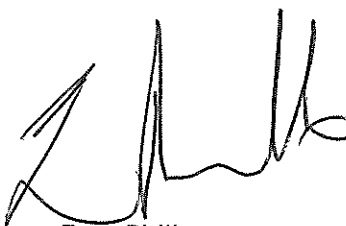


Steven Shane Pritchard

Director

13 March 2020

Hamilton, NSW



Enzo Pirillo

Director

PRITCHARD EQUITY LIMITED

Auditors Independence Declaration under 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 2019, 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.



PKF



PAUL PEARMAN
PARTNER

13 MARCH 2020
NEWCASTLE, NSW

PRITCHARD EQUITY LIMITED

CONDENSED CONSOLIDATED STATEMENT OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Note	31.12.2019	31.12.2018
		\$	\$
Income from investment portfolio	2a	11,479	12,668
Income from trading portfolio	2b	(2,715)	(3,929)
Income from deposits	2c	9,496	10,665
Income from the provision of services	2d	147,873	80,109
Income from structured finance products	2e	245,922	234,549
Total income from ordinary activities		412,055	334,062
Share of net (profit)/ loss of equity – accounted investment		(18,214)	(31,008)
Administration expenses		111,093	61,255
Auditor's remuneration		24,497	24,505
Bank charges		1,162	930
Depreciation expense		532	669
Employee expenses		38,571	32,881
Finance costs		1,193	662
Listing fees		7,447	5,735
Net realised foreign exchange loss/ (gain)		(9,376)	16,503
Share registry fees		4,321	4,217
Operating profit before income tax		250,829	217,713
Income tax expense		(57,628)	(59,184)
Operating profit after income tax		193,201	158,529
(Profit) / loss attributable to non-controlling interest		(5,300)	(1,310)
Operating profit attributable to members of the company		187,901	157,219
Other comprehensive income			
<i>Other items that will not be subsequently reclassified to profit or loss</i>			
Net revaluation of non-current assets		40,495	23,434
Net realised gains on sale of long-term investments		2,040	8,794
Foreign currency (loss)/ gain on translation		(11,711)	23,346
Total other comprehensive income for the half-year		30,824	55,574
Total comprehensive income for the half-year		218,725	212,793
Overall Operations			
Basic earnings per share (cents per share)		9.07	8.07
Diluted earnings per share (cents per share)		9.07	8.07

The accompanying notes form part of these condensed financial statements.

PRITCHARD EQUITY LIMITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	31.12.2019	30.06.2019
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		1,516,495	1,718,201
Trade and other receivables		2,607,593	2,970,299
Trading portfolio		45,692	46,426
Income tax receivable		400	285
Financial assets		228,410,843	226,275,183
TOTAL CURRENT ASSETS		232,581,023	231,010,394
NON-CURRENT ASSETS			
Investment portfolio		1,329,160	1,017,779
Investments in associates accounted for using the equity method		519,318	501,104
Trade and other receivables		205,852	415,126
Financial assets		53,392,898	53,442,898
Plant and equipment		3,327	3,041
Deferred tax assets		259,754	266,116
TOTAL NON-CURRENT ASSETS		55,710,309	55,646,064
TOTAL ASSETS		288,291,332	286,656,458
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		3,370,539	3,745,657
Borrowings		228,440,830	226,389,944
TOTAL CURRENT LIABILITIES		231,811,369	230,135,601
NON-CURRENT LIABILITIES			
Trade and other payables		237,878	463,124
Borrowings		53,392,898	53,442,898
Deferred tax liabilities		38	82
TOTAL NON-CURRENT LIABILITIES		53,630,814	53,906,104
TOTAL LIABILITIES		285,442,183	284,041,705
NET ASSETS		2,849,149	2,614,753
EQUITY			
Issued capital	4	1,265,466	1,254,966
Reserves		221,865	195,247
Retained earnings		1,345,561	1,153,454
Equity attributable to equity holders of the parent		2,832,892	2,603,667
Minority equity interest		16,257	11,086
TOTAL EQUITY		2,849,149	2,614,753

The accompanying notes form part of these condensed financial statements.

PRITCHARD EQUITY LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Issued capital	Asset revaluation reserve	Capital profits reserve	Foreign currency translation reserve	Retained earnings	Minority equity interest	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	1,227,197	11,982	55,473	44,396	867,454	6,211	2,212,713
Profit for the half year	-	-	-	-	157,219	1,310	158,529
Other comprehensive income							
Net revaluation of non-current assets	-	23,434	-	-	-	-	23,434
Net capital profit for the half year	-	-	-	-	8,794	-	8,794
Foreign currency exchange reserve	-	-	-	28,978	(5,632)	200	23,546
Total other comprehensive income	-	23,434	-	28,978	3,162	200	55,774
Total comprehensive income for the period	-	23,434	-	28,978	160,381	1,510	214,303
Transfers between reserves	-	-	7,980	-	(7,980)	-	-
Balance at 31 December 2018	1,227,197	35,416	63,453	73,374	1,019,855	7,721	2,427,016
Balance at 1 July 2019	1,254,966	68,921	69,713	56,613	1,153,454	11,086	2,614,753
Shares issued during the period	10,500	-	-	-	-	-	10,500
Profit for the half year	-	-	-	-	187,901	5,300	193,201
Other comprehensive income							
Net revaluation of non-current assets	-	40,495	-	-	-	-	40,495
Net capital profit for the half year	-	-	-	-	2,040	-	2,040
Foreign currency exchange reserve	-	(1,610)	-	(12,267)	2,166	(129)	(11,840)
Total other comprehensive income	-	38,885	-	(12,267)	4,206	(129)	30,695
Total comprehensive income for the period	-	38,885	-	(12,267)	192,107	5,171	223,896
Balance at 31 December 2019	1,265,466	107,806	69,713	44,346	1,345,561	16,257	2,849,149

The accompanying notes form part of these condensed financial statements.

PRITCHARD EQUITY LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	31.12.2019	31.12.2018
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Sales from trading portfolio	-	-
Purchases for trading portfolio	(1,980)	(9,246)
Receipts from customers	28,120	396,522
Brokerage received	105,484	46,036
Dividends received	4,121	5,100
Interest received	2,942,815	2,626,969
Distributions received	28,078	1,655
Withholding tax received	19,792	2,625
Other receipts	84,305	42,369
	<u>3,210,735</u>	<u>3,112,030</u>
Administration expenses	(204,277)	(160,205)
Payments to customers	-	-
Bank charges	(1,162)	(930)
Finance costs	(2,753,418)	(2,465,808)
Withholding tax paid	(154,223)	(142,821)
Income tax paid	(33,349)	(7,812)
Net cash provided by operating activities	<u>64,306</u>	<u>334,454</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales from investment portfolio	2,194	212,233
Purchases for investment portfolio	(254,338)	(83,126)
Purchase of other assets	(818)	-
Loans and advances	(32,341,002)	34,179,139
Loans and advances	30,255,341	(17,378,381)
Net cash (used in)/ provided by investing activities	<u>(2,338,623)</u>	<u>16,929,865</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	32,342,050	17,404,194
Repayment of borrowings	(30,266,356)	(34,203,128)
Net cash provided by/ (used in) financing activities	<u>2,075,694</u>	<u>(16,798,934)</u>
Net (decrease)/ increase in cash held	(198,623)	465,385
Cash at beginning of period	1,718,203	1,228,299
Foreign currency exchange difference	(3,085)	4,402
Cash at end of period	<u><u>1,516,495</u></u>	<u><u>1,698,086</u></u>

The accompanying notes form part of these condensed financial statements.

PRITCHARD EQUITY LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the Condensed Consolidated Financial Statements

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*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 *Interim Financial Reporting*.

It is recommended that this financial report be read in conjunction with the 2019 Annual Report and any public announcements made by the Company during the half year, in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the company's 2019 annual financial report for the financial year ended 30 June 2019, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New and amended standards adopted by the company

Certain new accounting standards and interpretations have been published for the 31 December 2019 reporting period by the Company. The director's assessment of the impact of these new standards (to the extent relevant to the company) and interpretations is set out below:

(i) AASB 16: Leases

AASB 16 Leases, issued in February 2016, includes significant changes for lease accounting, particularly for lessees. For lessees, almost all leases go on the statement of financial position as the distinction between operating and financing leases has been removed. Under the new standard, an asset (the right to use the lease item) and a financial liability to pay rentals are recognised. The only exemptions from this are short-term and low-value leases. The accounting for lessors have not significantly changed.

This standard is effective for annual reporting periods beginning on or after 1 January 2019. Pritchard Equity have assessed the impact of AASB 16 and found one immaterial lease which will need to be adjusted in line with the new policy. However, due to its immaterial nature the Directors have decided to not adjust the amount as at 31 December but to consider adjusting it for the year end 30 June 2020.

This standard did not have a material impact on the Company's accounting policies nor the amounts recognised in the financial statements.

There were no new standards, interpretations or amendments to existing accounting standards that are not mandatory for the interim reporting period ending 31 December 2019.

(a) Holdings of Securities

(i) Statement of Financial Position classification

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

The investment portfolio comprises holdings of securities which the directors intend to retain on a long-term basis, and has been classified as a non-current asset.

The trading portfolio comprises holdings of securities held for short term trading purposes and is classified as a current asset.

(ii) Valuation of investments

Securities, including listed and unlisted shares, notes and options, are initially brought to account at cost (including any associated transaction costs) and are continuously carried at fair value.

PRITCHARD EQUITY LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(iii) Income from holdings of securities

Distributions relating to listed securities are recognised as income when those securities are quoted ex-distribution basis. Distributions relating to unlisted securities are recognised as income when received unless the distributions are capital returns in which case the amount of the distribution is treated as an adjustment to the cost base of the securities.

PRITCHARD EQUITY LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 2: REVENUE

	31.12.2019 \$	31.12.2018 \$
a. Income from Investment Portfolio		
— dividends received	10,565	11,503
— trust distributions received	914	1,165
Total income from investment portfolio	11,479	12,668
b. Income from Trading Portfolio		
— sales revenue	-	-
— cost of sales	(2,715)	(3,929)
Total income from trading portfolio	(2,715)	(3,929)
c. Income from Deposits		
— interest received	9,496	10,665
Total income from deposits	9,496	10,665
d. Income from the provision of services		
— brokerage received	110,329	46,453
— other income received	37,544	33,656
— rent received	-	-
— authorised representative fees received	-	-
Total other income	147,873	80,109
e. Income from structured finance products		
— interest received	5,023,286	6,727,736
— other income received	-	40,329
— interest paid	(3,101,802)	(4,378,109)
— acquisition fees	(1,675,562)	(2,155,407)
Total income from structured finance products	245,922	234,549

NOTE 3: DIVIDENDS

Dividends Paid or Declared	-	-
	-	-

PRITCHARD EQUITY LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

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	Issued Capital \$
01/07/2019	Opening balance	1,079,654	960,659	1,254,966
19/12/2019	Shares issued during the period	-	30,000	10,500
31/12/2019	Closing balance	1,079,654	990,659	1,265,466

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.

NOTE 5: SEGMENT REPORTING

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

The following is an analysis of the Group's revenue and results by reportable operating segment for the periods under review:

Half year ended 31.12.2019	Investments	Financial Services	Structured Finance Products	Total
Revenue	33,260	132,873	245,922	412,055
Results	(79,446)	21,425	245,922	187,901

Half year ended 31.12.2018	Investments	Financial Services	Structured Finance Products	Total
Revenue	19,404	80,109	234,549	334,062
Results	(82,628)	5,298	234,549	157,219

The revenue reported above represents revenue generated from external customers. There were no intersegment sales during the period.

The following is an analysis of the Group's assets by reportable operating segment:

31.12.2019	Investments	Financial Services	Structured Finance Products	Total
Assets	3,733,741	308,147	284,249,443	288,291,331

30.06.2019	Investments	Financial Services	Structured Finance Products	Total
Assets	3,676,354	313,634	282,937,406	286,927,394

PRITCHARD EQUITY LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 6: RELATED PARTY TRANSACTIONS	31.12.2019	31.12.2018
	\$	\$
Transactions with 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:		
Accounting fees paid/ payable to Rees Pritchard Pty Limited-	39,075	23,566
Newcastle Capital Markets Registries Pty. Limited for share registry costs.	4,321	4,217
Interest receivable from RAM Investment Partners No.1 Pty Limited	282,331	257,425
Unsecured notes from RAM Investment Partners No.1 Pty Limited	22,326,001.64	7,000,000
Interest receivable from RAM Investment Partners No.2 Pty Limited	564,015	589,310
Unsecured notes from RAM Investment Partners No.2 Pty Limited	51,696,840.42	53,415,181
Loan payable to Gordon Bradley Elkington	-	-
Loan payable to Steven Shane Pritchard	15,346	13,218
Loan payable to Hamilton Capital Proprietary Limited	74,774	74,774
Units held in Tyrex Solutions Unit Trust	50,000	50,000
Distribution accrued/ receivable from Tyrex Solutions Unit Trust	-	16,182

NOTE 7: KEY MANAGEMENT PERSONNEL

Remuneration arrangements of key management personnel are disclosed in the annual financial report.

NOTE 8: CONTINGENT LIABILITIES

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

NOTE 9: EVENTS SUBSEQUENT TO REPORTING DATE

Since 31 December 2019 to the date of this report Pritchard Equity has issued \$27,999,851.61 loans to borrowers and incurred \$27,999,851.61 in notes. Pritchard Equity has repaid \$5,591,000 in loans to borrowers and redeemed \$5,591,000 in notes. There have been no other events 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.

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 11:
 - a. comply with Accounting Standards and the Corporations Regulations; and
 - b. give a true and fair view of the consolidated entity's financial position as at 31 December 2019 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*.

On behalf of the directors



Steven Shane Pritchard
Director



Enzo Pirillo
Director

13 March 2020
Hamilton, NSW

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Pritchard Equity Limited (the Company) and its controlled entities (collectively the "consolidated entity"), which comprises the statement of financial position as at 31 December 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration.

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. In accordance with the Corporations Act 2001, we have given the directors' of the company a written Auditor's Independence Declaration.

Directors' Responsibility for the Half-Year Financial Report

The Directors' of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Regulations 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a 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 half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2019 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Pritchard Equity Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

Auditor's Responsibility (cont'd)

A review of a 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.



PKF



PAUL PEARMAN
PARTNER

13 MARCH 2020
NEWCASTLE, NSW