

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 2020

For announcement to the market

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

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				\$A
Operating Revenue (item 1.1)	UP	5%	To	434,665
Operating Profit (loss) before abnormal items and tax	UP	27%	To	319,231
Operating Profit (loss) for the period after tax but before non-controlling interest (item 1.9)	UP	20%	To	232,752
Profit (loss) for the period attributable to members (item 1.11)	UP	24%	To	233,318
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 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.
6. The *issuer* has a formally constituted audit committee.

Sign here:


(Director/Company secretary)

Date:

12 March 2021

Print name:

STEVEN PRITCHARD



PRITCHARD EQUITY LIMITED

ACN 100 517 404

HALF YEAR FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2020

Pritchard Equity Limited ABN 80 100 517 404

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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 2020.

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 \$233,318 compared to \$187,901 in the previous corresponding period.

As at 31 December 2020, the consolidated entity had total assets of \$232,709,181, total liabilities of \$229,343,915 resulting in total equity of \$3,365,266.

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 2020.

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



Steven Shane Pritchard

Director

12 March 2021

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 2020, 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



MARTIN MATTHEWS
PARTNER

12 MARCH 2021
NEWCASTLE, NSW

PRITCHARD EQUITY LIMITED

CONDENSED CONSOLIDATED STATEMENT OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Note	31.12.2020 \$	31.12.2019 \$
Income from investment portfolio	2a	13,251	11,479
Income from trading portfolio	2b	(1,122)	(2,715)
Income from deposits	2c	3,928	9,496
Income from the provision of services	2d	145,923	147,873
Income from structured finance products	2e	272,685	245,922
Total income from ordinary activities		434,665	412,055
Share of net (profit)/ loss of equity – accounted investment		(420)	(18,214)
Administration expenses		63,529	100,593
Auditor's remuneration		30,313	24,497
Bank charges		1,603	1,162
Depreciation expense		786	532
Directors fees		10,500	10,500
Employee expenses		28,280	38,571
Finance costs		8	1,193
Listing fees		5,849	7,447
Net realised foreign exchange loss/ (gain)		(29,227)	(9,376)
Share registry fees		4,213	4,321
Operating profit before income tax		319,231	250,829
Income tax expense		(86,479)	(57,628)
Operating profit after income tax		232,752	193,201
Loss/ (profit) attributable to non-controlling interest		566	(5,300)
Operating profit attributable to members of the company		233,318	187,901
Other comprehensive income			
<i>Other items that will not be subsequently reclassified to profit or loss</i>			
Net revaluation of non-current assets		82,926	40,495
Net realised gains on sale of long-term investments		7,671	2,040
Foreign currency (loss)/ gain on translation		(48,025)	(11,711)
Total other comprehensive income for the half-year		42,572	30,824
Total comprehensive income for the half-year		275,890	218,725
Overall Operations			
Basic earnings per share (cents per share)		11.10	9.07
Diluted earnings per share (cents per share)		11.10	9.07

The accompanying notes form part of these condensed financial statements.

PRITCHARD EQUITY LIMITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	31.12.2020	30.06.2020
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		1,817,455	7,031,266
Trade and other receivables		2,096,212	2,394,867
Trading portfolio		20,437	21,558
Income tax receivable		783	307
Financial assets		212,490,322	269,875,645
TOTAL CURRENT ASSETS		216,425,209	279,323,643
NON-CURRENT ASSETS			
Investment portfolio		1,458,370	1,262,098
Investments in associates accounted for using the equity method		542,707	542,287
Trade and other receivables		610,503	642,570
Financial assets		13,500,000	23,852,898
Plant and equipment		3,197	3,307
Deferred tax assets		169,195	238,721
TOTAL NON-CURRENT ASSETS		16,283,972	26,541,881
TOTAL ASSETS		232,709,181	305,865,524
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		2,647,105	3,368,705
Borrowings		212,492,426	274,825,645
TOTAL CURRENT LIABILITIES		215,139,531	278,194,350
NON-CURRENT LIABILITIES			
Trade and other payables		704,384	737,795
Borrowings		13,500,000	23,852,898
Deferred tax liabilities		-	2
TOTAL NON-CURRENT LIABILITIES		14,204,384	24,590,695
TOTAL LIABILITIES		229,343,915	302,785,045
NET ASSETS		3,365,266	3,080,479
EQUITY			
Issued capital	4	1,275,966	1,265,466
Reserves		209,587	185,194
Retained earnings		1,862,621	1,611,124
Equity attributable to equity holders of the parent		3,348,174	3,061,784
Minority equity interest		17,092	18,695
TOTAL EQUITY		3,365,266	3,080,479

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 2020

	Issued capital	Asset revaluation reserve	Capital profits reserve	Foreign currency translation reserve	Retained earnings	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	1,254,966	68,921	69,713	56,613	1,153,454	2,603,667
Shares issued during the period	10,500	-	-	-	-	10,500
Profit for the half year	-	-	-	-	187,901	187,901
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	(11,711)
Total other comprehensive income	-	38,885	-	(12,267)	4,206	30,824
Total comprehensive income for the period	-	38,885	-	(12,267)	192,107	218,725
Balance at 31 December 2019	1,265,466	107,806	69,713	44,346	1,345,561	2,832,892
Balance at 1 July 2020	1,265,466	62,117	69,713	53,364	1,611,124	3,061,784
Shares issued during the period	10,500	-	-	-	-	10,500
Profit for the half year	-	-	-	-	233,318	233,318
Other comprehensive income						
Net revaluation of non-current assets	-	82,926	-	-	-	82,926
Net capital profit for the half year	-	-	-	-	7,671	7,671
Foreign currency exchange reserve	-	-	-	(58,533)	10,508	(48,025)
Total other comprehensive income	-	82,926	-	(58,533)	18,179	42,572
Total comprehensive income for the period	-	82,926	-	(58,533)	251,497	275,890
Balance at 31 December 2020	1,275,966	145,043	69,713	(5,169)	1,862,621	3,348,174

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 2020

	31.12.2020	31.12.2019
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Sales from trading portfolio	-	-
Purchases for trading portfolio	-	(1,980)
Net receipts/ (payments) from customers	35,788	28,120
Brokerage received	36,522	105,484
Fees received	162,503	-
Dividends received	5,240	4,121
Interest received	3,316,263	2,942,815
Distributions received	17,724	28,078
Withholding tax received	4,750	19,792
Other receipts	78,014	84,305
	<hr/>	<hr/>
	3,656,804	3,210,735
Administration expenses	(129,835)	(204,277)
Bank charges	(1,603)	(1,162)
Finance costs	(3,133,091)	(2,753,418)
Withholding tax paid	-	(154,223)
Income tax paid	(35,460)	(33,349)
Net cash provided by operating activities	<hr/>	<hr/>
	356,815	64,306
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales from investment portfolio	10,890	2,194
Purchases for investment portfolio	(91,561)	(254,338)
Purchase of other assets	(731)	(818)
Loans and advances	(26,729,716)	(32,341,002)
Loans and advances	39,957,295	30,255,341
Net cash (used in)/ provided by investing activities	<hr/>	<hr/>
	13,146,177	(2,338,623)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	26,221,178	32,342,050
Repayment of borrowings	(44,907,295)	(30,266,356)
Net cash provided by/ (used in) financing activities	<hr/>	<hr/>
	(18,686,117)	2,075,694
Net (decrease)/ increase in cash held	(5,183,125)	(198,623)
Cash at beginning of period	7,031,266	1,718,203
Foreign currency exchange difference	(30,686)	(3,085)
Cash at end of period	<hr/>	<hr/>
	1,817,455	1,516,495

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 2020

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 2020 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 2020 annual financial report for the financial year ended 30 June 2020, 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

There were no new standards, interpretations or amendments to existing accounting standards that are not mandatory for the interim reporting period ending 31 December 2020.

(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.

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 2020

NOTE 2: REVENUE	31.12.2020 \$	31.12.2019 \$
a. Income from Investment Portfolio		
— dividends received	12,358	10,565
— trust distributions received	893	914
Total income from investment portfolio	13,251	11,479
b. Income from Trading Portfolio		
— sales revenue	-	-
— cost of sales	(1,122)	(2,715)
Total income from trading portfolio	(1,122)	(2,715)
c. Income from Deposits		
— interest received	3,928	9,496
Total income from deposits	3,928	9,496
d. Income from the provision of services		
— brokerage received	26,023	110,329
— other income received	119,900	37,544
Total other income	145,923	147,873
e. Income from structured finance products		
— interest received	4,126,815	5,023,286
— interest paid	(2,927,707)	(3,101,802)
— acquisition fees	(926,423)	(1,675,562)
Total income from structured finance products	272,685	245,922

NOTE 3: DIVIDENDS

Dividends Paid or Declared	-	-
	-	-

PRITCHARD EQUITY LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

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 \$
01/07/2020	Opening balance	1,079,654	990,659	1,265,466
30/11/2020	Shares issued during the period	20,659	9,341	10,500
31/12/2020	Closing balance	1,100,313	1,000,000	1,275,966

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 31.12.2020	Investments	Financial Services	Structured Finance Products	Total
Revenue	101,912	60,068	272,685	434,665
Results	(34,884)	(2,291)	272,685	233,318

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

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:

31.12.2020	Investments	Financial Services	Structured Finance Products	Total
Assets	3,813,365	358,637	228,537,179	232,709,181

30.06.2020	Investments	Financial Services	Structured Finance Products	Total
Assets	9,350,979	-	296,514,545	305,865,524

PRITCHARD EQUITY LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 6: RELATED PARTY TRANSACTIONS

31.12.2020	31.12.2019
\$	\$

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-	26,139	39,075
Newcastle Capital Markets Registries Pty. Limited for share registry costs.	4,213	4,321
Interest receivable from RAM Investment Partners No.1 Pty Limited	419,083	282,331
Unsecured notes from RAM Investment Partners No.1 Pty Limited	29,160,750	22,326,002
Interest receivable from RAM Investment Partners No.2 Pty Limited	578,099	564,015
Unsecured notes from RAM Investment Partners No.2 Pty Limited	57,038,674	51,696,840
Loan payable to Steven Shane Pritchard	14,645	15,346
Loan payable to Hamilton Capital Proprietary Limited	-	74,774
Units held in Tyrex Solutions Unit Trust	50,000	50,000
Distribution accrued/ receivable from Tyrex Solutions Unit Trust	23,229	8,659

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 2020 to the date of this report Pritchard Equity has issued \$10,234,489.62 loans to borrowers and incurred \$10,234,489.62 in notes. Pritchard Equity has repaid \$5,175,500 in loans to borrowers and redeemed \$5,175,500 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

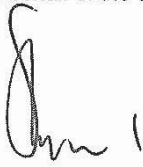
DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 3 to 10:
 - 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 2020 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

12 March 2021
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 2020, 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 2020, 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 2020 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.

PKF(NS) Audit & Assurance Limited
Partnership
ABN 91 850 861 839

Liability limited by a scheme
approved under Professional
Standards Legislation

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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



MARTIN MATTHEWS
PARTNER

12 MARCH 2021
NEWCASTLE, NSW