

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 2017

For announcement to the market

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

					\$A
Operating Revenue (item 1.1)	UP	32%	To		280,315
Operating Profit (loss) before abnormal items and tax	UP	118%	To		184,953
Operating Profit (loss) for the period after tax but before non-controlling interest (item 1.9)	UP	163%	To		136,127
Profit (loss) for the period attributable to members (item 1.11)	UP	153%	To		135,697
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:					



PRITCHARD EQUITY LIMITED

ACN 100 517 404

HALF YEAR FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2017

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 2017.

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 \$135,697 compared to \$53,551 in the previous corresponding period.

As at 31 December 2017, the consolidated entity had total assets of \$291,973,441, total liabilities of \$289,954,956 resulting in total equity of \$2,018,485.

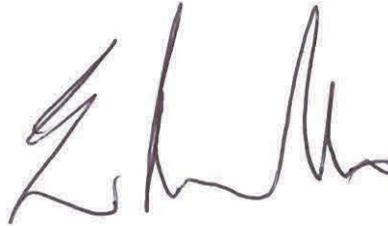
Auditor's Declaration

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 2017.

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



Steven Shane Pritchard
Director
12 March 2018
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 2017, 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 2018
NEWCASTLE, NSW

PKF(NS) Audit & Assurance Limited Partnership Sydney

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PRITCHARD EQUITY LIMITED

CONDENSED CONSOLIDATED STATEMENT OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Note	31.12.2017	31.12.2016
		\$	\$
Income from investment portfolio	2a	30,966	12,311
Income from trading portfolio	2b	4,658	3,567
Income from deposits	2c	12,378	8,924
Income from the provision of services	2d	65,666	75,142
Income from structured finance products	2e	166,647	112,631
Total income from ordinary activities		280,315	212,575
Share of net (profit)/ loss of equity – accounted investment		(32,719)	(1,679)
Administration expenses		65,467	69,737
Auditor's remuneration		22,338	21,445
Bank charges		955	1,201
Depreciation expense		682	955
Employee expenses		28,916	26,121
Finance costs		339	1,410
Listing fees		5,128	4,366
Net realised foreign exchange loss/ (gain)		(57)	20
Share registry fees		4,313	4,222
Operating profit before income tax		184,953	84,777
Income tax expense		(48,826)	(33,005)
Operating profit after income tax		136,127	51,772
Profit/ (loss) attributable to non-controlling interest		(430)	1,779
Operating profit attributable to members of the company		135,697	53,551
Other comprehensive income			
<i>Other items that will not be subsequently reclassified to profit or loss</i>			
Net revaluation of non-current assets		(4,462)	28,764
Net realised gains on sale of long-term investments		11,401	6,759
Foreign currency (loss)/ gain on translation		(1,286)	(586)
Total other comprehensive income for the half-year		5,653	34,937
Total comprehensive income for the half-year		141,350	88,488
Overall Operations			
Basic earnings per share (cents per share)		7.07	2.81
Diluted earnings per share (cents per share)		7.07	2.81

The accompanying notes form part of these condensed financial statements.

PRITCHARD EQUITY LIMITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	31.12.2017	30.06.2017
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		1,155,711	1,200,052
Trade and other receivables		5,111,219	6,226,920
Trading portfolio		28,256	18,597
Financial assets		99,866,939	63,305,430
Provision for tax		-	3,802
TOTAL CURRENT ASSETS		106,162,125	70,754,801
NON-CURRENT ASSETS			
Investment portfolio		944,314	915,393
Investments in associates accounted for using the equity method		498,216	465,497
Trade and other receivables		3,383,404	5,409,446
Financial assets		180,662,899	213,662,898
Plant and equipment		2,691	1,633
Deferred tax assets		319,792	350,888
TOTAL NON-CURRENT ASSETS		185,811,316	220,805,755
TOTAL ASSETS		291,973,441	291,560,556
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		5,548,188	6,747,299
Borrowings		99,965,676	63,404,165
TOTAL CURRENT LIABILITIES		105,513,864	70,151,464
NON-CURRENT LIABILITIES			
Trade and other payables		3,773,010	5,878,301
Borrowings		180,662,899	213,662,898
Deferred tax liabilities		5,183	175
TOTAL NON-CURRENT LIABILITIES		184,441,092	219,541,374
TOTAL LIABILITIES		289,954,956	289,692,838
NET ASSETS		2,018,485	1,867,718
EQUITY			
Issued capital	4	1,227,197	1,218,197
Reserves		22,031	29,131
Retained earnings		767,125	618,675
Equity attributable to equity holders of the parent		2,016,353	1,866,003
Minority equity interest		2,132	1,715
TOTAL EQUITY		2,018,485	1,867,718

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 2017

	Issued capital	Asset revaluation reserve	Capital profits reserve	Foreign currency translation reserve	Retained earnings	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	1,213,697	(103,963)	55,473	49,889	399,448	1,614,544
Profit for the half year	-	-	-	-	53,551	53,551
Other comprehensive income						
Net revaluation of non-current assets	-	28,764	-	-	-	28,764
Net capital profit for the half year	-	-	-	-	6,759	6,759
Foreign currency exchange reserve	-	-	-	(736)	150	(586)
Total other comprehensive income	-	28,764	-	(736)	6,909	34,937
Total comprehensive income for the period	-	28,764	-	(736)	60,460	88,488
Balance at 31 December 2016	1,213,697	(75,199)	55,473	49,153	459,908	1,703,032
Balance at 1 July 2017	1,218,197	(67,790)	55,473	41,448	618,675	1,866,003
Shares issued during the period	9,000	-	-	-	-	9,000
Profit for the half year	-	-	-	-	135,697	135,697
Other comprehensive income						
Net revaluation of non-current assets	-	(4,462)	-	-	-	(4,462)
Net capital profit for the half year	-	-	-	-	11,401	11,401
Foreign currency exchange reserve	-	-	-	(2,638)	1,352	(1,286)
Total other comprehensive income	-	(4,462)	-	(2,638)	12,753	5,653
Total comprehensive income for the period	-	(4,462)	-	(2,638)	148,450	141,350
Balance at 31 December 2017	1,227,197	(72,252)	55,473	38,810	767,125	2,016,353

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 2017

	31.12.2017	31.12.2016
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Sales from trading portfolio	-	1,875
Purchases for trading portfolio	(5,000)	-
Authorised representative fees received	-	25,667
Brokerage received	46,821	29,930
Dividends received	5,667	4,970
Interest received	2,334,135	3,802,186
Distributions received	4,253	841
Withholding tax received	29,400	246,564
Other receipts	138,166	50,835
	<u>2,553,442</u>	<u>4,162,868</u>
Administration expenses	(118,153)	(144,173)
Payments to customers	(82,973)	-
Bank charges	(954)	(1,201)
Finance costs	(2,211,650)	(3,540,671)
Withholding tax paid	(172,597)	(149,843)
Income tax paid	-	(6,273)
Net cash (used in)/ provided by operating activities	<u>(32,885)</u>	<u>320,707</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales from investment portfolio	77,733	3,504
Purchases for investment portfolio	(86,252)	(15,956)
Purchase of other assets	(1,681)	(2,113)
Loans and advances	(6,499,144)	(61,083,795)
Net cash used in investing activities	<u>(6,509,344)</u>	<u>(61,098,360)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	6,499,144	61,084,808
Repayment of borrowings	-	(4,670)
Net cash provided by financing activities	<u>6,499,144</u>	<u>61,080,138</u>
Net (decrease)/ increase in cash held	(43,085)	302,485
Cash at beginning of period	1,200,050	661,374
Foreign currency exchange difference	(1,254)	(138)
Cash at end of period	<u><u>1,155,711</u></u>	<u><u>963,721</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 2017

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 2017 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 2017 annual financial report for the financial year ended 30 June 2017, 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.

The Group has not applied any Australian Accounting Standards or AASB interpretations that have been issued at balance date but are not yet operative for the half year ended 31 December 2017 ("the inoperative standards"), except for AASB 9. The impact of the inoperative standards has been assessed and the impact has been identified as not being material. The Group only intends to adopt inoperative standards at the date at which their adoption becomes mandatory.

The adoption of the various Australian Accounting Standards and Interpretations in issue but not yet effective will not impact the Group's accounting policies. However, the pronouncements will result in changes to information currently disclosed in the financial statements. The Group does not intend to adopt any of these pronouncements before their effective dates.

The following significant accounting policies have been adopted in the preparation and presentation of the half year financial report from 1 July 2017 to 31 December 2017.

(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 2017

NOTE 2: REVENUE	31.12.2017	31.12.2016
	\$	\$
a. Income from Investment Portfolio		
— dividends received	11,811	11,187
— trust distributions received	19,155	1,124
Total income from investment portfolio	30,966	12,311
b. Income from Trading Portfolio		
— sales revenue	-	1,875
— cost of sales	4,658	1,692
Total income from trading portfolio	4,658	3,567
c. Income from Deposits		
— interest received	12,378	8,924
Total income from deposits	12,378	8,924
d. Income from the provision of services		
— brokerage received	46,821	29,930
— other income received	18,147	21,162
— rent received	698	717
— authorised representative fees received	-	23,333
Total other income	65,666	75,142
e. Income from structured finance products		
— interest received	6,920,131	2,772,524
— interest paid	(4,382,681)	(1,962,950)
— acquisition fees	(2,370,803)	(696,943)
Total income from structured finance products	166,647	112,631
NOTE 3: DIVIDENDS		
Dividends Paid or Declared	-	-
	-	-

PRITCHARD EQUITY LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

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 \$
01/07/2017	Opening balance	1,048,373	869,378	1,218,197
29/12/2017	Shares issued during the period	-	30,000	9,000
31/12/2017	Closing balance	1,048,373	899,378	1,227,197

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 31.12.2017	Investments	Financial Services	Structured Finance Products	Total
Revenue	48,002	65,666	166,647	280,315
Results	(32,689)	1,739	166,647	135,697

Half year ended 31.12.2016	Investments	Financial Services	Structured Finance Products	Total
Revenue	48,853	51,091	112,631	212,575
Results	(51,887)	(7,193)	112,631	53,551

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:

31.12.2017	Investments	Financial Services	Structured Finance Products	Total
Assets	3,029,209	-	288,944,232	291,973,441

30.06.2017	Investments	Financial Services	Structured Finance Products	Total
Assets	3,131,314	-	288,429,242	291,560,556

PRITCHARD EQUITY LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

NOTE 6: RELATED PARTY TRANSACTIONS	31.12.2017	31.12.2016
	\$	\$
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-	24,872	22,113
Newcastle Capital Markets Registries Pty. Limited for share registry costs.	4,313	4,222
Interest receivable from RAM Investment Partners No.1 Pty Limited	343,000	1,066,504
Unsecured notes from RAM Investment Partners No.1 Pty Limited	18,769,849	26,300,000
Interest receivable from RAM Investment Partners No.2 Pty Limited	399,594	261,543
Unsecured notes from RAM Investment Partners No.2 Pty Limited	39,196,090	26,293,795
Loan payable to Lateral Investment Corporation Pty Limited	-	50,000
Loan payable to Gordon Bradley Elkington	19,878	19,878
Loan payable to Steven Shane Pritchard	12,545	11,433
Distribution accrued/ receivable from Tyrex Solutions Unit Trust	17,028	15,660

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 2017 to the date of this report Pritchard Equity has issued \$8,715,000 loans to borrowers and incurred \$8,715,000 in notes. There has 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:

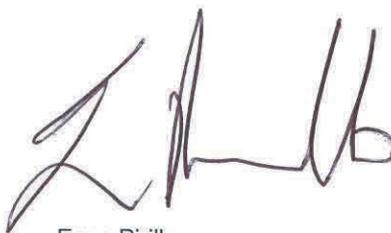
1. The financial statements and notes, as set out on pages 3 to 10:
 - a. comply with Accounting Standards and the Corporations Regulations; and
 - b. give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half year ended on that 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 2018
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 2017, 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 2017, 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 2017 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 Sydney

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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 2018
NEWCASTLE, NSW

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

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