



# PRITCHARD EQUITY LIMITED

## 2006 ANNUAL REPORT

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

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# PRITCHARD EQUITY LIMITED

## KEY FINANCIAL HIGHLIGHTS

| <b>Year ended 30 June</b>                           | <b>2006</b> | <b>2005</b>    |
|---|-------------|----------------|
| <b>Income Statement</b>                             |             |                |
| Total income  | 269,589     | 121,977        |
| Total expenses                                      | 14,448      | 11,172         |
| Operating profit before income tax                  | 255,141     | 110,805        |
| Income tax expense                                  | 1,547       | 12,894         |
| Operating profit after income tax                   | 253,594     | 97,911         |
| Minority interests                                  | 2,344       | -              |
| Profit attributable to members of the company       | 251,250     | 97,911         |
| <b>Balance Sheet</b>                                |             |                |
| Total assets  | 1,675,939   | 714,951        |
| Total liabilities                                   | 204,104     | 61,925         |
| Total equity  | 1,471,835   | 653,026        |
| <b>Share Information</b>                            |             |                |
| Basic earnings per share (cents per share)          | 18.35       | 12.41          |
| Net assets per share (cents per share)              | 98.06       | 82.74          |
| Share prices at end of period                       |             |                |
| — A Ordinary shares                                 | 85.0        | Not Applicable |
| — B Ordinary shares                                 | 95.0        | Not Applicable |
| Ordinary share capital (number of shares)           | 1,369,486   | 789,230        |
| <b>Key Measures</b>                                 |             |                |
| Return on average ordinary shareholders' equity (%) | 25.2        | 22.7           |
| Return on average assets (%)                        | 21.2        | 21.8           |
| Gearing Ratio (%)                                   | 8.5         | -              |

# PRITCHARD EQUITY LIMITED

## CHAIRMAN'S REVIEW

Pritchard Equity Limited has made an excellent start to its life as a publicly listed company with its consolidated operating profit for the year up by 156% to \$251,250. The main contribution to this performance has been an increased share of net profit from our associated company Cameron Capital Limited.

### CAPITAL RAISING

During the year ended 30 June 2006, Pritchard Equity Limited issued a prospectus in order to raise additional funds and to have its securities listed on the Stock Exchange of Newcastle Limited.

The offer under the prospectus was successful and the Company's securities were listed for quotation on the Stock Exchange of Newcastle Limited for the first time on 27 April 2006.

### ACQUISITION OF SUBSIDIARIES

The Company acquired a majority interest in Henley Underwriting & Investment Company Pty. Limited, which is the holder of an Australian Financial Services Licence.

We believe that the acquisition of Henley Underwriting & Investment Company Pty. Limited, will in the future provide the Company with additional revenue earning opportunities.

On the 8 May 2006, the Company was instrumental in establishing the PEQ Hamilton Fund of which it currently owns 60%. Upon the establishment of the PEQ Hamilton Fund the Company transferred its holding in Winpar Holdings Limited to the fund. It is envisaged that this fund will raise additional capital for investment in opportunities as they are identified.

### INVESTMENT ACTIVITY

At balance date the group had approximately 40% of its assets in listed investments, 34% in unlisted investments, 17% in cash and 9% in other assets.

### LISTED INVESTMENTS

Pritchard Equity Limited's listed investment strategy is to invest in a small number of companies that we believe have good opportunities for growth over time.

At balance date the group had substantial investments in the following listed companies;

- Australian Stock Exchange Limited
- Australian & New Zealand Banking Group Limited
- Australian Onshore Energy Fund
- BHP Billiton Limited
- Florin Mining Investment Company Limited
- Hastings Hi Yield Fund
- Illuminator Investment Company Limited
- Macquarie Radio Network Limited
- Winpar Holdings Limited

### UNLISTED INVESTMENTS

The major unlisted investment held by the Company is a 32.74% interest in Cameron Capital Limited, which is the holding company of Cameron Stockbrokers Limited a participant of Australian Stock Exchange Limited and the Stock Exchange of Newcastle Limited. Reflecting the buoyant equity market conditions for the year and a substantial contribution from its fledging investment banking and investment management businesses, Cameron Capital Limited's operating profit was up by 134%, however, as shareholders are aware, markets can go down as well as up, and we expect that any general downturn in the equity markets as a whole will have an adverse effect on the profitability of Cameron Capital Limited.

We will continue to evaluate new opportunities as they arise.

# PRITCHARD EQUITY LIMITED

## CORPORATE GOVERNANCE STATEMENT

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

The main corporate governance policies are summarised below.

### **Appointment and Retirement of Non-Executive Directors**

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

### **Director's Access to Independent Professional Advice**

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

- Be entitled to obtain independent professional or other advice at the cost of the Company, unless the Board determines otherwise.
- Be entitled to obtain such resources and information from the Company including direct access to employees of and advisers to the Company as they may require.
- Operate in accordance with the terms of reference established by the Board.

### **Audit Committee**

The Audit Committee intends to meet with the external auditors at least twice a year. This committee addresses the financial and compliance oversight responsibilities of the Board. The specific activities include assessing and monitoring:

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

# PRITCHARD EQUITY LIMITED

## DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Pritchard Equity Limited and the entities it controlled for the financial year ended 30 June 2006.

### Directors

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

- Steven Shane Pritchard
- Enzo Pirillo (Appointed 14 September 2005)
- Robert Franklin Cameron (Appointed 14 September 2005)
- Gordon Bradley Elkington (Appointed 12 December 2005)

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

### Company Secretary

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

### Principal Activities

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

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

### Dividends Paid or Recommended

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

### Operating Results and Review of Operations

The consolidated entity's portfolio of investments grew strongly during the year ended 30 June 2006. The group achieved an increase in profitability during the 2006 financial year, primarily as a result of an increased contribution from its associated company Cameron Capital Limited. The consolidated net profit after providing for income tax and eliminating minority equity interests was \$251,250 a 156% increase on the prior year.

### Financial Position

The net assets of the consolidated entity as at 30 June 2005 were \$653,026. As at 30 June 2006 the net assets of the consolidated entity were \$1,471,835, representing an increase of \$818,809. This increase has largely resulted from the following factors:

- Consolidated Operating Profit of \$251,250
- Capital raising of \$541,603 after costs.

The group currently holds cash and readily realisable assets of \$1,074,370 which places it in a strong position to take advantage of new investment opportunities as they emerge.

### Significant Changes in State of Affairs

On 13 December 2005 the Company issued a prospectus in order to raise additional capital to expand the operations of the Company. The Company raised a total of \$541,603 net of the costs associated with the capital raising and its securities were first quoted on the Stock Exchange of Newcastle Limited on 27 April 2006. Concurrently with the capital raising the Company acquired control of Henley Underwriting & Investment Company Pty. Limited, which is the holder of an Australian Financial Services Licence.

The directors are confident that these steps will assist to position the company to exhibit strong future growth.

### After Balance Date Events

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

### Future Developments, Prospects and Business Strategies

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

# PRITCHARD EQUITY LIMITED

## DIRECTORS' REPORT

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

### Environmental Issues

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

### Information on Directors

|   |   |   |
|---|---|---|
| <b>Steven Shane Pritchard</b>               | — | Chairman (Executive).   |
| Qualifications                              | — | B. Com., CPA, F. Fin.   |
| Experience                                  | — | Chairman and director since 10 May 2002.  |
| Interest in Shares and Options              | — | 321,730 A Ordinary shares<br>286,250 B Ordinary shares<br>250,000 C Ordinary shares<br>212,480 Series 1 Options<br>106,240 Series 2 Options<br>106,240 Series 3 Options   |
| Special Responsibilities                    | — | Steven Pritchard is a member of the Audit Committee   |
| Directorships held in other listed entities | — | Current chairman and director of Illuminator Investment Company Limited (since 22 December 2003), current director of Florin Mining Investment Company Limited (since 29 September 2004), and Winpar Holdings Limited (since 4 July 2004) |
| <b>Enzo Pirillo</b>                         | — | Director (Executive) and Company Secretary  |
| Qualifications                              | — | B. Com., CPA, F. Fin.   |
| Experience                                  | — | Director and company secretary since 14 September 2005.   |
| Interest in Shares and Options              | — | 1,000 A Ordinary shares<br>1,000 B Ordinary shares<br>51,000 Series 1 Options<br>25,500 Series 2 Options<br>25,500 Series 3 Options   |
| Special Responsibilities                    | — | Enzo Pirillo is a Member of the Audit Committee   |
| <b>Robert Franklin Cameron</b>              | — | Director (Non-Executive)  |
| Qualifications                              | — | Previously a member of Australian Stock Exchange Limited  |
| Experience                                  | — | Director since 14 September 2005  |
| Interest in Shares and Options              | — | 3,500 A Ordinary shares<br>3,500 B Ordinary shares<br>28,500 Series 1 Options<br>14,250 Series 2 Options<br>14,250 Series 3 Options   |
| Directorships held in other listed entities | — | Director of Florin Mining Investment Company Limited (since 29 September 2004) and Winpar Holdings Limited (since 1985)   |

# PRITCHARD EQUITY LIMITED

## DIRECTORS' REPORT

### Information on Directors (Continued)

|   |   |   |
|---|---|---|
| <b>Gordon Bradley Elkington</b>             | — | Director (Non-Executive)  |
| Qualifications                              | — | B. Sc., M. Sc., PhD, LL.M   |
| Experience                                  | — | Director since 12 December 2005   |
| Interest in Shares and Options              | — | 15,200 A Ordinary shares<br>15,200 B Ordinary shares<br>40,200 Series 1 Options<br>20,100 Series 2 Options<br>20,100 Series 3 Options |
| Special Responsibilities                    | — | Gordon Elkington is a Member of the Audit Committee   |
| Directorships held in other listed entities | — | Director of Stokes (Australasia) Limited (since 24 April 2003) and Winpar Holdings Limited (since 1994)                               |

### REMUNERATION REPORT

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

#### Remuneration policy

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

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

Non-Executive Directors hold office until such time as they retire, resign or are removed from office under the terms set out in the constitution of the Company.

Non-Executive Directors do not receive any performance based remuneration.

#### Remuneration Report

##### Details of remuneration for year ended 30 June 2006

The Company has only two executives, SS Pritchard and E Pirillo (2005: one executive), both of whom are Directors of the Company. Details of the remuneration for each Director of the Company was as follows:

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

| 2005             | Salary & Fees | Superannuation Contributions | Other | Total |
|------------------|---------------|------------------------------|-------|-------|
|                  | \$            | \$                           | \$    | \$    |
| Steven Pritchard | -             | -                            | -     | -     |



# PRITCHARD EQUITY LIMITED

## DIRECTORS' REPORT

### Meetings of Directors

During the financial year, 9 meetings of directors (including committees) were held. Attendances were:

|                        | DIRECTORS MEETINGS        |                 | AUDIT COMMITTEE MEETINGS  |                 |
|------------------------|---------------------------|-----------------|---------------------------|-----------------|
|                        | Number eligible to attend | Number Attended | Number eligible to attend | Number Attended |
| Steven Shane Pritchard | 9                         | 9               | 1                         | 1               |
| Enzo Pirillo           | 7                         | 7               | 1                         | 1               |
| Robert Cameron         | 7                         | 7               | 0                         | 0               |
| Gordon Elkington       | 6                         | 6               | 1                         | 1               |

### Indemnifying Officers or Auditor

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

### Proceedings on Behalf of Company

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

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

### Auditor's Independence Declaration

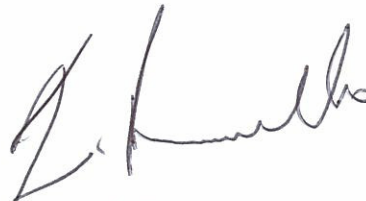
The auditor's independence declaration for the year ended 30 June 2006 has been received and can be found on page 8 of the directors' report.

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



**Steven Shane Pritchard**

Director



**Enzo Pirillo**

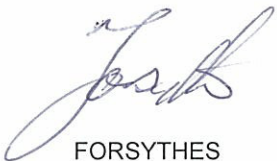
Director

Dated this 17th day of November 2006.

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF PRITCHARD EQUITY LIMITED AND CONTROLLED ENTITIES**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2006 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



FORSYTHES  
Chartered Accountants



VJ Lewis  
Partner

17 November 2006  
Newcastle

# PRITCHARD EQUITY LIMITED

## INCOME STATEMENT FOR YEAR ENDED 30 JUNE 2006

|  | Note | Consolidated   |                | Parent        |               |
|--|------|----------------|----------------|---------------|---------------|
|  |      | 2006           | 2005           | 2006          | 2005          |
|  |      | \$             | \$             | \$            | \$            |
| Income from investment portfolio                       | 2a   | 35,770         | 54,219         | 15,097        | 54,219        |
| Income from trading portfolio                          | 2b   | (4,239)        | -              | -             | -             |
| Income from deposits                                   | 2c   | 4,522          | 207            | 4,522         | 207           |
| Share of net profit of associated company              |      | 158,365        | 67,551         | -             | -             |
| Other income   | 2d   | 75,171         | -              | 7,500         | -             |
| <b>Total income from ordinary activities</b>           |      | <b>269,589</b> | <b>121,977</b> | <b>27,119</b> | <b>54,426</b> |
| Administration expenses                                |      | 12,951         | 632            | 10,687        | 212           |
| Borrowing costs expense                                |      | 300            | -              | -             | -             |
| Impairment of non-current assets                       |      | 183            | 7,499          | 2,002         | 10,960        |
| Listing fees   |      | 1,014          | -              | 1,014         | -             |
| Loss on acquisition of controlled entity               |      | -              | 3,041          | -             | -             |
| <b>Operating profit before income tax</b>              | 3    | <b>255,141</b> | <b>110,805</b> | <b>13,416</b> | <b>43,254</b> |
| Income tax expense/(credit)                            | 4    | 1,547          | 12,894         | 1,547         | 12,894        |
| <b>Operating profit after income tax</b>               |      | <b>253,594</b> | <b>97,911</b>  | <b>11,869</b> | <b>30,360</b> |
| Profit/(Loss) attributable to minority equity interest |      | (2,344)        | -              | -             | -             |
| <b>Profit attributable to members of the company</b>   |      | <b>251,250</b> | <b>97,911</b>  | <b>11,869</b> | <b>30,360</b> |
| <b>Overall Operations</b>                              |      |                |                |               |               |
| Basic earnings per share (cents per share)             | 7    | 18.35          | 12.41          |               |               |
| Diluted earnings per share (cents per share)           | 7    | 18.35          | 12.41          |               |               |

The accompanying notes form part of these financial statements.

# PRITCHARD EQUITY LIMITED

## BALANCE SHEET AS AT 30 JUNE 2006

|   | Note | Consolidated     |                | Parent         |                |
|---|------|------------------|----------------|----------------|----------------|
|   |      | 2006             | 2005           | 2006           | 2005           |
|   |      | \$               | \$             | \$             | \$             |
| <b>ASSETS</b>   |      |                  |                |                |                |
| <b>CURRENT ASSETS</b>   |      |                  |                |                |                |
| Cash and cash equivalents                                       | 8    | 282,902          | 14,343         | 116,841        | 14,243         |
| Receivables   | 9    | 16,910           | -              | 15,458         | -              |
| Trading Portfolio   | 10   | 113,070          | -              | -              | -              |
| <b>TOTAL CURRENT ASSETS</b>                                     |      | <b>412,882</b>   | <b>14,343</b>  | <b>132,299</b> | <b>14,243</b>  |
| <b>NON-CURRENT ASSETS</b>                                       |      |                  |                |                |                |
| Investment portfolio  | 12   | 678,398          | 84,178         | 82,795         | 84,177         |
| Investments in associates accounted for using the equity method | 13   | 564,023          | 540,000        | 146,382        | 142,332        |
| Investments in controlled entities                              | 14   | -                | -              | 513,821        | 3,050          |
| Other financial assets  | 15   | -                | 73,142         | -              | 57,858         |
| Deferred tax assets   | 11   | 20,636           | 3,288          | 20,637         | 3,288          |
| <b>TOTAL NON-CURRENT ASSETS</b>                                 |      | <b>1,263,057</b> | <b>700,608</b> | <b>763,635</b> | <b>290,705</b> |
| <b>TOTAL ASSETS</b>   |      | <b>1,675,939</b> | <b>714,951</b> | <b>895,934</b> | <b>304,948</b> |
| <b>CURRENT LIABILITIES</b>                                      |      |                  |                |                |                |
| Trade and other payables  | 16   | 50,093           | 212            | 36,268         | 212            |
| Short-term borrowings   | 17   | 135,850          | -              | 4,229          | 2,949          |
| Current tax liabilities   | 11   | -                | 417            | -              | 417            |
| <b>TOTAL CURRENT LIABILITIES</b>                                |      | <b>185,943</b>   | <b>629</b>     | <b>40,497</b>  | <b>3,578</b>   |
| <b>NON-CURRENT LIABILITIES</b>                                  |      |                  |                |                |                |
| Deferred tax liabilities  | 11   | 18,161           | 61,296         | 18,161         | 16,408         |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                            |      | <b>18,161</b>    | <b>61,296</b>  | <b>18,161</b>  | <b>16,408</b>  |
| <b>TOTAL LIABILITIES</b>  |      | <b>204,104</b>   | <b>61,925</b>  | <b>58,658</b>  | <b>19,986</b>  |
| <b>NET ASSETS</b>   |      | <b>1,471,835</b> | <b>653,026</b> | <b>837,276</b> | <b>284,962</b> |
| <b>EQUITY</b>   |      |                  |                |                |                |
| Contributed equity  | 18   | 794,576          | 252,973        | 794,576        | 252,973        |
| Reserves  | 19   | 31,880           | 107,205        | 7,258          | 2,466          |
| Retained earnings   |      | 516,556          | 292,848        | 35,442         | 29,523         |
| Parent interest   |      | 1,343,012        | 653,026        | 837,276        | 284,962        |
| Minority equity interest  |      | 128,823          | -              | -              | -              |
| <b>TOTAL EQUITY</b>   |      | <b>1,471,835</b> | <b>653,026</b> | <b>837,276</b> | <b>284,962</b> |

The accompanying notes form part of these financial statements.

# PRITCHARD EQUITY LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2006

|  | Note | Issued<br>Capital | Asset<br>Revaluation<br>Reserve | Capital<br>Profits<br>Reserve | Retained<br>Profits | Total            |
|--|------|-------------------|---------------------------------|-------------------------------|---------------------|------------------|
| <b>Consolidated</b>                            |      |                   |                                 |                               |                     |                  |
| <b>Balance at 1 July 2004</b>                  |      | 10,000            | -                               | -                             | 195,909             | 205,909          |
| Shares issued during the year                  |      | 242,973           |                                 |                               | -                   | 242,973          |
| Profit for the year                            |      | -                 | -                               | -                             | 97,911              | 97,911           |
| Revaluation of non current assets (net of tax) |      | -                 | 106,233                         | -                             | -                   | 106,233          |
| Transfer from retained profits to reserves     |      | -                 | -                               | 972                           | (972)               | -                |
| <b>Balance at 30 June 2005</b>                 |      | <b>252,973</b>    | <b>106,233</b>                  | <b>972</b>                    | <b>292,848</b>      | <b>653,026</b>   |
| <b>Balance at 1 July 2005</b>                  |      | <b>252,973</b>    | <b>106,233</b>                  | <b>972</b>                    | <b>292,848</b>      | <b>653,026</b>   |
| Shares issued during the year                  |      | 580,257           | -                               | -                             | -                   | 580,257          |
| Transaction Costs                              |      | (38,654)          | -                               | -                             | -                   | (38,654)         |
| Profit for the year                            |      | -                 | -                               | -                             | 251,263             | 251,263          |
| Revaluation of non current assets (net of tax) |      | -                 | (102,880)                       | -                             | -                   | (102,880)        |
| Transfer from retained profits to reserves     |      | -                 | -                               | 27,555                        | (27,555)            | -                |
| <b>Balance at 30 June 2006</b>                 |      | <b>794,576</b>    | <b>3,353</b>                    | <b>28,527</b>                 | <b>516,556</b>      | <b>1,343,012</b> |
| <b>Parent</b>                                  |      |                   |                                 |                               |                     |                  |
| <b>Balance at 1 July 2004</b>                  |      | 10,000            | -                               | -                             | 135                 | 10,135           |
| Shares issued during the year                  |      | 242,973           | -                               | -                             | -                   | 242,973          |
| Profit for the year                            |      | -                 | -                               | -                             | 30,360              | 30,360           |
| Revaluation of non current assets (net of tax) |      | -                 | 1,494                           | -                             | -                   | 1,494            |
| Transfer from retained profits to reserves     |      | -                 | -                               | 972                           | (972)               | -                |
| Balance at 30 June 2005                        |      | 252,973           | 1,494                           | 972                           | 29,523              | 284,962          |
| <b>Balance at 1 July 2005</b>                  |      | <b>252,973</b>    | <b>1,494</b>                    | <b>972</b>                    | <b>29,523</b>       | <b>284,962</b>   |
| Shares issued during the year                  |      | 580,257           | -                               | -                             | -                   | 580,257          |
| Transaction Costs                              |      | (38,654)          | -                               | -                             | -                   | (38,654)         |
| Profit for the year                            |      | -                 | -                               | -                             | 11,869              | 11,869           |
| Revaluation of non current assets (net of tax) |      | -                 | (1,158)                         | -                             | -                   | (1,158)          |
| Transfer from retained profits to reserves     |      | -                 | -                               | 5,950                         | (5,950)             | -                |
| <b>Balance at 30 June 2006</b>                 |      | <b>794,576</b>    | <b>336</b>                      | <b>6,922</b>                  | <b>35,442</b>       | <b>837,276</b>   |

The accompanying notes form part of these financial statements.

# PRITCHARD EQUITY LIMITED

## CASH FLOW STATEMENT FOR YEAR ENDED 30 JUNE 2006

|   | Note | Consolidated   |               | Parent         |               |
|---|------|----------------|---------------|----------------|---------------|
|   |      | 2006<br>\$     | 2005<br>\$    | 2006<br>\$     | 2005<br>\$    |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>         |      |                |               |                |               |
| Sales from trading portfolio                        |      | 43,613         | -             | -              | -             |
| Purchases for trading portfolio                     |      | (50,521)       | -             | -              | -             |
| Interest received                                   |      | 3,421          | 208           | 3,421          | 208           |
| Commissions Received                                |      | 1,961          | -             | -              | -             |
|   |      | (1,526)        | 208           | 3,421          | 208           |
| Administration expenses                             |      | (5,548)        | (200)         | (3,322)        | (200)         |
| Bank charges  |      | (209)          | -             | (166)          | -             |
| Borrowing costs                                     |      | (3)            | -             | -              | -             |
| Other payments                                      |      | (3,354)        | -             | (3,128)        | -             |
| Income tax paid                                     |      | (4,279)        | -             | (415)          | -             |
| Net cash provided by (used in) operating activities | 22   | (14,919)       | 8             | (3,610)        | 8             |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>         |      |                |               |                |               |
| Sales from investment portfolio                     |      | 178,123        | 2,281         | 23,469         | 2,281         |
| Purchases for investment portfolio                  |      | (518,614)      | (24,064)      | (463,479)      | (37,864)      |
| Acquisition of subsidiary net of cash acquired      |      | (206,576)      | -             | -              | -             |
| Net cash provided by (used in) investing activities |      | (547,067)      | (21,783)      | (440,010)      | (35,583)      |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>         |      |                |               |                |               |
| Proceeds from issue of shares                       |      | 580,253        | 242,973       | 580,253        | 242,973       |
| Proceeds from issue of equity in subsidiary         |      | 125,000        | -             | -              | -             |
| Initial public offer costs                          |      | (30,306)       | -             | (30,306)       | -             |
| Proceeds from borrowings                            |      | 228,280        | 11,882        | 1,280          | 25,682        |
| Repayment of borrowings                             |      | (72,842)       | (223,712)     | (5,009)        | (223,712)     |
| Net cash provided by (used in) financing activities |      | 830,385        | 31,143        | 546,218        | 44,943        |
| Net increase (decrease) in cash held                |      | 268,399        | 9,368         | 102,598        | 9,368         |
| Cash at beginning of financial year                 |      | 14,343         | 4,975         | 14,243         | 4,875         |
| Cash at end of financial year                       | 8    | <b>282,742</b> | <b>14,343</b> | <b>116,841</b> | <b>14,243</b> |

The accompanying notes form part of these financial statements.

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the consolidated entity of Pritchard Equity Limited. Pritchard Equity Limited is a listed public company, incorporated and domiciled in Australia.

The financial report of Pritchard Equity Limited as an individual entity comply with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

#### **Basis of Preparation**

##### *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*

Pritchard Equity Limited both as an individual entity and consolidated entity has prepared financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS) from 1 July 2005.

Judgements made by management in the application of AIFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Pritchard Equity Limited has not previously prepared a general purpose financial report which was subject to Australian GAAP and accordingly no reconciliations from previous Australian GAAP to AIFRS have been included in this report.

##### *Reporting Basis and Conventions*

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

#### **Accounting Policies**

##### **a. Principles of Consolidation**

A controlled entity is any entity Pritchard Equity Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 14 to the financial statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the consolidated entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### b. Fair Value of Financial Assets and Liabilities

The fair value of cash and cash equivalents, and non-interest bearing monetary financial assets and liabilities of the Company approximates their carrying value.

#### c. Investment and Trading Portfolios

##### (i) Balance Sheet classification

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

The investment portfolio relates to holdings of securities which the directors intend to retain on a long-term basis.

The trading portfolio comprises securities held for short term trading purposes.

The investment portfolio is classified as a 'non-current asset', whereas the trading portfolio is classified as a 'current asset'.

Ordinary securities within the investment portfolio are classified as 'assets available for sale', whilst securities within the trading portfolio are classified as 'assets measured at fair value through the Income Statement'

##### (ii) Valuation of investment portfolio

Securities, including listed and unlisted shares and notes and options, are initially brought to account at cost, which is the cost of acquisition including transaction costs, and are revalued to market values continuously. Increments and decrements on Ordinary Securities are taken to the Asset Revaluation Reserve while it has a credit balance in total, otherwise they are included in Profit from ordinary activities before income tax expense.

Where disposal of an investment occurs any revaluation increment or decrement relating to it, is transferred from the Asset Revaluation Reserve to the Income Statement.

##### (iii) Valuation of trading portfolio

Securities, including listed and unlisted shares and notes, are initially brought to account at cost which is the cost of acquisition including transaction costs and are revalued to market values continuously.

Increments and decrements on the value of securities in the trading portfolio are taken directly through the Income Statement.

##### (iv) Determination of market value

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

##### (v) Income from holdings of securities

Distributions relating to listed securities are recognised as income when those securities are quoted ex-distribution basis and distributions relating to unlisted securities are recognised as income when received. If the distributions are capital returns on ordinary securities the amount of the distribution is treated as an adjustment to the carry value of the securities.

#### d. Investments in Associates

Investments in associate companies are recognised in the consolidated financial statements by applying the equity method of accounting. The equity method of accounting recognises the group's share of post-acquisition reserves of its associates.

#### e. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments.



# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### f. **Income Tax**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

#### g. **Initial Public Offer Costs**

The costs incurred by the Company in respect of its initial public offer have been charged directly against contributed equity.

#### h. **Impairment of Assets**

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

#### i. **Provisions**

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

#### j. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 2: REVENUE

|   | Note | Consolidated   |               | Parent        |               |
|---|------|----------------|---------------|---------------|---------------|
|   |      | 2006<br>\$     | 2005<br>\$    | 2006<br>\$    | 2005<br>\$    |
| <b>a. Income from Investment Portfolio</b>    |      |                |               |               |               |
| —   |      | 7,718          | 273           | 623           | 273           |
| —   |      | 953            | -             | -             | -             |
| —   |      | 17,615         | 1,387         | 4,990         | 1,387         |
| —   |      | 9,484          | 52,559        | 9,484         | 52,559        |
| <b>Total Income from Investment Portfolio</b> |      | <b>35,770</b>  | <b>54,219</b> | <b>15,097</b> | <b>54,219</b> |
| <b>b. Income from Trading Portfolio</b>       |      |                |               |               |               |
| —   |      | 45,656         | -             | -             | -             |
| —   |      | 49,895         | -             | -             | -             |
| —   |      | (4,239)        | -             | -             | -             |
| —   |      | -              | -             | -             | -             |
| —   |      | -              | -             | -             | -             |
| <b>Total Income from trading portfolio</b>    |      | <b>(4,239)</b> | <b>-</b>      | <b>-</b>      | <b>-</b>      |
| <b>c. Income from Deposits</b>                |      |                |               |               |               |
| —   |      | 4,522          | 207           | 4,522         | 207           |
| <b>Total income from deposits</b>             |      | <b>4,522</b>   | <b>207</b>    | <b>4,522</b>  | <b>207</b>    |
| <b>d. Other Income</b>                        |      |                |               |               |               |
| —   |      | 1,961          | -             | -             | -             |
| —   |      | -              | -             | 4,050         | -             |
| —   | 22   | 73,210         | -             | -             | -             |
| —   |      | -              | -             | 3,450         | -             |
| <b>Total other income</b>                     |      | <b>75,171</b>  | <b>-</b>      | <b>7,500</b>  | <b>-</b>      |

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 3: PROFIT FROM ORDINARY ACTIVITIES

|   | Note | Consolidated |       | Parent |        |
|---|------|--------------|-------|--------|--------|
|   |      | 2006         | 2005  | 2006   | 2005   |
|   |      | \$           | \$    | \$     | \$     |
| Profit from ordinary activities before income tax has been determined after |      |              |       |        |        |
| <b>Expenses</b>   |      |              |       |        |        |
| Administration expenses   |      | 9,741        | 632   | 7,521  | 212    |
| Auditors remuneration   |      | 3,000        | -     | 3,000  | -      |
| Bank charges  |      | 210          | -     | 166    | -      |
| Borrowing costs   |      | 300          | -     | -      | -      |
| Listing fees  |      | 1,014        | -     | 1,014  | -      |
| Loss on acquisition of controlled entity                                    |      | -            | 3041  | -      | -      |
| Impairment of non-current assets  |      | 183          | 7,499 | 2,002  | 10,960 |

### NOTE 4: INCOME TAX EXPENSE

|   | Note | Consolidated |         | Parent  |         |
|---|------|--------------|---------|---------|---------|
|   |      | 2006         | 2005    | 2006    | 2005    |
|   |      | \$           | \$      | \$      | \$      |
| <b>a.</b> The components of tax expense comprise: |      |              |         |         |         |
| Current tax                                       |      | 1,256        | 415     | 1,256   | 415     |
| Deferred tax liability                            | 11   | 3,386        | 15,767  | 3,386   | 15,767  |
| Deferred tax asset                                |      | (3,095)      | (3,288) | (3,095) | (3,288) |
|   |      | 1,547        | 12,894  | 1,547   | 12,894  |
|   |      | 1,547        | 12,894  | 1,547   | 12,894  |

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 4: INCOME TAX EXPENSE (Continued)

- b. The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:

|   | Note | Consolidated |        | Parent |        |
|---|------|--------------|--------|--------|--------|
|   |      | 2006         | 2005   | 2006   | 2005   |
|   |      | \$           | \$     | \$     | \$     |
| Prima facie tax payable on profit from ordinary activities before income tax at 30% (2005: 30%) |      |              |        |        |        |
| — Consolidated  |      | 76,542       | 33,242 | -      | -      |
| — Parent  |      | -            | -      | 4,025  | 12,976 |
| <hr/>   |      |              |        |        |        |
| Less:   |      |              |        |        |        |
| Tax effect of:  |      |              |        |        |        |
| — rebateable fully franked dividends  |      | 1,946        | 82     | 2,476  | 82     |
| — share of net profits of associated company netted directly                                    |      | 47,510       | 20,266 | -      | -      |
| — non assessable amounts  |      | 25,537       | -      | -      | -      |
| — over provision for income tax in prior years  |      | 2            | -      | 2      | -      |
| <hr/>   |      |              |        |        |        |
| Income tax attributable to entity   |      | 1,547        | 12,894 | 1,547  | 12,894 |
| <hr/>   |      |              |        |        |        |
|   |      | %            | %      | %      | %      |
| The applicable weighted average effective tax rates are as follows:                             |      |              |        |        |        |
|   |      | 0.6          | 11.6   | 11.5   | 29.8   |
| <hr/>   |      |              |        |        |        |

### NOTE 5: AUDITORS' REMUNERATION

Remuneration of the auditor of the company for:

|  |              |          |              |          |
|--|--------------|----------|--------------|----------|
| — auditing or reviewing the financial report                   | 3,000        | -        | 3,000        | -        |
| — other services   | -            | -        | -            | -        |
| — due diligence services                                       | -            | -        | -            | -        |
| — Other services provided by a related practice of the auditor | -            | -        | -            | -        |
| <hr/>  |              |          |              |          |
|  | <b>3,000</b> | <b>-</b> | <b>3,000</b> | <b>-</b> |
| <hr/>  |              |          |              |          |

### NOTE 6: DIVIDENDS

#### Dividends paid or proposed

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

#### Franking account

|                                      |                |            |              |            |
|--------------------------------------|----------------|------------|--------------|------------|
| Balance of franking account at year. | <b>515,611</b> | <b>173</b> | <b>2,590</b> | <b>173</b> |
| <hr/>                                |                |            |              |            |

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 7: EARNINGS PER SHARE

|  | Consolidated   |                |
|--|----------------|----------------|
|  | 2006<br>Number | 2005<br>Number |
| Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share                   | 1,369,486      | 789,230        |
| Weighted average number of options outstanding   | 1,358,716      | -              |
| Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive earnings per share                    | 1,369,486      | 789,230        |
| <b>a. Basic and diluted earnings per share</b>   | <b>\$</b>      | <b>\$</b>      |
| Profit attributable to members of the company  | 251,250        | 97,911         |
|  | <b>Cents</b>   | <b>Cents</b>   |
| Basic earnings per share   | 18.35          | 12.41          |
| Diluted earnings per share   | 18.35          | 12.41          |
| <b>c. Classification of securities</b>   | <b>Number</b>  | <b>Number</b>  |
| The following securities have been classified as potential ordinary shares and are included in determination of dilutive earnings per share: |                |                |
| - Options outstanding  | -              | -              |

### NOTE 8: CASH AND CASH EQUIVALENTS

|                  | Note | Consolidated   |               | Parent         |               |
|------------------|------|----------------|---------------|----------------|---------------|
|                  |      | 2006           | 2005          | 2006           | 2005          |
|                  |      | \$             | \$            | \$             | \$            |
| Cash at bank     |      | 172,340        | 14,243        | 6,380          | 14,243        |
| Deposits at call |      | 110,562        | 100           | 110,461        | -             |
|                  |      | <b>282,902</b> | <b>14,343</b> | <b>116,841</b> | <b>14,243</b> |

The effective interest rate on deposits at call was 4.80% (2005: 4.7%).

The credit risk exposure of the Company in relation to cash and deposits is the carrying amount and any accrued unpaid interest.

#### Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

|                           |                |               |                |               |
|---------------------------|----------------|---------------|----------------|---------------|
| Cash and cash equivalents | 282,902        | 14,343        | 116,841        | 14,243        |
| Bank overdraft            | (160)          | -             | -              | -             |
|                           | <b>282,742</b> | <b>14,343</b> | <b>116,841</b> | <b>14,243</b> |

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 9: TRADE AND OTHER RECEIVABLES

|  | Note | Consolidated  |          | Parent        |          |
|--|------|---------------|----------|---------------|----------|
|  |      | 2006          | 2005     | 2006          | 2005     |
|  |      | \$            | \$       | \$            | \$       |
| CURRENT                                      |      |               |          |               |          |
| Dividends and trust distributions receivable |      | -             | -        | 3,450         | -        |
| Goods and Services Tax Refund                |      | 6,418         | -        | 6,083         | -        |
| Withholding Tax                              |      | 1,101         | -        | 1,101         | -        |
| Other debtors                                |      | 9,391         | -        | 1             | -        |
| Amounts receivable from:                     |      |               |          |               |          |
| — wholly-owned subsidiaries                  |      | -             | -        | 5,009         | -        |
| Less: Impairment Provision                   |      | -             | -        | (186)         | -        |
|  |      | <b>16,910</b> | <b>-</b> | <b>15,458</b> | <b>-</b> |

Receivables are non-interest bearing and unsecured.

The credit risk exposure of the Company in relation to receivables is the carrying amount.

### NOTE 10: TRADING PORTFOLIO

|                                     | Note | Consolidated   |          | Parent   |          |
|-------------------------------------|------|----------------|----------|----------|----------|
|                                     |      | 2006           | 2005     | 2006     | 2005     |
|                                     |      | \$             | \$       | \$       | \$       |
| CURRENT                             |      |                |          |          |          |
| Listed investments, at market value |      |                |          |          |          |
| - Options                           |      | 1,500          | -        | -        | -        |
| - Shares                            |      | 111,570        | -        | -        | -        |
|                                     |      | <b>113,070</b> | <b>-</b> | <b>-</b> | <b>-</b> |

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 11: TAX

|   | Note | Consolidated  |               | Parent        |               |
|---|------|---------------|---------------|---------------|---------------|
|   |      | 2006          | 2005          | 2006          | 2005          |
|   |      | \$            | \$            | \$            | \$            |
| <b>a. Liabilities</b>   |      |               |               |               |               |
| <b>CURRENT</b>  |      |               |               |               |               |
| Income Tax  |      | -             | 417           | -             | 417           |
| <b>NON-CURRENT</b>  |      |               |               |               |               |
| Deferred tax liability comprises:   |      |               |               |               |               |
| Revaluation adjustments taken directly to equity  |      | 144           | 45,528        | 144           | 640           |
| Fair value gain adjustments   |      | 18,017        | 15,767        | 18,017        | 15,768        |
| <b>Total</b>  |      | <b>18,161</b> | <b>61,295</b> | <b>18,161</b> | <b>16,408</b> |
|   |      |               |               |               |               |
| <b>b. Assets</b>  |      |               |               |               |               |
| Deferred tax assets comprise:   |      |               |               |               |               |
| Transaction costs on equity issue   |      | 13,251        | 912           | 13,251        | -             |
| Future income tax benefits attributable to tax losses   |      | 1,002         | 126           | 1,003         | -             |
| Impairment of non current assets  |      | 6,383         | 2,250         | 6,383         | 3,288         |
|   |      | <b>20,636</b> | <b>3,288</b>  | <b>20,637</b> | <b>3,288</b>  |
|   |      |               |               |               |               |
| <b>c. Reconciliations</b>   |      |               |               |               |               |
| <b>i. Deferred Tax Liability</b>  |      |               |               |               |               |
| The movement in deferred tax liability for each temporary difference during the year is as follows: |      |               |               |               |               |
| Deferred capital gains tax  |      |               |               |               |               |
| Opening balance   |      | 45,528        | -             | 640           | -             |
| Revaluation adjustments taken directly to equity  |      | (45,384)      | 45,528        | (496)         | 640           |
| Closing balance   |      | 144           | 45,528        | 144           | 640           |
| Fair value gain adjustments   |      |               |               |               |               |
| Opening balance   |      | 15,768        | -             | 15,768        | -             |
| Charged to the income statement   |      | 3,386         | 15,768        | 3,386         | 15,768        |
| Other   |      | (1,137)       | -             | (1,137)       | -             |
| Closing balance   |      | 18,017        | 15,768        | 18,017        | 15,768        |
|   |      | <b>18,161</b> | <b>61,296</b> | <b>18,161</b> | <b>16,408</b> |
|   |      |               |               |               |               |

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 11: TAX (Continued)

|  | Note | Consolidated |       | Parent |       |
|--|------|--------------|-------|--------|-------|
|  |      | 2006         | 2005  | 2006   | 2005  |
|  |      | \$           | \$    | \$     | \$    |
| <b>ii. Deferred Tax Assets</b>   |      |              |       |        |       |
| The movement in deferred tax assets for each temporary difference during the year is as follows:   |      |              |       |        |       |
| Transaction costs on equity issue  |      |              |       |        |       |
| Opening balance  |      | -            | -     | -      | -     |
| Credited directly to equity  |      | 13,251       | -     | 13,251 | -     |
| Opening balance  |      | 13,251       | -     | 13,251 | -     |
| Future income tax benefits attributable to tax losses  |      |              |       |        |       |
| Opening balance  |      | 126          | -     | -      | -     |
| Credited to the income statement   |      | 1,002        | 126   | 1,003  | -     |
| Closing balance  |      | 1,128        | 126   | 1,003  | -     |
| Impairment of non current assets   |      |              |       |        |       |
| Opening balance  |      | 2,250        | -     | 3,288  | -     |
| Credited to the income statement   |      | 3,095        | 2,250 | 3,095  | 3,288 |
| Closing balance  |      | 5,345        | 2,250 | 6,383  | 3,288 |
| Loss on acquisition of controlled entity   |      |              |       |        |       |
| Opening balance  |      | 912          | -     | -      | -     |
| Credited to the income statement   |      | -            | 912   | -      | -     |
| Closing balance  |      | 912          | 912   | -      | -     |
|  |      | 20,636       | 3,288 | 20,637 | 3,288 |
| <b>d. Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1b occur</b> |      |              |       |        |       |
| - operating losses   |      | 275,083      | -     | -      | -     |
| - capital losses   |      | 778,066      | -     | -      | -     |
|  |      | 1,053,149    | -     | -      | -     |



# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 12: INVESTMENT PORTFOLIO

|                                     | Note                      | Consolidated          |                      | Parent               |                      |
|-------------------------------------|---------------------------|-----------------------|----------------------|----------------------|----------------------|
|                                     |                           | 2006<br>\$            | 2005<br>\$           | 2006<br>\$           | 2005<br>\$           |
| NON-CURRENT                         |                           |                       |                      |                      |                      |
| Listed Investments, at fair value   |                           |                       |                      |                      |                      |
| -                                   | Fixed interest securities | 29,850                | -                    | -                    | -                    |
| -                                   | Options                   | 10,500                | 7,000                | 7,000                | 7,000                |
| -                                   | Shares                    | 549,142               | 24,502               | 21,045               | 24,502               |
| -                                   | Trust units               | 33,915                | -                    | -                    | -                    |
|                                     |                           | <u>623,407</u>        | <u>31,502</u>        | <u>28,044</u>        | <u>31,502</u>        |
| Unlisted Investments, at fair value |                           |                       |                      |                      |                      |
| -                                   | Fixed interest securities | -                     | -                    | -                    | -                    |
| -                                   | Options                   | 54,750                | 52,675               | 54,750               | 52,675               |
| -                                   | Shares*                   | 242                   | 1                    | -                    | -                    |
| -                                   | Trust units               | -                     | -                    | -                    | -                    |
|                                     |                           | <u>54,991</u>         | <u>52,676</u>        | <u>54,750</u>        | <u>52,675</u>        |
|                                     |                           | <b><u>678,398</u></b> | <b><u>84,178</u></b> | <b><u>82,795</u></b> | <b><u>84,177</u></b> |

\* A special purpose wholly owned subsidiary of the Company is the owner of 700,000 partly paid ordinary shares in NSX Limited. These shares were issued at \$1.00 per share paid to 1 cent. The date of the final payment for the shares is at the option of the shareholder, except in the event of the winding up of NSX Limited when any unpaid balance on the partly paid shares may be called up. The proceeds on a winding up of NSX Limited are paid in proportion to the amounts paid on the partly paid shares. The fair value of the NSX Limited partly paid shares cannot be reliably measured as the variability in the range of reasonable fair value estimates is significant. As a result, the carrying value of the partly paid shares has been written down to \$1 in total.

### NOTE 13: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Interests are held in the following associated company

| Name                    | Principal Activities | Country of Incorporation | Shares | Ownership Interest |           | Carry amount of investment |                |
|-------------------------|----------------------|--------------------------|--------|--------------------|-----------|----------------------------|----------------|
|                         |                      |                          |        | 2006<br>%          | 2005<br>% | 2006<br>\$                 | 2005<br>\$     |
| Unlisted:               |                      |                          |        |                    |           |                            |                |
| Cameron Capital Limited | Stockbroking         | Australia                | Ord    | 32.74              | 32.74     | 564,023                    | 540,000        |
|                         |                      |                          |        |                    |           | <u>564,023</u>             | <u>540,000</u> |

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 13: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

|  | Note | Consolidated     |                  | Parent         |                |
|--|------|------------------|------------------|----------------|----------------|
|  |      | 2006<br>\$       | 2005<br>\$       | 2006<br>\$     | 2005<br>\$     |
| <b>a. Movements During the Year in Equity Accounted Investment in Associated Companies</b>       |      |                  |                  |                |                |
| Balance at beginning of the financial year   |      | 540,000          | 338,107          | 142,332        | 142,332        |
| Add: New investments during the year   |      | 4,050            | -                | 4,050          | -              |
| Share of associated company's profit after income tax  | 16b  | 158,365          | 67,551           | -              | -              |
| Less: Dividend revenue from associated company   |      | (4,050)          | -                | -              | -              |
| Revaluation  |      | (134,342)        | 134,342          | -              | -              |
| <b>Balance at end of the financial year</b>  |      | <b>564,023</b>   | <b>540,000</b>   | <b>146,382</b> | <b>142,332</b> |
| <b>b. Equity accounted profits of associates are broken down as follows:</b>                     |      |                  |                  |                |                |
| Share of associate's profit before income tax expense  |      | 217,580          | 72,115           |                |                |
| Share of associate's income tax expense  |      | (59,215)         | (4,564)          |                |                |
| <b>Share of associate's profit after income tax</b>  |      | <b>158,365</b>   | <b>67,551</b>    |                |                |
| <b>c. Summarised Presentation of Aggregate Assets, Liabilities and Performance of Associates</b> |      |                  |                  |                |                |
| Current assets   |      | 6,568,543        | 5,996,468        |                |                |
| Non-current assets   |      | 289,170          | 124,108          |                |                |
| <b>Total assets</b>  |      | <b>6,857,713</b> | <b>6,120,576</b> |                |                |
| Current liabilities  |      | 5,046,270        | 4,823,527        |                |                |
| Non-current liabilities  |      | 37,609           | 6,118            |                |                |
| <b>Total liabilities</b>   |      | <b>5,083,879</b> | <b>4,829,645</b> |                |                |
| <b>Net assets</b>  |      | <b>1,773,834</b> | <b>1,290,931</b> |                |                |
| Revenues   |      | 4,176,427        | 3,694,168        |                |                |
| Profit after income tax of associates  |      | 483,905          | 206,303          |                |                |

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 14: INVESTMENTS IN CONTROLLED ENTITIES

#### a. Controlled Entities Consolidated

|   | Country of<br>Incorporation | Percentage Owned (%)* |      |
|---|-----------------------------|-----------------------|------|
|   |                             | 2006                  | 2005 |
| Parent:   |                             |                       |      |
| Pritchard Equity Limited                              | Australia                   |                       |      |
| Subsidiaries of Pritchard Equity Limited:             |                             |                       |      |
| First Newcastle Pty. Limited                          | Australia                   | 100                   | 100  |
| J. H. Clack & Co. Proprietary Limited                 | Australia                   | 100                   | -    |
| Henley Underwriting & Investment Company Pty. Limited | Australia                   | 99.62                 | -    |
| PEQ Hamilton Fund                                     | Australia                   | 60                    | -    |
| PEQ Nominees Pty. Limited                             | Australia                   | 100                   | -    |
| The NSX Investment Trust                              | Australia                   | 100                   | 100  |

*\* Percentage of voting power is in proportion to ownership*

#### b. Acquisition of Controlled Entities

On 24 April 2006 Henley Underwriting & Investment Company Pty. Limited became a subsidiary of the Parent, with Pritchard Equity Limited entitled to 96.62% of profits earned from 24 April 2005. The acquisition resulted in a profit of \$73,210 which has been bought to account as income refer Note 2d.

On 3 May 2006 the parent entity incorporated a 100% owned subsidiary, J.H. Clack & Co. Proprietary Limited, with Pritchard Equity Limited entitled to all profits earned from 3 May 2006. At the date of incorporation J. H. Clack & Co. Proprietary Limited had no assets.

On 3 May 2006 the parent entity incorporated a 100% owned subsidiary PEQ Nominees Pty. Limited, with Pritchard Equity Limited entitled to all profits earned from 3 May 2006. At the date of incorporation PEQ Nominees Pty. Limited had no assets.

On 8 May 2006 the parent entity acquired a 100% of the PEQ Hamilton Fund upon the establishment of the fund. Following the issue of additional units in the fund on the 22 May 2006 Pritchard Equity Limited is entitled to 60% of all profits earned from 22 May 2006.

On 1 July 2004 the parent entity acquired 100% of First Newcastle Pty. Limited, with Pritchard Equity Limited entitled to all profits earned from 1 July 2004.

On 1 July 2004 the parent entity acquired 100% of The NSX Investment Trust, with Pritchard Equity Limited entitled to all profits earned from 1 July 2004.

#### c. Carrying Values

|   | Note | Consolidated |      | Parent         |              |
|---|------|--------------|------|----------------|--------------|
|   |      | 2006         | 2005 | 2006           | 2005         |
|   |      | \$           | \$   | \$             | \$           |
| Unlisted investments, at recoverable amount |      |              |      |                |              |
| - Shares                                    |      | -            | -    | 329,093        | 4,010        |
| - Trust units                               |      | -            | -    | 197,500        | 10,000       |
| Less: Impairment Provision                  |      | -            | -    | (12,772)       | (10,960)     |
|   |      | -            | -    | <b>513,821</b> | <b>3,050</b> |

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 15: OTHER FINANCIAL ASSETS

|   | Note | Consolidated |               | Parent     |               |
|---|------|--------------|---------------|------------|---------------|
|   |      | 2006<br>\$   | 2005<br>\$    | 2006<br>\$ | 2005<br>\$    |
| Unlisted investments                    |      |              |               |            |               |
| - shares in other corporations, at cost |      | 4            | 73,142        | -          | 57,858        |
| Less: Impairment Provision              |      | 4            | -             | -          | -             |
|   |      | <b>-</b>     | <b>73,142</b> | <b>-</b>   | <b>57,858</b> |

### NOTE 16: TRADE AND OTHER PAYABLES

|                       | Note | Consolidated  |            | Parent        |            |
|-----------------------|------|---------------|------------|---------------|------------|
|                       |      | 2006<br>\$    | 2005<br>\$ | 2006<br>\$    | 2005<br>\$ |
| CURRENT               |      |               |            |               |            |
| Unsecured liabilities |      |               |            |               |            |
| Trade payables        |      | 47,093        | 212        | 33,268        | 212        |
| Accrued charges       |      | 3,000         | -          | 3,000         | -          |
|                       |      | <b>50,093</b> | <b>212</b> | <b>36,268</b> | <b>212</b> |

### NOTE 17: BORROWINGS

|   | Note   | Consolidated   |            | Parent       |              |
|---|--------|----------------|------------|--------------|--------------|
|   |        | 2006<br>\$     | 2005<br>\$ | 2006<br>\$   | 2005<br>\$   |
| CURRENT   |        |                |            |              |              |
| Unsecured liabilities   |        |                |            |              |              |
| Bank overdrafts   |        | 160            | -          | -            | -            |
| Unsecured loans   |        |                |            |              |              |
| - Amounts payable to:   |        | -              | -          | -            | -            |
| - other corporations  |        | 28,618         | -          | 1,280        | -            |
| - wholly-owned subsidiaries   |        | -              | -          | 2,949        | 2,949        |
|   |        | <b>28,778</b>  | <b>-</b>   | <b>4,229</b> | <b>2,949</b> |
| Secured liabilities   |        |                |            |              |              |
| Loan – Lift Capital Partners Pty. Limited                             | 17a, b | <b>107,072</b> | -          | -            | -            |
|   |        | <b>135,850</b> |            | <b>4,229</b> | <b>2,949</b> |
| a. The carrying amounts of non-current assets pledged as security is: |        | <b>222,930</b> | -          | -            | -            |

- b.** A subsidiary of the Company has entered into an agreement with Lift Capital Partners Pty. Limited to provide it with a Lift Share Loan to fund the acquisition of various investments. Lift Capital Partners Pty. Limited has a floating charge over the assets of the subsidiary. The interest rate charged on the loan is variable and is currently 7.5% per annum.

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 18: CONTRIBUTED EQUITY

|  | Consolidated   |                | Parent         |                |
|--|----------------|----------------|----------------|----------------|
|  | 2006           | 2005           | 2006           | 2005           |
|  | \$             | \$             | \$             | \$             |
| 579,358 (2005:289,230) A ordinary shares fully paid  | 357,524        | 86,723         | 357,524        | 86,723         |
| 540,128 (2005: 250,000) B ordinary shares fully paid | 354,552        | 83,750         | 354,552        | 83,750         |
| 250,000 (2005: 250,000) C ordinary shares fully paid | 82,500         | 82,500         | 82,500         | 82,500         |
|  | <b>794,576</b> | <b>252,973</b> | <b>794,576</b> | <b>252,973</b> |

#### a. A ordinary shares

|   | Consolidated   |               | Parent         |               |
|---|----------------|---------------|----------------|---------------|
|   | 2006           | 2005          | 2006           | 2005          |
|   | \$             | \$            | \$             | \$            |
| At the beginning of reporting period  | 86,723         |               | 86,723         | -             |
| Division of ordinary shares into A Ordinary shares, B Ordinary shares and C Ordinary Shares on 23 June 2005 | -              | 83,750        | -              | 83,750        |
| Shares issued during the year   |                |               |                |               |
| — 8,874 shares issued on 28 June 2005 @ \$0.34 each   | -              | 2,973         | -              | 2,973         |
| — 30,356 bonus shares issued on 29 June 2005  | -              | -             | -              | -             |
| — 290,128 shares issued on 24 April 2006 @ \$1.00   | 290,128        | -             | 290,128        | -             |
| Transaction costs relating to share issues  | (19,327)       | -             | (19,327)       | -             |
| At reporting date   | <b>357,524</b> | <b>86,723</b> | <b>357,524</b> | <b>86,723</b> |

All Ordinary shares rank equally inter se for all purposes of participation in profits or capital of the Company. A Ordinary shares confer on their holder the right to receive notices, reports and accounts and to attend and speak, but not to vote at general meetings of the Company.

#### b. B ordinary shares

|   | Consolidated   |               | Parent         |               |
|---|----------------|---------------|----------------|---------------|
|   | 2006           | 2005          | 2006           | 2005          |
|   | \$             | \$            | \$             | \$            |
| At the beginning of reporting period  | 83,750         | -             | 83,750         | -             |
| Division of ordinary shares into A Ordinary shares, B Ordinary shares and C Ordinary Shares on 23 June 2005 | -              | 83,750        | -              | 83,750        |
| Shares issued during the year   |                |               |                |               |
| — 290,128 shares issued on 24 April 2006 @ \$1.00   | 290,128        | -             | 290,128        | -             |
| Transaction costs relating to share issues  | (19,327)       | -             | (19,327)       | -             |
| At reporting date   | <b>354,551</b> | <b>83,750</b> | <b>354,551</b> | <b>83,750</b> |

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 18: CONTRIBUTED EQUITY (Continued)

All Ordinary shares rank equally inter se for all purposes of participation in profits or capital of the Company. B Ordinary shares confer on their holder the right to receive notices, reports and accounts and to attend and speak and vote at general meetings of the Company.

#### c. C Ordinary shares

|   | Consolidated  |               | Parent        |               |
|---|---------------|---------------|---------------|---------------|
|   | 2006<br>\$    | 2005<br>\$    | 2006<br>\$    | 2005<br>\$    |
| At the beginning of reporting period  | 82,500        | -             | 82,500        | -             |
| Division of ordinary shares into A Ordinary shares, B Ordinary shares and C Ordinary Shares on 23 June 2005 | -             | 82,500        | -             | 82,500        |
| At reporting date   | <b>82,500</b> | <b>82,500</b> | <b>82,500</b> | <b>82,500</b> |

All Ordinary shares rank equally inter se for all purposes of participation in profits or capital of the Company.

C Ordinary shares confer on their holder the right to receive notices, reports and accounts and to attend and speak and vote at general meetings of the Company and the right to convert one C Ordinary share into one B Ordinary share by notice in writing to the Company.

#### d. Ordinary shares

|   | Consolidated |            | Parent     |            |
|---|--------------|------------|------------|------------|
|   | 2006<br>\$   | 2005<br>\$ | 2006<br>\$ | 2005<br>\$ |
| At the beginning of reporting period  | -            | 10,000     | -          | 10,000     |
| Shares issued during the year   |              |            |            |            |
| — 1,500,000 shares issued on 14 June 2004 @ \$0.10 each   | -            | 150,000    | -          | 150,000    |
| — 900,000 shares issued on 21 June 2005 @ \$0.10 each   | -            | 90,000     | -          | 90,000     |
| Consolidation of 1,750,000 ordinary shares into 750,000 ordinary shares on 22 June 2005                     | -            | -          | -          | -          |
| Division of ordinary shares into A Ordinary shares, B Ordinary shares and C Ordinary Shares on 23 June 2005 | -            | (250,000)  | -          | (250,000)  |
| At reporting date   | -            | -          | -          | -          |

#### e. Series 1 Options

During the year the Company granted 679,358 Series 1 Options. A Series 1 Option entitles the holder upon the payment of the exercise price of \$1.25 to 1 A Ordinary share. Series 1 Options may be exercised at any time up to 10 December 2008 (inclusive) but not thereafter. As at the reporting date none of the options had been exercised.

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 18: CONTRIBUTED EQUITY (Continued)

#### f. Series 2 Options

During the year 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.

#### g. Series 3 Options

During the year 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 19: RESERVES

|                           | Note | Consolidated  |                | Parent       |              |
|---------------------------|------|---------------|----------------|--------------|--------------|
|                           |      | 2006          | 2005           | 2006         | 2005         |
|                           |      | \$            | \$             | \$           | \$           |
| Asset revaluation reserve | 19a  | 3,353         | 106,233        | 336          | 1,494        |
| Capital profits           | 19b  | 28,527        | 972            | 6,922        | 972          |
|                           |      | <b>31,880</b> | <b>107,205</b> | <b>7,258</b> | <b>2,466</b> |

#### a. Asset revaluation reserve

##### Movements during the year

|                                       |              |                |            |              |
|---------------------------------------|--------------|----------------|------------|--------------|
| Opening balance                       | 106,233      | -              | 1,494      | -            |
| Revaluation of non current assets     | (148,265)    | 151,761        | (1,654)    | 2,134        |
| Provision for tax on unrealised gains | 45,385       | (45,528)       | 496        | (640)        |
| Closing Balance                       | <b>3,353</b> | <b>106,233</b> | <b>336</b> | <b>1,494</b> |

The asset revaluation reserve records revaluations of non-current assets. Under certain circumstances dividends can be declared from this reserve.

#### b. Capital Profits Reserve

##### Movements During the Year

|                                |               |            |              |            |
|--------------------------------|---------------|------------|--------------|------------|
| Opening balance                | 972           | -          | 972          | -          |
| Transfer from income statement | 27,555        | 972        | 5,950        | 972        |
| Closing balance                | <b>28,527</b> | <b>972</b> | <b>6,922</b> | <b>972</b> |

The capital profits reserve records realised capital gains upon sale of non-current assets. As the balance of this reserve relates to net realised gains it may be distributed as cash dividends at the discretion of Directors..

### NOTE 20: SEGMENT REPORTING

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

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 21: DIRECTORS AND EXECUTIVES DISCLOSURE

In accordance with the Corporations Amendments Regulation 2005 (No.4) the Company has transferred the disclosure required by AASB 1046 from the notes to the Financial Statements to the Directors' Report under the heading of Remuneration Report.

### NOTE 22: CASH FLOW INFORMATION

|  | Consolidated    |          | Parent         |          |
|--|-----------------|----------|----------------|----------|
|  | 2006            | 2005     | 2006           | 2005     |
|  | \$              | \$       | \$             | \$       |
| <b>a. Reconciliation of Cash Flow from Operations with Profit after Income Tax</b>             |                 |          |                |          |
| Profit after income tax  | 253,594         | 97,911   | 11,869         | 30,360   |
| Non-cash flows in profit   |                 |          |                |          |
| Dividends re-invested  | (6,588)         | (272)    | (4,673)        | (272)    |
| Impairment of non-current assets   | 183             | 7,499    | 2,002          | 10,960   |
| Loss/(gain) on acquisition of controlled entity  | (73,210)        | 3,041    | -              | -        |
| Net gain on disposal of investments  | (17,615)        | (1,387)  | (4,990)        | (1,387)  |
| Unrealised fair value gain   | (9,484)         | (52,559) | (9,484)        | (52,559) |
| Write-downs to recoverable amount  | -               | 208      | -              | -        |
| Share of associated companies net profit after income tax and dividends                        | (158,365)       | (67,551) | -              | -        |
| Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries |                 |          |                |          |
| (Increase)/decrease in trade and term receivables  | (12,229)        | -        | (6,579)        | -        |
| (Increase)/decrease in the trading portfolio   | 4,374           |          |                |          |
| Increase/(decrease) in trade payables and accruals   | 7,996           | 224      | 8,213          | 12       |
| Increase/(decrease) in income taxes payable  | (2,474)         | 12,894   | 1,133          | 12,894   |
| Increase/(decrease) in deferred taxes payable  | (1,101)         |          | (1,101)        |          |
| Cashflow from operations   | <u>(14,919)</u> | <u>8</u> | <u>(3,610)</u> | <u>8</u> |

### b. Acquisition of Entities

On 3 May 2006 the parent entity incorporated a 100% owned subsidiary, J.H. Clack & Co. Proprietary Limited, with Pritchard Equity Limited entitled to all profits earned from 3 May 2006. At the date of incorporation J. H. Clack & Co. Proprietary Limited had no assets.

On 3 May 2006 the parent entity incorporated a 100% owned subsidiary PEQ Nominees Pty. Limited, with Pritchard Equity Limited entitled to all profits earned from 3 May 2006. At the date of incorporation PEQ Nominees Pty. Limited had no assets.

On 8 May 2006 the parent entity acquired a 100% of the PEQ Hamilton Fund upon the establishment of the fund. Following the issue of additional units in the fund on the 22 May 2006 Pritchard Equity Limited is entitled to 60% of all profits earned from 22 May 2006. The total consideration paid by Pritchard Equity Limited for its interest in the PEQ Hamilton Fund is \$187,500.



# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

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

On 24 April 2006 Henley Underwriting & Investment Company Pty. Limited became subsidiary of the parent entity, with Pritchard Equity Limited entitled to 96.62% of profits earned from 24 April 2005 Details of the acquisition are as follows:

|                         |         |
|-------------------------|---------|
| Consideration           | 323,483 |
| Current assets          | 196,998 |
| Non-current assets      | 205,350 |
| Total assets            | 402,348 |
| Current liabilities     | 4,176   |
| Non-current liabilities | -       |
| Total liabilities       | 4,176   |
| Net assets              | 398,172 |
|                         |         |
| Parent Interest         | 396,693 |
| Minority Interest       | 1,479   |
| Gain on acquisition     | 73,210  |

Reconciliation of cash flow on acquisition of Henley Underwriting & Investment Company Pty Limited

|  |           |
|--|-----------|
| Consideration                              | 323,483   |
| Consideration paid in prior years          | 57,854    |
| Consideration paid this year               | 265,629   |
| Cash outflow on acquisition is as follows: |           |
| Cash paid                                  | (265,629) |
| Net cash acquired with subsidiary          | 59,053    |
| Total cash inflow/(outflow)                | (206,576) |

On 1 July 2004 the parent entity acquired 100% of First Newcastle Pty. Limited, with Pritchard Equity Limited entitled to all profits earned from 1 July 2004 Details of the acquisition are as follows:

|                         |       |
|-------------------------|-------|
| Consideration           | 4,010 |
| Current assets          | 969   |
| Non-current assets      | -     |
| Total assets            | -     |
| Current liabilities     | -     |
| Non-current liabilities | -     |
| Total liabilities       | -     |
| Net assets              | 969   |
| Loss on acquisition     | 3,041 |

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

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

On 1 July 2004 the parent entity acquired 100% of The NSX Investment Trust, with Pritchard Equity Limited entitled to all profits earned from 1 July 2004. Details of the acquisition are as follows:

|                         |        |
|-------------------------|--------|
| Consideration           | 10,000 |
| Current assets          | 2,292  |
| Non-current assets      | 7,708  |
| Total assets            | 10,000 |
| Current liabilities     | -      |
| Non-current liabilities | -      |
| Total liabilities       | -      |
| Net assets              | 10,000 |

### NOTE 23: RELATED PARTY TRANSACTIONS

|   | Consolidated |            | Parent     |            |
|---|--------------|------------|------------|------------|
|   | 2006<br>\$   | 2005<br>\$ | 2006<br>\$ | 2005<br>\$ |
| Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.  |              |            |            |            |
| Transactions with related parties:  |              |            |            |            |
| <b>a. Associated Company</b>  |              |            |            |            |
| 24 April 2006 Pritchard Equity Limited acquired 813,576 ordinary fully paid shares in Henley Underwriting & Investment Company Pty Limited from Cameron Capital Limited for a total consideration of \$65,086.08.   | 65,086       | -          | 65,086     | -          |
| 24 April 2006 Pritchard Equity Limited allotted to subsidiaries of Cameron Capital Limited 37,500 A ordinary shares, 37,500 B ordinary shares, 37,500 Series 1 Options, 18,750 Series 2 Options and 18,750 Series 3 Options for a total consideration of \$75,000 pursuant to the initial public offer made by Pritchard Equity Limited | 75,000       | -          | 75,000     | -          |
| 22 May 2006 Cameron Capital Limited applied for and was allotted 125,000 units in the PEQ Hamilton Fund at \$1.00 per unit  | 125,000      | -          | -          | -          |
| <b>b. Key Management Personnel</b>  |              |            |            |            |
| 4 November 2004 Pritchard Equity Limited acquired from Enzo Pirillo 25,000 \$1.00 options exercisable before 30 June 2006 to acquire shares in NSX Limited.   | -            | 10         | -          | 10         |

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 23: RELATED PARTY TRANSACTIONS (Continued)

|  |        |        |        |        |
|--|--------|--------|--------|--------|
| 10 November 2004 Pirenz Nominees Pty. Limited, an associate of Enzo Pirillo, acquired from Pritchard Equity Limited 25,000 35 cent options exercisable before 28 August 2008 to acquire shares in NSX Limited.   | -      | 12     | -      | 12     |
| 1 July 2004 Pritchard Equity Limited acquired 100% of the issued capital of First Newcastle Pty Limited from Steven Pritchard.   | -      | 100    | -      | 100    |
| 1 July 2004 Pritchard Equity Limited subscribed for 10,000 units at a \$1 per unit in The NSX Investment Trust. The NSX Investment Trust redeemed 100 units held by The NSX Strategic Investment Trust, an entity associated with Steven Pritchard, for a consideration of \$100. These transactions resulted in The NSX Investment Trust becoming wholly owned by Pritchard Equity Limited. | -      | 10,100 | -      | 10,100 |
| 3 November 2004 Pritchard Equity Limited acquired from Australian Building & Investment Company Pty Limited, a company associated with Steven Pritchard, 200,000 35 cent options exercisable on or before 28 August 2008 to acquire shares in NSX Limited.   | -      | 100    | -      | 100    |
| 1 June 2005 Pritchard Equity Limited acquired from Lateral Investment Corporation Pty Limited, 100,000 50 cent options exercisable on or before 15 December 2006 to acquire shares in Illuminator Investment Company Limited.  | -      | 3,500  | -      | 3,500  |
| 8 June 2005 Pritchard Equity Limited acquired from Superannuation Nominees Pty Limited, an associate of Steven Pritchard, 6,665 ordinary shares fully paid in Winpar Holdings Limited.   | -      | 6,665  | -      | 6,665  |
| 21 June 2005 Pritchard Equity Limited acquired from Pritchard & Partners Pty Limited, 75,000 50 cent options exercisable before 15 December 2006 to acquire shares in Illuminator Investment Company Limited.  | -      | 2,625  | -      | 2,625  |
| 27 June 2005 Pritchard Equity Limited repaid loans of \$3,031 to Steven Pritchard and \$7,708 to Pritchard & Company Pty Limited   | -      | 10,739 | -      | 10,739 |
| 28 June 2005 Pritchard Equity Limited acquired 4 ordinary shares in the capital of The Newcastle Company Pty. Limited, the balance of ordinary shares is held 10% by Steven Pritchard and 50% by Enzo Pirillo  | -      | 4      | -      | 4      |
| Accounting fees payable to Rees Pritchard Pty. Limited   | 10,623 | -      | 10,403 | -      |

# PRITCHARD EQUITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 23: RELATED PARTY TRANSACTIONS (Continued)

|   |        |     |        |     |
|---|--------|-----|--------|-----|
| Handling fees payable to Pritchard & Partners Pty. Limited on subscriptions made under the initial public offer of shares in Pritchard Equity Limited | 21,864 | -   | 21,864 | -   |
| Brokerage paid to Pritchard & Partners Pty. Limited for stockbroking services   | 3,613  | 105 | 221    | 105 |

### NOTE 24: FINANCIAL RISK MANAGEMENT

Accounting Standards identify three types of risk associated with financial instruments (i.e. the Group's investments, receivables, payables and borrowings):

#### a. Credit Risk

The standard defines this as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

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

#### b. Liquidity Risk

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

The Group monitors its cash-flow requirements and ensures that it has either cash or access to short term borrowing facilities sufficient to meet any payments.

A substantial proportion of the assets of the Group are in the form of readily tradeable securities which can be sold on-market if necessary.

#### c. Market Risk

The standard defines this as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price.

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

### NOTE 25: COMPANY DETAILS

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

10 Murray Street

Hamilton. New South Wales 2303

# PRITCHARD EQUITY LIMITED

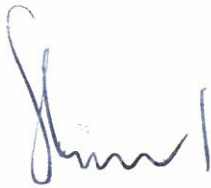
## DIRECTORS' DECLARATION

The directors of the company declare that:

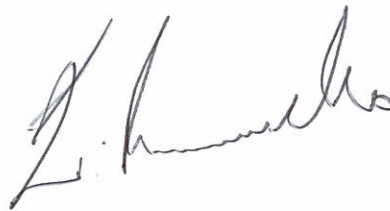
1. the financial statements and notes, as set out on pages 9 to 35, are in accordance with the *Corporations Act 2001* and:
  - a. comply with Accounting Standards and the Corporations Regulations 2001; and
  - b. give a true and fair view of the financial position as at 30 June 2006 and of the performance for the year ended on that date of the company and consolidated entity;
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
  - a. the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
  - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
  - c. the financial statements and notes for the financial year give a true and fair view;
3. in the director's opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

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



Steven Shane Pritchard  
Director



Enzo Pirillo  
Director

Dated this 17th day of November 2006

## PRITCHARD EQUITY LIMITED

### INDEPENDENT AUDIT REPORT TO THE MEMBERS OF PRITCHARD EQUITY LIMITED

#### Scope

##### The financial report and directors' responsibility

The financial report comprises the income statement, balance sheet, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for Pritchard Equity Limited (the company) and (the consolidated entity), for the year ended 30 June 2006. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

##### Audit Approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

# PRITCHARD EQUITY LIMITED

## INDEPENDENT AUDIT REPORT TO THE MEMBERS OF PRITCHARD EQUITY LIMITED

### Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditor's independence declaration set out on page 8 of the financial report has not changed as at the date of providing our audit opinion.

### Qualification

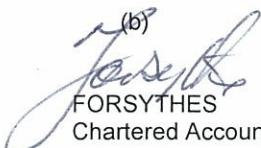
The financial report of Pritchard Equity Limited for the year ended 30 June 2005 has not been audited. We have been unable to perform alternative audit procedures to enable us to form an opinion on the comparatives for 30 June 2005. The results of the company and the consolidated entity for the year ended 30 June 2006 would be affected to the extent of any misstatement of the 30 June 2005 company and consolidated entity balance sheet. Accordingly, we are not in a position to and do not express an opinion on the comparatives for 30 June 2005 or the income statement and the statement of cash flows for the year ended 30 June 2006 to the extent of any impact that a misstatement in the balance sheet at 30 June 2005 may affect these financial statements

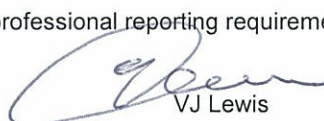
### Audit Opinion

In our opinion, because of the existence of the limitation on the scope of our work as described in the qualifications paragraph, and the effect of such adjustments, if any, as might have been determined to be necessary had the limitation in scope not existed, we are unable to and do not express an opinion as to whether the comparatives for 30 June 2005 and the results of Pritchard Equity Limited's operations and its cash flows for the financial year ended 30 June 2006 give a true and fair view in accordance with the *Corporations Act 2001* and other mandatory professional reporting requirements in Australia.

In our opinion, the financial report of Pritchard Equity Limited is in accordance with:

- (a) the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2006 and; and
  - (ii) complying with Accounting Standards in Australia and the *Corporations Regulations 2001*; and
- (b) other mandatory professional reporting requirements in Australia.

  
FORSYTHES  
Chartered Accountants

  
VJ Lewis  
Partner

17 November 2006  
Newcastle

# PRITCHARD EQUITY LIMITED

## STOCK EXCHANGE INFORMATION

### Top 20 A Ordinary Shareholders as at 30 September 2006.

| Shareholder  | No. of Shares | % of Issued |
|--|---------------|-------------|
| Pritchards Continuation Proprietary Limited          | 168,000       | 29.00       |
| Pritchard & Company Pty Limited                      | 63,398        | 10.94       |
| Cameron Securities Pty. Limited                      | 35,000        | 6.04        |
| Pritchard & Company Pty Limited                      | 27,171        | 4.69        |
| Mrs Margaret Jane Pritchard                          | 25,000        | 4.32        |
| Mr John Weston Seaforth MacKenzie                    | 23,330        | 4.03        |
| Pritchard & Partners Pty Limited                     | 21,695        | 3.74        |
| Wilcorp No 41 Pty. Limited                           | 19,168        | 3.31        |
| Abelia Grove Pty. Limited                            | 17,230        | 2.97        |
| Dr Gordon Bradley Elkington                          | 15,200        | 2.62        |
| Newcastle Capital Markets Registries Pty Limited     | 12,500        | 2.16        |
| Bell IXL Investments Limited                         | 11,250        | 1.94        |
| Mr Mark Stewart Moore                                | 8,600         | 1.48        |
| Mr Steven Shane Pritchard                            | 7,918         | 1.37        |
| Lateral Investment Corporation Pty. Limited          | 7,840         | 1.35        |
| Illuminator Investment Company Limited               | 6,250         | 1.08        |
| Pritchard & Partners Pty Limited                     | 6,000         | 1.04        |
| Pritchard & Partners Pty Limited                     | 5,705         | 0.98        |
| Jarfem Pty Limited                                   | 5,000         | 0.86        |
| Mr John Barry Roberts + Mrs Judith Elizabeth Roberts | 5,000         | 0.86        |
|  | 491,255       | 84.79       |

### Number of A ordinary shares held

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

### Number of Shareholders

38  
 25  
 6  
 10  
 1  
 1



# PRITCHARD EQUITY LIMITED

## STOCK EXCHANGE INFORMATION

### Top 20 B Ordinary Shareholders as at 30 September 2006.

| Shareholder  | No. of Shares | % of Issued |
|--|---------------|-------------|
| Pritchards Continuation Proprietary Limited          | 150,000       | 27.77       |
| Pritchard & Company Pty Limited                      | 53,200        | 9.85        |
| Cameron Securities Pty. Limited                      | 35,000        | 6.48        |
| Pritchard & Company Pty Limited                      | 26,800        | 4.96        |
| Mrs Margaret Jane Pritchard                          | 25,000        | 4.63        |
| Mr John Weston Seaforth MacKenzie                    | 23,330        | 4.32        |
| Wilcorp No 41 Pty. Limited                           | 19,168        | 3.55        |
| Abelia Grove Pty. Limited                            | 17,230        | 3.19        |
| Pritchard & Partners Pty Limited                     | 17,000        | 3.15        |
| Dr Gordon Bradley Elkington                          | 15,200        | 2.81        |
| Newcastle Capital Markets Registries Pty Limited     | 12,500        | 2.31        |
| Bell IXL Investments Limited                         | 11,250        | 2.08        |
| Mr Mark Stewart Moore                                | 8,600         | 1.59        |
| Lateral Investment Corporation Pty. Limited          | 6,650         | 1.23        |
| Mr Steven Shane Pritchard                            | 6,650         | 1.23        |
| Illuminator Investment Company Limited               | 6,250         | 1.16        |
| Jarfem Pty Limited                                   | 5,000         | 0.93        |
| Mr John Barry Roberts + Mrs Judith Elizabeth Roberts | 5,000         | 0.93        |
| SUJOL Nominees Pty Limited                           | 5,000         | 0.93        |
| Superannuation Nominees Pty. Limited                 | 5,000         | 0.93        |
|  | 453,828       | 84.02       |

### Number of B ordinary shares held

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

### Number of Shareholders

28  
 27  
 4  
 10  
 1  
 1

# PRITCHARD EQUITY LIMITED

## STOCK EXCHANGE INFORMATION

### Top 20 C Ordinary Shareholders as at 30 September 2006.

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

### Number of B ordinary shares held

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

### Number of Shareholders

-  
-  
2  
-  
1  
1

### Substantial Shareholders

As at 30 September 2006 the names and holdings of substantial shareholders as disclosed in notices received by the Company are as follows:-

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

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

# PRITCHARD EQUITY LIMITED

## STOCK EXCHANGE INFORMATION

### Top 20 Series 1 Option holders as at 30 September 2006.

| Option holder                                    | No. of Options | % of Issued |
|--|----------------|-------------|
| Pritchards Continuation Proprietary Limited      | 77,230         | 11.37       |
| Pritchard & Company Pty Limited                  | 72,829         | 10.72       |
| Mrs Margaret Jane Pritchard                      | 55,000         | 8.10        |
| Mr Enzo Pirillo                                  | 50,000         | 7.36        |
| Cameron Securities Pty. Limited                  | 35,000         | 5.15        |
| Pritchard & Company Pty Limited                  | 27,171         | 4.00        |
| Dr Gordon Bradley Elkington                      | 25,000         | 3.68        |
| RFC Investment Holdings Pty Limited              | 25,000         | 3.68        |
| Mr John Weston Seaforth MacKenzie                | 23,330         | 3.43        |
| Pritchard & Partners Pty Limited                 | 22,000         | 3.24        |
| Wilcorp No 41 Pty. Limited                       | 19,168         | 2.82        |
| Abelia Grove Pty. Limited                        | 17,230         | 2.54        |
| Dr Gordon Bradley Elkington                      | 15,200         | 2.24        |
| Mr Daniel DiStefano                              | 15,000         | 2.21        |
| Mr Brett Andrew Hall                             | 15,000         | 2.21        |
| Mrs Anna Pirillo                                 | 15,000         | 2.21        |
| Mr Barry Preston                                 | 15,000         | 2.21        |
| Newcastle Capital Markets Registries Pty Limited | 12,500         | 1.84        |
| Bell IXL Investments Limited                     | 11,250         | 1.66        |
| Mr Mark Stewart Moore                            | 9,600          | 1.41        |
|  | 557,508        | 82.06       |

### Number of Series 1 options held

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

### Number of Option holders

26  
 34  
 2  
 16  
 3  
 -

# PRITCHARD EQUITY LIMITED

## STOCK EXCHANGE INFORMATION

### Top 20 Series 2 Option holders as at 30 September 2006.

| Option holder                                    | No. of Options | % of Issued |
|--|----------------|-------------|
| Pritchards Continuation Proprietary Limited      | 38,615         | 11.37       |
| Pritchard & Company Pty Limited                  | 36,415         | 10.72       |
| Mrs Margaret Jane Pritchard                      | 27,500         | 8.10        |
| Mr Enzo Pirillo                                  | 25,000         | 7.36        |
| Cameron Securities Pty. Limited                  | 17,500         | 5.15        |
| Pritchard & Company Pty Limited                  | 13,585         | 4.00        |
| Dr Gordon Bradley Elkington                      | 12,500         | 3.68        |
| RFC Investment Holdings Pty Limited              | 12,500         | 3.68        |
| Mr John Weston Seaforth MacKenzie                | 11,665         | 3.43        |
| Pritchard & Partners Pty Limited                 | 11,000         | 3.24        |
| Wilcorp No 41 Pty. Limited                       | 9,584          | 2.82        |
| Abelia Grove Pty. Limited                        | 8,615          | 2.54        |
| Dr Gordon Bradley Elkington                      | 7,600          | 2.24        |
| Mr Daniel DiStefano                              | 7,500          | 2.21        |
| Mr Brett Andrew Hall                             | 7,500          | 2.21        |
| Mrs Anna Pirillo                                 | 7,500          | 2.21        |
| Mr Barry Preston                                 | 7,500          | 2.21        |
| Newcastle Capital Markets Registries Pty Limited | 6,250          | 1.84        |
| Bell IXL Investments Limited                     | 5,625          | 1.66        |
| Mr Mark Stewart Moore                            | 4,800          | 1.41        |
|  | 278,754        | 82.06       |

#### Number of Series 2 options held

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

#### Number of Option holders

41  
 21  
 9  
 10  
 -  
 -

# PRITCHARD EQUITY LIMITED

## STOCK EXCHANGE INFORMATION

### Top 20 Series 3 Option holders as at 30 September 2006.

| Option holder                                    | No. of Options | % of Issued |
|--|----------------|-------------|
| Pritchards Continuation Proprietary Limited      | 38,615         | 11.37       |
| Pritchard & Company Pty Limited                  | 36,415         | 10.72       |
| Mrs Margaret Jane Pritchard                      | 27,500         | 8.10        |
| Mr Enzo Pirillo                                  | 25,000         | 7.36        |
| Cameron Securities Pty. Limited                  | 17,500         | 5.15        |
| Pritchard & Company Pty Limited                  | 13,585         | 4.00        |
| Dr Gordon Bradley Elkington                      | 12,500         | 3.68        |
| RFC Investment Holdings Pty Limited              | 12,500         | 3.68        |
| Mr John Weston Seaforth MacKenzie                | 11,665         | 3.43        |
| Pritchard & Partners Pty Limited                 | 11,000         | 3.24        |
| Wilcorp No 41 Pty. Limited                       | 9,584          | 2.82        |
| Abelia Grove Pty. Limited                        | 8,615          | 2.54        |
| Dr Gordon Bradley Elkington                      | 7,600          | 2.24        |
| Mr Daniel DiStefano                              | 7,500          | 2.21        |
| Mr Brett Andrew Hall                             | 7,500          | 2.21        |
| Mrs Anna Pirillo                                 | 7,500          | 2.21        |
| Mr Barry Preston                                 | 7,500          | 2.21        |
| Newcastle Capital Markets Registries Pty Limited | 6,250          | 1.84        |
| Bell IXL Investments Limited                     | 5,625          | 1.66        |
| Mr Mark Stewart Moore                            | 4,800          | 1.41        |
|  | 278,754        | 82.06       |

### Number of Series 2 options held

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

### Number of Option holders

41  
 21  
 9  
 10  
 -  
 -

# PRITCHARD EQUITY LIMITED

## CORPORATE DIRECTORY

### **Directors**

Steven Shane Pritchard – Executive Chairman  
Robert Franklin Cameron  
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