

APPENDIX 4D

HALF YEARLY INFORMATION GIVEN TO THE
ASX UNDER LISTING RULE 4.2A

PPK GROUP LIMITED

ABN 65 003 964 181

HALF YEAR ENDED 31 DECEMBER 2016

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HIGHLIGHTS OF RESULTS FOR ANNOUNCEMENT TO THE MARKET

	31 December 2016 \$000s	31 December 2015 \$000s	Change \$000s	Change %
REVENUES	13,675	13,958	(283)	-2%
PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE	(3,220)	(5,104)	1,884	37%
PROFIT/(LOSS) BEFORE TAX ATTRIBUTABLE TO OWNERS OF PPK GROUP LTD	(3,220)	(5,127)	1,907	37%
PROFIT/(LOSS) AFTER TAX ATTRIBUTABLE TO OWNERS OF PPK GROUP LTD	(3,220)	(4,994)	1,774	36%
EARNINGS PER SHARE	cents (5.6)	cents (8.6)	cents 3.0	35%
NET TANGIBLE ASSETS PER SHARE	cents 18.1	cents 28.1	cents (10.0)	-36%

DIVIDENDS

FY2016 FULLY FRANKED INTERIM DIVIDEND PER SHARE

Nil cents

FY2017 FULLY FRANKED INTERIM DIVIDEND PER SHARE

Nil cents

EXECUTIVE CHAIRMAN'S REPORT

The 6-month period from 1 July 2016 to 31 December 2016 showed some welcome relief in sentiment for mining and particularly coal mining as our customers benefited from a lift in underlying commodity prices, lower overall cost structures and a lower Australian dollar. Emerging from the previously difficult trading conditions each of PPK Groups mining equipment divisions have experienced an uptick in enquiry and increases in month-on-month revenue from underlying service and support activity.

Secondly, PPK Mining equipment is experiencing the first capital expenditure enquiries to be received over the last 24 months. These "capex" enquiries relate directly to the PPK Mining Equipment's premium Coal Tram "Load, Haul, Dump" machine which was the core rationale behind the original mining equipment investment made by PPK Group. There appears to be emerging customer demand for several new machines over the next 12 months which will have a dramatic and positive impact on PPK Mining Equipment's profitability and free cash flow position. In the interim, the realisation of Property & Investment assets continues to support the Group. The sale of PPK's Seven Hills Industrial property was completed in January 2017 for \$7.875M.

As outlined in more detail in the FY2016 Annual Report, in September 2015 the PPK Board determined that there was a need to seek extended support for the ongoing viability of the group with reference to a prospective merger, sale or equity injection alternative in relation to its mining services businesses and/or PPK itself. Accordingly, at that time the Company applied for the Voluntary Suspension of its shares from quotation on the ASX, whilst negotiations with interested parties were undertaken.

Since then, pursuant to a non-binding and conditional Letter of Intent (LOI), PPK has engaged in negotiations with a major State Owned Chinese mining equipment manufacturer (the Counter Party) contemplating the acquisition of a controlling interest in PPK through the placement of new shares. Pursuant to the terms of the LOI, PPK is not permitted to disclose the identity of the Counter Party. Subsequently, financial and legal due diligence was completed and a non-binding offer negotiated pending the Counter Party's rigorous internal and external approval process. However, at the date of this report a binding agreement (conditional or otherwise) is yet to be concluded.

FINANCIAL RESULTS

PPK Group Limited (PPK) reported a net loss after tax attributable to owners of PPK of \$3.220M for the 6 months to 31 December 2016 (HY2016: \$4.994M loss). Group revenue for the 6 months from mining equipment sales and mining services was \$12.943M (HY2016: \$13.324M), revenue from investment properties was \$0.294M (HY2016: \$0.291M), interest received was \$0.055M (HY2016: \$0.343M) and recovery of a debt previously written off was \$0.383M (HY2016: Nil).

Underpinning the disappointing PPK Group result, was a net loss of \$2.420M from the Mining Equipment division (HY2016: \$3.936M).

VOLUNTARY SUSPENSION

Given the coal mining sector improvements outlined above and the fact PPK Group Ltd has now filed all the outstanding Annual and Financial Reports required to comply with ASX listing rules, the company expects to hold its 2015 and 2016 Annual General Meetings as soon as possible and post those meetings will apply for a lifting of the suspension in trading of the Company's shares. This process should once again create a liquidity platform for investors to buy and sell PPK shares when required.

DIRECTOR AND SENIOR STAFF CHANGES

Subsequent to the reporting period Mr Jury Wowk and Mr Ray Beath tendered their resignation as Directors of PPK Group Limited and all its subsidiaries. I thank Jury and Ray who remain PPK Group Shareholders for their committed service to the company and wish them well for their future endeavours. Group CFO Mr Jason Beddow has also resigned and we welcome Mr Ken Hostland to the role. Ken has a broad financial background, appropriate qualifications and has had the benefit of an extended handover period with Jason.

PPK Group is also continuing to see the benefit of Mr Dale McNamara's extensive experience in the global mining arena after his appointment as a Director in April 2015.

MAJOR SHAREHOLDER SUPPORT

Whilst PPK Group begins to benefit from the mining sector upturn and continues to look for other accretive investment and merger opportunities, the major shareholders of the company who have supported it through the last 3 years have committed their continued financial support to ensure any volatility in trading conditions can be appropriately managed.



Robin Levison
Executive Chairman



**PPK GROUP LIMITED
AND CONTROLLED ENTITIES
ABN 65 003 964 181**

HALF YEAR CONSOLIDATED FINANCIAL STATEMENTS

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of PPK Group Limited and its controlled entities for the half year ended 31 December, 2016.

DIRECTORS

The names of directors in office at any time during or since the financial period are:

Robin Levison
Jury Wowk (resigned 5 May 2017)
Glenn Molloy
Raymond Beath (resigned 7 March 2017)
Graeme Webb
Dale McNamara

REVIEW OF OPERATIONS

A detailed review of results and operations is included in the Executive Chairman's Report on page 2 of this report.

DIVIDENDS

The Board of Directors has resolved not to pay a dividend for the half year ended 31 December, 2016.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the consolidated entity during the period are disclosed in note 5 in the Half-year Report 31 December 2016.

AUDITORS INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

ROUNDING OF AMOUNTS

The parent entity has applied the relief available to it in ASIC Class Order 98/100 and, accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars.

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

A handwritten signature in black ink, appearing to read 'Robin Levison', is written over a horizontal line.

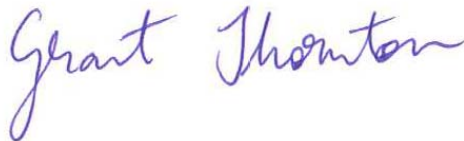
ROBIN LEVISON
Executive Chairman

Dated this 23rd day of June 2017

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF PPK GROUP LIMITED**

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of PPK Group Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Cameron Smith
Partner – Audit & Assurance

Brisbane, 23 June 2017

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PPK GROUP LIMITED**Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the Half-Year Ended 31 December 2016**

	Note	CONSOLIDATED ENTITY	
		31 December	31 December
		2016	2015
		\$000s	\$000s
REVENUES			
Mining equipment manufacture		12,943	13,324
Investment properties		294	291
Investment activities		383	-
Interest revenue		55	343
Total Revenue	6a	13,675	13,958
OTHER INCOME			
Other	6b	40	6
EXPENDITURE			
Mining equipment manufacture		(15,399)	(17,260)
Investment properties		(44)	(13)
Investment activities		(13)	(83)
Administrative expenses		(1,049)	(1,217)
Share-based payment expense		-	(103)
Business combination acquisition costs		(11)	-
Finance costs		(419)	(392)
Total Expenditure		(16,935)	(19,068)
Share of profit of associates accounted for using the equity method	6c	-	-
Profit/(Loss) before income tax expense		(3,220)	(5,104)
Income tax (expense)/benefit attributable to profit		-	133
Profit/(Loss) after income tax		(3,220)	(4,971)
Profit/(Loss) after tax is attributable to:			
Owners of PPK Group Limited		(3,220)	(4,994)
Non-controlling interests		-	23
		(3,220)	(4,971)
OTHER COMPREHENSIVE INCOME			
Changes in fair value on available-for-sale financial assets		(222)	631
Provision for income tax on changes in fair value		-	-
Provision for income tax thereon		-	-
Foreign currency translation of controlled entities		(2)	(5)
Other comprehensive income net of income tax		(224)	626
Total comprehensive income for the half year		(3,444)	(4,345)
Total comprehensive income for the half year is attributable to:			
Owners of PPK Group Limited		(3,444)	(4,368)
Non-controlling interests		-	23
		(3,444)	(4,345)
Earnings per share from continuing operations			
	8	Cents	Cents
Total basic earnings per shares		(5.6)	(8.6)
Diluted earnings per share		(5.6)	(8.6)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

PPK GROUP LIMITED**Consolidated Statement of Financial Position
for the Half-Year Ended 31 December 2016**

	CONSOLIDATED ENTITY	
	31 December	30 June
	2016	2016
	\$000s	\$000s
CURRENT ASSETS		
Cash and cash equivalents	1,158	945
Trade and other receivables	3,979	9,659
Inventories	9,994	9,956
Other current assets	224	419
Assets held for sale	3,424	-
TOTAL CURRENT ASSETS	18,779	20,979
NON-CURRENT ASSETS		
Other Receivables	884	857
Investments in associated entities - equity accounted	19	19
Other financial assets	14	1,816
Investment properties	-	3,425
Property, plant and equipment	7,197	7,824
Deferred tax assets	-	-
Intangible assets	292	252
TOTAL NON-CURRENT ASSETS	10,208	14,409
TOTAL ASSETS	28,987	35,388
CURRENT LIABILITIES		
Trade and other payables	5,164	6,762
Interest bearing liabilities	6,925	5,806
Current tax liabilities	-	-
Provisions	2,058	1,806
TOTAL CURRENT LIABILITIES	14,147	14,374
NON-CURRENT LIABILITIES		
Interest bearing liabilities	-	2,730
Deferred tax liabilities	-	-
Provisions	1,298	1,298
TOTAL NON-CURRENT LIABILITIES	1,298	4,028
TOTAL LIABILITIES	15,445	18,402
NET ASSETS	13,542	16,986
SHAREHOLDERS' EQUITY		
Contributed equity	9	34,625
Share options reserve	10	1,338
Reserves		1,067
Retained earnings		(23,488)
Capital and reserves attributable to owners of PPK Group Ltd		13,542
Non-controlling interests		-
TOTAL EQUITY		13,542

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes

PPK GROUP LIMITED
Consolidated Statement of Cash Flows
for the Half-Year Ended 31 December 2016

	CONSOLIDATED ENTITY	
	31 December	31 December
	2016	2015
	\$000s	\$000s
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	13,081	14,358
Cash payments to suppliers and employees	(17,779)	(18,875)
Interest received	588	198
Dividends received	-	-
Income tax received (paid)	-	217
Interest and costs of borrowings	(589)	(295)
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	(4,699)	(4,397)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(70)	(136)
Purchase of available-for-sale financial assets	(16)	-
Business purchase acquisition costs	(11)	-
Proceeds from sale of property, plant and equipment	10	118
	<hr/>	<hr/>
Net cash provided by (used in) investing activities	(87)	(18)
CASH FLOWS FROM FINANCING ACTIVITIES		
Other receivables - loans advanced	(19)	(2,819)
Other receivables - loans repaid	5,671	5,386
Proceeds from borrowings	1,085	8,030
Repayment of borrowings and bank loans	(1,738)	(6,806)
Dividends paid	-	-
Transactions with non-controlling interests	-	(23)
	<hr/>	<hr/>
Net cash provided by (used in) financing activities	4,999	3,768
Net increase (decrease) in cash held	213	(647)
Cash at the beginning of the financial period	945	2,476
Effects of exchange rate changes on cash & cash equivalents	-	(5)
	<hr/>	<hr/>
Cash at the end of the financial period	1,158	1,824

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

PPK GROUP LIMITED

**Consolidated Statement of Changes in Equity
for the Half-Year Ended 31 December 2016**

	Issued capital \$'000s	Retained earnings \$'000s	Share Options Reserve \$'000s	Available-for-sale Reserve \$'000s	Foreign Currency Translation Reserve \$'000s	Total Attributable to Owners of PPK Group Ltd \$'000s	Non-controlling Interests \$'000s	Total Equity \$'000s
At 1 July 2015	34,125	(12,505)	1,735	1,646	2	25,003	2	25,005
Total comprehensive income for the half year								
Profit/(Loss) for the period	-	(4,994)	-	-	-	(4,994)	23	(4,971)
Other comprehensive income								
Fair value adjustment on available-for-sale financial assets	-	-	-	631	-	631	-	631
Foreign currency translation of controlled entities	-	-	-	-	(5)	(5)	-	(5)
Total comprehensive income for the half year	-	(4,994)	-	631	(5)	(4,368)	23	(4,345)
Transactions with owners in their capacity as owners								
Dividends paid	-	-	-	-	-	-	-	-
Trust distributions due to non-controlling interests	-	-	-	-	-	-	(24)	(24)
Employee share-based payment - options	-	-	103	-	-	103	-	103
Shares issued - share based payment	500	-	(500)	-	-	-	-	-
At 31 December 2015	34,625	(17,499)	1,338	2,277	(3)	20,738	1	20,739
Total comprehensive income for the half year								
Profit/(Loss) for the period	-	(2,769)	-	-	-	(2,769)	1	(2,768)
Other comprehensive (loss)/income								
Fair value adjustment on available-for-sale financial assets	-	-	-	404	-	404	-	404
Realised gain on sale of available-for-sale financial assets	-	-	-	(1,391)	-	(1,391)	-	(1,391)
Realised loss on sale of available-for-sale financial assets	-	-	-	5	-	5	-	5
Foreign currency translation of controlled entities	-	-	-	-	(1)	(1)	-	(1)
Total comprehensive income for the half-year	-	(2,769)	-	(982)	(1)	(3,752)	1	(3,751)
Transactions with owners in their capacity as owners								
Dividends paid	-	-	-	-	-	-	-	-
Trust distributions	-	-	-	-	-	-	-	-
Change in holding of non-controlling interest	-	-	-	-	-	-	(2)	(2)
	-	-	-	-	-	-	(2)	(2)
At 1 July 2016	34,625	(20,268)	1,338	1,295	(4)	16,986	-	16,986
Total comprehensive income for the half year								
Profit/(Loss) for the period	-	(3,220)	-	-	-	(3,220)	-	(3,220)
Other comprehensive income								
Fair value adjustment on available-for-sale financial assets	-	-	-	(222)	-	(222)	-	(222)
Foreign currency translation of controlled entities	-	-	-	-	(2)	(2)	-	(2)
Total comprehensive income for the half-year	-	(3,220)	-	(222)	(2)	(3,444)	-	(3,444)
Transactions with owners in their capacity as owners								
Dividends paid	-	-	-	-	-	-	-	-
Trust distributions due to non-controlling interests	-	-	-	-	-	-	-	-
Employee share-based payment - options	-	-	-	-	-	-	-	-
Shares issued - share based payment	-	-	-	-	-	-	-	-
At 31 December 2016	34,625	(23,488)	1,338	1,073	(6)	13,542	-	13,542

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

PPK GROUP LIMITED

Notes to and Forming Part of the Accounts for the Half-Year Ended 31 December 2016

Note 1. Nature of operations

The principal activities of the Group are:

- design, manufacture and distribution of underground mining equipment
- property ownership and management, and
- investment in publicly listed and privately held businesses

There were no other significant changes in the nature of the Group's principal activities during the period.
Refer to note 12 for further information about the Group's operating segments.

Note 2. General Information and Basis of Preparation

These condensed interim consolidated financial statements (the interim financial statements) of the Group are for 6 months ended 31 December 2016 and are presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated.
These general purpose interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 "Interim Financial Reporting".

They do not include all of the information required in annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2016 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and Corporations Act 2001.

The interim financial statements have been approved and authorised for issue by the board of directors on 23 June 2017.

Going Concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. As articulated in this report, the financial performance for the group's Mining Equipment business segment has been materially impacted by the severe economic conditions affecting the underground coal mining industry during the financial year and subsequently. In particular, customer capital expenditure restrictions have been detrimental to PPK's Coaltram mining equipment sales. Accordingly, in the half year the Group recorded a loss of \$3.220M after tax and consumed \$4.699M in operating cash flows. On 23 June 2017, being the date of approval of the financial report, the Directors believe it is appropriate to prepare the financial report on a going concern basis. In making this assessment the directors have identified and considered:

- As at the end of the half year, and at all times subsequently, the Group has been able to meet its obligations as and when they fell due;
- The Group currently enjoys low levels of debt financing and the Directors are confident that additional debt financing would be available if required;
- Industry conditions and the operating performance of the group's mining equipment segment is improving and the company is currently responding to enquiries for the sale of Coaltram mining equipment with a number of customers; and
- The Group has a history of strong support from the majority of shareholders and has an expectation that this will continue.

Note 3. Significant Accounting Policies

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2016.

The accounting policies have been applied consistently throughout the Group for the purposes of the preparation of these interim financial statements.

Note 4. Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual result may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last financial statements for the year ended 30 June 2016.

Note 5. Significant events and transactions

Onerous Lease

On 27 June 2016, Glegra Pty Ltd ATF The Coaltram Trust (TCT) being a PPK director related entity (refer related party disclosures) acquired the rights and obligations of the lessor on arms-length commercial terms. At 30 June 2016, total liabilities recognised in relation to the lease were \$2.840M comprising \$1.210M unpaid lease payments (rental arrears) and \$1.630M onerous lease provision. PPK has paid TCT rental arrears to 31st August 2016 and subsequent monthly amounts remain outstanding as mutually agreed between PPK and TCT.

Other loans receivable and payable

In October 2015, PPK (CC) Pty Ltd (wholly owned subsidiary) acquired loans receivable totalling \$2.647M owed by Couran Cove Holdings Pty Ltd ATF CCH trust and secured by real property located at Couran Cove Resort, South Stradbroke Island. These loans were repaid in full in September 2016, with principal and interest proceeds totalling \$2.905M.

Further to an outstanding non-bank loan payable of \$1.225M as at 30 June 2016, in relation to the refinancing of the above transaction, an additional \$0.275M was advanced post year end and the full amount of these loans was repaid in September 2016.

Shares based payment and new share issue

Further to the share based payment in note 10, in accordance with the terms of a business combination in October 2014, the vesting conditions for the second tranche of \$0.500M shares due on 16 October 2016 were not met and accordingly no shares were issued.

PPK GROUP LIMITEDNotes to and Forming Part of the Accounts
for the Half-Year Ended 31 December 2016

	31 December 2016 \$000s	31 December 2015 \$000s
Note 6. Revenue, Other Income & Expenses from Operations		
(a) REVENUE		
Mining equipment sale / service / hire	12,943	13,324
Rental income from investment properties	294	291
Interest receivable	55	343
Recovery of Debt previously written off	383	
Dividends received - other parties	-	-
	<u>13,675</u>	<u>13,958</u>
(b) OTHER INCOME		
Net gain on disposal of property, plant & equipment	7	-
Net gain on sale of available-for-sale financial assets	3	-
Net gain on sale of subsidiaries	-	-
Sundry Income	30	6
	<u>40</u>	<u>6</u>
(c) SHARE OF PROFIT FROM ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD		
Share of profit from associates accounted for under the equity method	-	-
(d) EXPENSES		
Amortisation - intangibles	19	9
Cost of sales / service / hire - mining equipment	5,859	6,651
Depreciation - investment properties	21	21
- plant and equipment	626	602
	<u>647</u>	<u>623</u>
Interest paid	419	392
Employee share-based payment expense	-	103
Warranty costs	60	84
Inventory write-down	181	376
Impairment of property, plant & equipment	42	-
Doubtful debts - trade receivables	6	140
Defined contribution superannuation expense	494	548
Employment benefit expense	5,914	6,383
Net loss on disposal of property, plant & equipment	-	34
Rental expense on operating lease	2,211	2,088
Note 7. Dividends		
Dividends paid		
Nil ordinary dividends were paid	-	-
Dividends declared after half year ended 31 December 2016		
Nil Interim ordinary dividends were declared	-	-
Note 8. Earnings Per Share		
	Cents	Cents
Basic earnings per share	(5.6)	(8.6)
Diluted earnings per share	(5.6)	(8.6)
	\$000s	\$000s
(a) Reconciliation of Earnings to Net Profit/(Loss) attributable to owners of PPK Group Ltd		
Earnings used in calculating Basic EPS	(3,220)	(4,994)
Earnings used in calculating Diluted EPS	(3,220)	(4,994)
	Number	Number
(b) Weighted average number of ordinary shares outstanding during the period		
used in calculation of basic EPS	57,814,570	57,814,570
used in calculation of diluted EPS	57,814,570	57,814,570
(c) Classification of Securities		
For the period ended 31 December 2016 15.5 million loan plan shares were excluded from the computation of diluted earnings per share as they would have resulted in a decrease in loss per share for continuing operations.		

PPK GROUP LIMITED**Notes to and Forming Part of the Accounts
for the Half-Year Ended 31 December 2016**

	31 December 2016 Number	30 June 2016 Number
Note 9. Ordinary Shares on Issue		
Movement in number of ordinary shares		
Number of securities on issue at beginning of period	73,314,570	73,314,570
New share issue - share plan and loan	-	-
	<u>73,314,570</u>	<u>73,314,570</u>
	\$000s	\$000s
Movement in share capital		
Balance at the beginning of the financial period	34,625	34,625
Treasury shares - share and loan plan	-	-
Treasury shares - employee share plan	-	-
Share Issue - share based payment	-	-
	<u>34,625</u>	<u>34,625</u>

Note 10. Share Option Reserve

In accordance with the terms of a business combination that occurred in October 2014, the vendor employee may receive \$1.000M in PPK ordinary share capital. As per this agreement, the vendor was issued 0.667M shares on 16 October 2015. Subject to meeting certain performance conditions and remaining an employee during the vesting period, the vendor will receive an additional \$0.500M in shares on 16 October 2016.

The terms and condition of the contract effectively makes the agreement a share options instrument under *AASB 2 Share-based Payments* and does not form part of the consideration paid for the Exlec acquisition in accordance *AASB 3 Business Combinations*. The fair value of the options at issue date is deemed to represent the value of employee services received over the vesting period, recognised as a proportional share-based payment expense during each reporting period, with the corresponding credit taken to a Share Option Reserve.

	31 December 2016 \$000s	30 June 2016 \$000s
Movement in Share Option Reserve		
Balance at the beginning of the financial period	1,338	1,338
Share based payment expense	-	-
Shares allocated under agreement	-	-
	<u>1,338</u>	<u>1,338</u>

Options

There were no options outstanding at balance date

Note 11. Events after the Reporting Date**Sale of Industrial Property and Debt repayment**

In January 2017, the Seven Hills (NSW) Investment property was sold for \$7.875M resulting in a profit on sale of \$4.433M. Proceeds on sale were used to repay the Commonwealth Bank market rate loan of \$2.729M and Neruj Pty Ltd ATF Wemole Funding Trust loan of \$3.195M (inclusive of interest and further advances from initial loan of \$2.550M).

Share Portfolio

PPK's share portfolio is materially comprised of one key ASX listed stock, being Eureka Group Holdings (EGH). As at 30 June 2015, the EGH share price was \$0.51 and PPK held 6.450M shares at a value of \$3.290M. During the FY16 year 4.032M EGH shares were sold at an average price of \$0.646 per share, resulting in gross proceeds of \$2.603M. Furthermore, to date in FY17, 2.038M shares have been sold at an average price of \$0.379 per share, for proceeds of \$0.772M. The total EGH shareholding remaining as at the 12th June 2017 was 0.400M shares at \$0.36.

Other loans receivable and payable

In May 2017, secured loans of \$1.25M were received from entities associated with PPK Director Glenn Molloy. Loan proceeds were used to repay the Mt Thorley premises vendor loan of \$1.037M and the balance for capital expenditure and net working capital purposes. These loans were provided under a one year term and attract interest of 10% per annum. The loans are secured by a first ranking mortgage over the property located at 25 Thrift Close Mt Thorley and General Security Agreements and Specific Security Agreements for entities related to these premises or the Firefly business operating from these premises.

Employee Share and Loan Plan

The Group provided certain key executives with a non-recourse loan to pay for the shares, which expired 27 April 2017. The outstanding loan balance has not been repaid (pursuant to the non-recourse terms) and PPK is considering its options to sell or buy-back/cancel these shares.

No other matter or circumstance has arisen since the end of the financial year which is not otherwise dealt with in this report or in the Consolidated Financial Statements that has 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 subsequent financial years.

PPK GROUP LIMITED

Notes to and Forming Part of the Accounts
for the Half-Year Ended 31 December 2016

Note 12. Segment Information

- The **Investment properties** segment owns one industrial property.
- The **Investing** segment owns primarily listed and some unlisted investments, it has also made loans from which interest is earned. Investments in associate entities are included in this segment.
- The **Mining Equipment** segment design, manufacture, service support, distribute and hire underground coal mining equipment, COALTRAM vehicles, alternators, electrical equipment, drilling and bolting equipment and mining consumables.

Half Year ended 31 December 2016

Business Segments	Investment Properties	Investing	Mining Equipment	Total
Primary Segment	\$000s	\$000s	\$000s	\$000s
Sales revenue	-	-	12,943	12,943
Rental income	294	-	-	294
Gain on sale of investment property	-	-	-	-
Gain on sale of subsidiary	-	-	-	-
Gain on sale of available-for-sale financial assets	-	3	-	3
Recovery of debt previously written off	-	383	-	383
Sundry income	-	-	37	37
Interest received	-	55	-	55
Total revenue and other income	294	441	12,980	13,715
Segment result	250	428	(2,420)	(1,742)

Reconciliation of segment result to net profit/(loss) attributable to owners of PPK Group Ltd

Amounts not included in segment result but reviewed by the Board

Share of profit from associates accounted for using the equity method	-
Share-based payment expense	-
Unallocated corporate income & expenses	(1,059)
Unallocated interest expense	(419)

Consolidated operating profit/(loss) before income tax (3,220)

Non-controlling interests share of after tax profit	-
Income tax (expense)	-

Consolidated operating profit/(loss) after income tax attributable to owners of PPK Group Ltd (3,220)

	Investment Properties	Investing	Mining Equipment	Total
	\$000s	\$000s	\$000s	\$000s
Segment Assets	4,939	3,651	20,330	28,920
Unallocated				67
Total Assets				28,987
Segment Liabilities	3,742	3,173	6,821	13,736
Unallocated				1,709
Total Liabilities				15,445

Half Year ended 31 December 2015

Business Segments	Investment Properties	Investing	Mining Equipment	Total
Primary Segment	\$000s	\$000s	\$000s	\$000s
Sales revenue	-	-	13,324	13,324
Rental income	291	-	-	291
Sundry income	-	6	-	6
Interest received	-	343	-	343
Total revenue and other income	291	349	13,324	13,964
Segment result	279	265	(3,936)	(3,392)

Reconciliation of segment result to net profit/(loss) attributable to owners of PPK Group Ltd

Amounts not included in segment result but reviewed by the Board

Share of profit from associates accounted for using the equity method	-
Share-based payment expense	(103)
Unallocated corporate income & expenses	(1,217)
Unallocated interest income & expense	(392)

Consolidated operating profit/(loss) before income tax (5,104)

Non-controlling interests share of after tax profit/(loss)	(23)
Income tax (expense)	133

Consolidated operating profit/(loss) after income tax attributable to owners of PPK Group Ltd (4,994)

	Investment Properties	Investing	Mining Equipment	Total
	\$000s	\$000s	\$000s	\$000s
Balances as at 30 June 2016				
Segment Assets	4,824	9,373	20,928	35,125
Unallocated				263
Total Assets				35,388
Segment Liabilities	3,704	4,265	8,655	16,624
Unallocated				1,778
Total Liabilities				18,402

PPK GROUP LIMITED

**Notes to and Forming Part of the Accounts
for the Half-Year Ended 31 December 2016**

Note 13. Contingent Liabilities / Assets

Cross guarantees of the Groups banking and finance facilities total \$5.935M (2015: \$8.135M) of which \$5.935M (2015: \$8.135M) was drawn at balance date. The Group had bank guarantees which were released during the year relating to arrangements at the Tomago and Port Kembla premises. The Group now has one bank guarantee of \$0.140M which is 100% secured by a cash deposit of the same amount (2015: \$0.140M).

Non bank guarantees and indemnities include:

Unlimited Guarantee and Indemnity from PPK Group Limited and PPK Mining Equipment Group Pty Ltd in relation to the 7 leased Coaltrams.
Unlimited Guarantee and Indemnity from PPK Group Limited in relation to the Tomago leased premises.
Guarantee and Indemnity of \$0.500M from PPK Group Limited in favour of a key Coaltram parts supplier in relation to trade credit account.
Guarantee and Indemnity from PPK Group Limited in relation to the leased motor vehicle fleet.

Note 14. Fair value measurement of financial instruments

Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of fair value hierarchy, as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - a valuation technique is used using inputs other than quoted prices within Level 1 that are observable for financial instruments, either directly (i.e. as prices), or indirectly (i.e. derived from prices); or
- Level 3 - a valuation technique is used using inputs that are not based on observable market data (unobservable inputs).

Assets		Level 1	Level 2	Level 3	Total
31 December 2016					
Available-for-sale financial assets					
Listed equity securities	(a)	1,816	-	-	1,816
		<u>1,816</u>	<u>-</u>	<u>-</u>	<u>1,816</u>
30 June 2016					
Available-for-sale financial assets					
Listed equity securities	(a)	2,032	-	-	2,032
		<u>2,032</u>	<u>-</u>	<u>-</u>	<u>2,032</u>

(a) Listed Securities

Fair values have been determined by reference to their quoted bid prices at reporting date.

Note 15. Business Combinations

Summary of Acquisitions

During the period, there were nil acquisitions.

Note 16. Related Parties

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Transactions are inclusive of GST.

	31 December 2016 \$000s	30 June 2016 \$000s
Transactions with related parties:		
The Group has secured a loan from Neruj Pty Ltd ATF Wemole Funding Trust. PPK Directors, Mr Glenn Molloy, Mr Graeme Webb & Mr Robin Levison share beneficial ownership and control of this entity.		
Loan advanced to Group	3,135	2,550
Interest capitalised to Loan Balance	37	207
Balance Outstanding	<u>3,172</u>	<u>2,757</u>

The Group has made loans to Couran Cove Holdings Pty Ltd ATF CCH trust. Mr Glenn Molloy was a Director and beneficiary of the CCH Trust. The loan was repaid in September 2016.

Loans advanced	2,647	2,647
Interest capitalised to Loan Balance	320	268
Loans repaid	(2,967)	-
Balance Outstanding	<u>-</u>	<u>2,915</u>

Directors and key management personnel and their related entities had made interest-free secured loans to the SLOT Loan Trust. The SLOT Loan Trust is a subsidiary of the Group by virtue of its 51% voting interest. During the period ended 31 December 2015, the SLOT Loan Trust repaid all lenders.

Balance at start of year	-	891
Loans repaid by the Group	-	(932)
Total advanced to the Group	-	(41)
Trust distribution credited to loan	-	41
Balance outstanding	<u>-</u>	<u>-</u>

PPK GROUP LIMITED

Notes to and Forming Part of the Accounts
for the Half-Year Ended 31 December 2016

Note 16. (cont.)	Related Parties	31 December	30 June
		2016	2016
		\$000s	\$000s
Transactions with associates			
Interest receivable from associates			
	PPK Willoughby Funding Unit Trust	385	2,658
	Nerang Street Southport Project Trust	51	83
		<u>436</u>	<u>2,741</u>
Loans and receivables from associates			
Current			
	PPK Willoughby Funding Unit Trust ⁽¹⁾	824	3,567
	Nerang Street Southport Project Trust	-	-
		<u>824</u>	<u>3,567</u>
		<u>824</u>	<u>3,567</u>
Loans and receivables from associates			
Non Current			
	PPK Willoughby Funding Unit Trust	-	-
	Nerang Street Southport Project Trust	884	899
		<u>884</u>	<u>899</u>

⁽¹⁾ The carrying value of the Loan receivables in the Group Financials has been reduced by an impairment provision of \$0.528M.

**PPK GROUP LIMITED
AND CONTROLLED ENTITIES
ABN 65 003 964 181**

DECLARATION BY DIRECTORS

The directors of the company declare that:

- a. The accompanying financial statements and accompanying notes, are in accordance with the Corporations Act 2001 and:
 - (i) comply with Accounting Standard AASB134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
 - (ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of performance for the half-year ended on that date.
- b. 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.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



ROBIN LEVISON
Executive Chairman

Dated this 23rd day of June 2017

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PPK GROUP LIMITED

We have reviewed the accompanying half-year financial report of PPK Group Limited (the Company), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-year Financial Report

The Directors of PPK Group Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such controls as the Directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of PPK Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

Grant Thornton Audit Pty Ltd ACN 130 913 594
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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

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

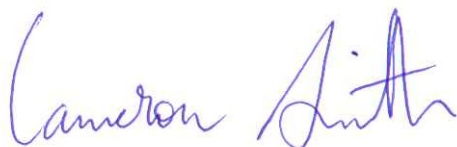
- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 2 to the financial statements, which indicates that the group incurred a loss after tax of \$3,220,000 for the half-year ended 31 December 2015, and net operating cash outflows of \$4,699,000 for the year then ended. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern and therefore, the group may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Cameron Smith
Partner – Audit & Assurance

Brisbane, 23 June 2017