



ASX ANNOUNCEMENT

FOR IMMEDIATE RELEASE TO THE MARKET

PPK Group Limited – ASX Code: PPK

Thursday 24 November 2016

Market Update and FY2016 Results

Following consultation with the ASX, PPK Group Limited (the "**Company**") advises that suspension of the Company's securities will continue until the Company lodges:

- the Annual Report for the year ended 30 June 2015 under Listing Rule 4.7;
- the Half-year report for the 6 month period ended 31 December 2015 under Listing Rule 4.2A;
- the preliminary final report for the year ended 30 June 2016 under Listing Rule 4.3A;
- the audited financial report for the year ended 30 June 2016 under Listing Rule 4.5; and
- the Annual Report for the year ended 30 June 2016 under Listing Rule 4.7

together, the "**Overdue Reports**".

The Overdue Reports were not lodged by the due date because the directors are of the opinion that until it is clear whether the proposed transaction, detailed later in this announcement, will proceed the directors are not in a position to determine an appropriate collective carrying value for the mining services business assets.

The Company is continuing negotiations with a major state owned Chinese mining equipment manufacturer in respect of subscribing for a controlling equity interest in PPK. The prospective China based investor has recently concluded due diligence on PPK generally and the PPK mining services businesses in particular. The parties are currently working on a Binding Heads of Agreement. Once it is clear whether this transaction is proceeding, the Company will be able to:

- (a) finalise and lodge the Overdue Reports; and
- (b) ensure that it will be able to comply with its reporting obligations and the Listing Rules in a timely manner in the future.

In the interim, as agreed with the ASX the Company will provide quarterly operating updates to the ASX for release to the market.

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As the first of the operating updates, the Company advises that it has sustained an unaudited loss of \$6,858,000 before tax (\$6,725,000 after tax) for the twelve months to 30 June 2016. This compares to an unaudited loss of \$11,825,000 before tax (\$11,822,000 after tax) for the year ended 30 June 2015.

Whilst trading conditions in the mining services businesses remain challenging, improved performance was noted in the FY2016 second half unaudited mining services segment loss of \$2,680,000 (first half unaudited segment loss of \$3,443,000). This improvement is consistent with indicators of a coal mining sector recovery and PPK's cost reduction efforts.

The first quarter of FY2017 has shown ongoing improvement in the mining services business with an unaudited loss before tax of \$1,172,000.

Income and capital gains generated by the PPK property and investment division continue to support the mining services businesses.

For further information contact:

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