

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 2017

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HIGHLIGHTS OF RESULTS FOR ANNOUNCEMENT TO THE MARKET

	31 December 2017 \$000s	31 December 2016 \$000s	Change \$000s	Change %
REVENUES	17,376	13,237	4,139	31%
PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE	(1,845)	(3,220)	1,375	43%
PROFIT/(LOSS) BEFORE TAX ATTRIBUTABLE TO OWNERS OF PPK GROUP LTD	(1,845)	(3,220)	1,375	43%
PROFIT/(LOSS) AFTER TAX ATTRIBUTABLE TO OWNERS OF PPK GROUP LTD	(1,845)	(3,220)	1,375	43%
EARNINGS PER SHARE	cents (3.0)	cents (5.6)	cents 2.6	47%
NET TANGIBLE ASSETS PER SHARE	cents 24.7	cents 18.1	cents 6.6	37%

DIVIDENDS

FY2016 FULLY FRANKED INTERIM DIVIDEND PER SHARE	Nil cents
FY2017 FULLY FRANKED INTERIM DIVIDEND PER SHARE	Nil cents

PPK GROUP LIMITED**Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the Half Year Ended 31 December 2017**

	Note	CONSOLIDATED ENTITY	
		31 December	31 December
		2017	2016
		\$000s	\$000s
Revenue	6a	17,376	13,237
Cost of Sales		(11,894)	(9,663)
Gross Profit		5,482	3,574
Other income	6b	6	478
Mining services expenses		(6,180)	(5,736)
Property services expenses		(17)	(44)
Investment activity expenses		(45)	(13)
Administrative expenses		(1,002)	(1,049)
Business combination acquisition costs		-	(11)
Finance costs		(70)	(419)
		(1,826)	(3,220)
Share of profit of associates accounted for using the equity method	6c	(19)	-
Profit/(Loss) before income tax expense		(1,845)	(3,220)
Income tax (expense)/benefit attributable to profit		-	-
Profit/(Loss) after income tax		(1,845)	(3,220)
Profit/(Loss) after tax is attributable to:			
Owners of PPK Group Limited		(1,845)	(3,220)
Non-controlling interests		-	-
		(1,845)	(3,220)
OTHER COMPREHENSIVE INCOME			
Changes in fair value on available-for-sale financial assets		(72)	(222)
Provision for income tax on changes in fair value		-	-
Provision for income tax thereon		-	-
Foreign currency translation of controlled entities		9	(2)
Other comprehensive income net of income tax		(63)	(224)
Total comprehensive income for the half year		(1,908)	(3,444)
Total comprehensive income for the half year is attributable to:			
Owners of PPK Group Limited		(1,908)	(3,444)
Non-controlling interests		-	-
		(1,908)	(3,444)
Earnings per share	8	Cents	Cents
Total basic earnings per shares		(3.0)	(5.6)
Diluted earnings per share		(3.0)	(5.6)

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

PPK GROUP LIMITEDConsolidated Statement of Financial Position
for the Half Year Ended 31 December 2017

		CONSOLIDATED ENTITY	
		31 December	30 June
		2017	2017
		\$000s	\$000s
CURRENT ASSETS			
Cash and cash equivalents		565	1,104
Trade and other receivables		5,817	5,870
Inventories		10,306	10,198
Other current assets		206	324
Financial assets	14	170	275
TOTAL CURRENT ASSETS		17,064	17,771
NON-CURRENT ASSETS			
Investments in associated entities - equity accounted		-	19
Property, plant and equipment		5,230	6,483
Intangible assets		-	386
TOTAL NON-CURRENT ASSETS		5,230	6,888
TOTAL ASSETS		22,294	24,659
CURRENT LIABILITIES			
Trade and other payables		3,206	4,549
Interest bearing liabilities		1,368	1,282
Provisions		2,223	1,918
TOTAL CURRENT LIABILITIES		6,797	7,749
NON-CURRENT LIABILITIES			
Provisions		145	592
TOTAL NON-CURRENT LIABILITIES		145	592
TOTAL LIABILITIES		6,942	8,341
NET ASSETS		15,352	16,318
SHAREHOLDERS' EQUITY			
Contributed equity	9	34,298	34,625
Share options reserve	10	-	1,338
Reserves		-	63
Retained earnings		(18,946)	(19,708)
TOTAL EQUITY		15,352	16,318

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 2017

	CONSOLIDATED ENTITY	
	31 December 2017	31 December 2016
	\$000s	\$000s
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	17,581	13,081
Cash payments to suppliers and employees	(17,864)	(17,779)
Interest received	2	588
Interest and costs of borrowings	(71)	(589)
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	(352)	(4,699)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(489)	(70)
Purchase of available-for-sale financial assets	(16)	(16)
Business purchase acquisition costs	-	(11)
Proceeds from sale of property, plant and equipment	301	10
	<hr/>	<hr/>
Net cash provided by (used in) investing activities	(204)	(87)
CASH FLOWS FROM FINANCING ACTIVITIES		
Other receivables - loans advanced	(75)	(19)
Other receivables - loans repaid	-	5,671
Proceeds from borrowings	145	1,085
Repayment of borrowings and bank loans	(53)	(1,738)
	<hr/>	<hr/>
Net cash provided by (used in) financing activities	17	4,999
Net increase (decrease) in cash held	(539)	213
Cash at the beginning of the financial period	1,104	945
	<hr/>	<hr/>
Cash at the end of the financial period	565	1,158

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 2017**

	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 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	-	-	-	-	-	-	-	-
At 31 December 2016	34,625	(23,488)	1,338	1,073	(6)	13,542	-	13,542
At 1 July 2017	34,625	(19,708)	1,338	72	(9)	16,318	-	16,318
Total comprehensive income for the half year								
Profit/(Loss) for the period	-	(1,845)	-	-	-	(1,845)	-	(1,845)
Other comprehensive income								
Fair value adjustment on available-for-sale financial assets	-	-	-	(72)	-	(72)	-	(72)
Foreign currency translation of controlled entities	-	-	-	-	9	9	-	9
Total comprehensive income for the half-year	-	(1,845)	-	(72)	9	(1,908)	-	(1,908)
Transactions with owners in their capacity as owners								
Reversal of share and loan plan	(1,277)	2,607	(1,338)	-	-	(8)	-	(8)
Share buyback	(95)	-	-	-	-	(95)	-	(95)
Shares issued - debt converted to equity	1,045	-	-	-	-	1,045	-	1,045
At 31 December 2017	34,298	(18,946)	-	-	-	15,352	-	15,352

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 Interim Consolidated Financial Statements for the Half Year Ended 31 December 2017

Note 1. Nature of operations

The principal activities of the Group are:

- design, manufacture, distribution and servicing of underground mining equipment
- property ownership, management and debt and equity investments

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 2017 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 2017 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 13th February 2018.

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 of the Group has improved with the Group recording a half year loss of \$1.845M (HY2016 \$3.220M) after tax and consumed only \$0.352M (HY2016 \$4.699M) in operating cash flows. On 13th February 2018, 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 has a history of strong support from the majority of shareholders and has an expectation that this will continue;
- The Group currently enjoys low levels of debt financing and the Directors are confident that additional debt financing would be available, if required;
- The Group has a \$2 million funding commitment from its directors to pay its debts as and when they become due, which has not been drawn in the period; and
- Industry conditions continue to improve with the company having its first capital sale of a used Coaltram in three years.

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 2017.

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 2017.

Note 5. Significant events and transactions

Selective share buy back

The Company acquired and cancelled 15,500,000 shares from certain key executives (see note 9).

New share issue - in lieu of accrued fees

The Company issued 4,181,928 shares to directors in lieu of outstanding fees for services (see note 9).

PPK GROUP LIMITED**Notes to and Forming Part of the Interim Consolidated Financial Statements
for the Half Year Ended 31 December 2017**

	31 December 2017 \$000s	31 December 2016 \$000s
Note 6. Revenue, Other Income & Expenses from Operations		
(a) REVENUE		
Mining equipment sale / service / hire	17,376	12,943
Rental income from investment properties	-	294
	<u>17,376</u>	<u>13,237</u>
(b) OTHER INCOME		
Interest	-	55
Net gain on disposal of property, plant & equipment	1	7
Net gain on sale of available-for-sale financial assets	-	3
Foreign currency translation gain (loss)		
Recovery of debt previously written off	-	383
Sundry income	5	30
	<u>6</u>	<u>478</u>
(c) SHARE OF PROFIT FROM ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD		
Share of loss from associates accounted for under the equity method	<u>(19)</u>	<u>-</u>
(d) EXPENSES		
Amortisation - intangibles	41	19
Depreciation	701	647
Interest paid	70	419
Employee share-based payment expense	-	-
Warranty costs	39	60
Inventory write-down	393	181
Impairment of work in progress	283	-
Impairment of property, plant & equipment	490	42
Impairment of available for sale financial assets	33	9
Doubtful debts - trade receivables	(79)	6
Costs related to legal settlement	486	-
Defined contribution superannuation expense	491	494
Employment benefit expense	6,803	5,894
Redundancy costs	19	20
Net loss on disposal of property, plant & equipment	216	-
Rental expense on operating leases	1,160	2,211
Note 7. Dividends		
Dividends paid		
Nil ordinary dividend was paid	<u>-</u>	<u>-</u>
Dividends declared after half year ended 31 December 2016		
Nil Interim ordinary dividend was declared	<u>-</u>	<u>-</u>
Note 8. Earnings Per Share		
	Cents	Cents
Basic earnings per share	(3.0)	(5.6)
Diluted earnings per share	<u>(3.0)</u>	<u>(5.6)</u>
	\$000s	\$000s
(a) Reconciliation of Earnings to Net Profit/(Loss) attributable to owners of PPK Group Ltd		
Earnings used in calculating Basic EPS	(1,845)	(3,220)
Earnings used in calculating Diluted EPS	<u>(1,845)</u>	<u>(3,220)</u>
	Number	Number
(b) Weighted average number of ordinary shares outstanding during the period		
Used in calculation of basic EPS	61,996,498	57,814,570
Used in calculation of diluted EPS	61,996,498	57,814,570
(c) Classification of Securities		
For the period ended 31 December 2016 15,500,000 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 Interim Consolidated Financial Statements
for the Half Year Ended 31 December 2017**

	31 December 2017 Number	30 June 2017 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
Selective share buy back	(15,500,000)	-
New share issue - in lieu of accrued fees	4,181,928	-
	61,996,498	73,314,570
	\$000s	\$000s
Movement in share capital		
Balance at the beginning of the financial period	34,625	34,625
Selective share buy back	(1,277)	-
Other	(95)	-
New share issue - in lieu of accrued fees	1,045	-
	34,298	34,625

Selective Share Buy Back

The Group provided certain key executives with a non-recourse loan, which expired 27 April 2017, to pay for 15,500,000 shares. At the Annual General Meeting on 20 November 2017, shareholders approved a special resolution to selectively buy back and cancel these shares based on the 10 day volume weighted average price.

New Share Issue - in Lieu of Accrued Fees

The Group has accrued fees for directors' services which have been expensed in the appropriate period but remain outstanding at 30 September 2017. At the Annual General Meeting on 20 November 2017, shareholders approved a resolution to repay these fees by way of the issue of shares to the directors at \$0.25 per share.

Note 10. Share Option Reserve

	31 December 2017 \$000s	30 June 2017 \$000s
Movement in Share Option Reserve		
Balance at the beginning of the financial period	1,338	1,338
Adjustment for the selective share buy back	(1,338)	-
	-	1,338

Options

There were no options outstanding at balance date

Note 11. Events after the Reporting Date

No other matter or circumstance has arisen since the end of the financial year which is not otherwise dealt with in this Interim 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 Interim Consolidated Financial Statements
for the Half Year Ended 31 December 2017****Note 12. Segment Information**

- The **Investment properties** segment owns no 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 2017

Business Segments	Investment Properties	Investing	Mining Equipment	Total
Primary Segment	\$000s	\$000s	\$000s	\$000s
Sales revenue	-	-	17,376	17,376
Sundry income	-	-	6	6
Total revenue and other income	-	-	17,382	17,382
Segment result	(17)	(45)	(692)	(754)

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	(19)
Unallocated corporate income & expenses	(1,002)
Unallocated interest expense	(70)

Consolidated operating profit/(loss) before income tax (1,845)

Income tax (expense) -

Consolidated operating profit/(loss) after income tax attributable to owners of PPK Group Ltd (1,845)

	Investment Properties	Investing	Mining Equipment	Total
	\$000s	\$000s	\$000s	\$000s
Segment Assets	329	1,186	20,593	22,108
Unallocated				186
Total Assets				22,294
Segment Liabilities	-	-	6,447	6,447
Unallocated				495
Total Liabilities				6,942

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 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-based payment expense	-
Unallocated corporate income & expenses	(1,059)
Unallocated interest expense	(419)

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

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	332	1,640	22,428	24,400
Unallocated				259
Total Assets				24,659
Segment Liabilities	-	2	5,490	5,492
Unallocated				2,849
Total Liabilities				8,341

PPK GROUP LIMITED

Notes to and Forming Part of the Interim Consolidated Financial Statements for the Half Year Ended 31 December 2017

Note 13. Contingent Assets and Liabilities

PPK Directors Robin Levison, Glenn Molloy and Graeme Webb have provided a written undertaking to PPK to transfer up to \$2,000M of funds for the purposes of enabling PPK to pay its debts as and when they become due, should the need arise before 7 September 2018. This written undertaking is subject to satisfactory commercial terms being agreed between the parties and if the funds are in a form of debt financing, sufficient and satisfactory security for the loans be provided by PPK. As of the date of the Directors' Report, these funds have not been drawn down.

The Group has a bank guarantee of \$0.100M which is 100% secured by a cash deposit of the same amount (2016: \$0.140M). The Group has an obligation to provide bank guarantees of \$0.360M under its two property leases in Tomago and Port Kembla, upon execution of the leases.

Non bank guarantees and indemnities include:

* Glegra Pty Ltd ATF The Colatram Trust has, in relation to the 7 leased CoalTrams:

- an Unlimited Guarantee and Indemnity from PPK Group Limited, PPK Mining Equipment Group Pty Ltd and PPK Mining Equipment Pty Ltd; and
- a fixed and floating charge over all the assets of PPK Mining Equipment Hire Pty Ltd.

* a key Coaltram parts supplier has a Guarantee and Indemnity of \$0.500M from PPK Group Limited in relation to a trade credit account.

* a motor vehicle fleet provider has a Guarantee and Indemnity from PPK Group Limited in relation to the leased motor vehicle fleet.

The Group has a contingent liability of \$4.686M, being the amount of rental arrears of \$1.080M waived and all rent reductions of approximately \$3.606M to the end of the lease term for each Coaltram, in the event that PPK Mining Equipment Group Limited, PPK Mining Equipment Pty Ltd, PPK Mining Equipment Hire Pty Ltd, PPK Mining Repairs Alternators Pty Ltd or PPK Firefly Pty Ltd experiences an insolvency event before 13 October 2020.

The Group has a contingent liability of \$0.594M being the rental arrears owing under a previous lease. The Group has signed a new 5 year lease and, as a condition of this lease, the Lessee has agreed to waive its right to recover the rent arrears if the Group complies with all obligations and pays all amounts due and payable under the lease.

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 \$000s	Level 2 \$000s	Level 3 \$000s	Total \$000s
31 December 2017					
Available-for-sale financial assets					
Listed equity securities	(a)	170	-	-	170
		<hr/>	<hr/>	<hr/>	<hr/>
		170	-	-	170
30 June 2017					
Available-for-sale financial assets					
Listed equity securities	(a)	275	-	-	275
		<hr/>	<hr/>	<hr/>	<hr/>
		275	-	-	275

(a) Listed Securities

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

Note 15. Business Combinations

During the period, there were nil acquisitions.

Note 16. Related Parties

Transactions between 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 2017 \$000s	30 June 2017 \$000s
Transactions with related parties:		
The Group secured loans of \$0.650M from a trust, of which PPK Director Glenn Molloy is a trustee, and \$0.600M from an entity, of which PPK Director Glenn Molloy is a director. These loans incur interest at 10% per annum and are repayable on 25 May 2018. An additional loan of \$0.145M was received from a Trust of which PPK Directors Glenn Molloy and Graeme Webb are directors, of which \$0.040M has been repaid.		
Loan advanced to Group	1,355	1,250
Interest accrued	13	12
Balance Outstanding	<hr/>	<hr/>
	1,368	1,262

PPK GROUP LIMITED

Notes to and Forming Part of the Interim Consolidated Financial Statements
for the Half Year Ended 31 December 2017

Note 16. (cont.)	Related Parties	31 December	30 June
		2017	2017
		\$000s	\$000s
Transactions with associates			
Receivable from associates			
	Nerang Street Southport Project Trust	80	87
		<u>80</u>	<u>87</u>
Loans and receivables from associates			
Current			
	PPK Willoughby Funding Unit Trust ^[1]	565	565
	Nerang Street Southport Project Trust	1,017	-
		<u>1,582</u>	<u>565</u>
^[1] The carrying value of the Loan receivables in the Group Financials has been reduced by an impairment provision of \$0.565M.			
Loans and receivables from associates			
Non Current			
	Nerang Street Southport Project Trust	-	948
		<u>-</u>	<u>948</u>