



# 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 2014

<u>Page</u>	<u>Contents</u>
1	Highlights of Results for Announcement to the Market
2	Commentary on Results
7	Directors' Report
8	Auditor's Independence Declaration
9-18	Half-year Report 31 December 2014
19	Directors' Declaration
20-21	Independent Auditor's Review Report

**HIGHLIGHTS OF RESULTS FOR ANNOUNCEMENT TO THE MARKET**

	31 December 2014 \$000s	31 December 2013 \$000s	Change \$000s	Change %
REVENUES	17,662	5,391	12,271	<b>228%</b>
PROFIT BEFORE INCOME TAX EXPENSE	1,309	827	482	<b>58%</b>
PROFIT BEFORE TAX ATTRIBUTABLE TO OWNERS OF PPK GROUP LTD	1,136	591	545	<b>92%</b>
PROFIT AFTER TAX ATTRIBUTABLE TO OWNERS OF PPK GROUP LTD	1,021	301	720	<b>239%</b>
EARNINGS PER SHARE	cents 1.8	cents 0.6	cents 1.2	<b>198%</b>

**DIVIDENDS**

2014 FULLY FRANKED INTERIM DIVIDEND PER SHARE	1.50 cents
2015 FULLY FRANKED INTERIM DIVIDEND PER SHARE	1.50 cents
RECORD DATE FOR DETERMINING ENTITLEMENT TO DIVIDEND	31 March 2015
DATE DIVIDEND PAYABLE	30 April 2015

## PPK – CHAIRMAN’S REVIEW INTERIM REPORT

### Mining Services Businesses Drive 228% Revenue Hike

The continued expansion of PPK Group Limited’s (PPK) mining equipment manufacturing and service operations combined with the successful divestment of selected property assets resulted in group revenue hiking 228% to \$17.662 million for the six months to 31 December 2014.

Profit before income tax for the first half of FY 2015 increased 58% to \$1.309 million. Profit after tax attributable to members also rose to \$1.021 million, up from \$.301 million in the prior corresponding half. Basic earnings per share were 1.8 cents per share for the 6 months to 31 December 2014, up from .6 cents in the prior corresponding period.

Directors have declared an interim dividend of 1.5 cents fully franked per share, which remains steady with the first half dividend paid in FY 2014. Book closing date for entitlement to the dividend is 31 March 2015, with the dividend due for payment on 30 April 2015.

### Maintaining a Strong Balance Sheet

PPK’s Board is committed to maintaining the group’s growth in an ordered and prudent manner and recognises the need to maintain a strong balance sheet as the cornerstone of future expansion.

As has been outlined on previous occasions, PPK is intent on disposing of selected historical property assets to capitalise on what are currently buoyant property market conditions throughout much of Australia.

Consistent with this strategy in October 2014 the company settled the sale of its Arndell Park industrial property for \$12.4 million and in November its interests in the entities holding two retirement villages in Bundaberg and Elizabeth Vale valued at \$8.2 million (PPK component 50%). From the sale proceeds, approximately \$12 million was used to retire group debt. As a result, and despite the exclusion of these investment properties from the group’s balance sheet, as at 31 December 2014 the company’s net asset value of \$37.63 million remained marginally higher than 12 months prior.

*Building a Stronger and More Resilient Mining Services Base*

PPK has a clearly defined vision to become a leading manufacturer and distributor of highly specialised mining equipment and technology products that specifically target “high gas” underground coal mining environments.

The investments made by PPK in the COALTRAM underground transport vehicle business and the complementary MONEx Electronic Engine Management System business, along with the commissioning of a new state-of-the-art underground mining equipment service and support centre at Port Kembla, spearheaded a significant hike in mining services revenue for the six months to 31 December 2014 to \$15.712 million, up from \$1.903 million in the first half of FY2014.

Despite the subdued trading conditions prevailing for much of the mining services capital expenditure market, the Board remains confident that the group’s documented growth strategy of leveraging off historically low business acquisition prices to progressively build a stable of world competitive “best of breed” mining equipment and technology products, will provide significant and sustainable returns to shareholders in the medium to longer term.

Consistent with the strategy of capitalising on adverse market conditions to acquire proven, successful mining equipment manufacturers at highly opportunistic prices, and broadening the company’s market offer through the importation of competitively priced, class leading underground mining equipment in the first half of FY 2015 PPK:

- Acquired, for \$1.86 million (including land and buildings), Firefly International, which in addition to selling, servicing and supporting a range of drilling, boring, bolting and other equipment to the underground coal mining industry, also markets a range of mining consumables and hire equipment.
- Acquired the Exlec Group of Companies which specialise in the flame proof and hazardous electrical area.
- Secured an exclusive Agency and Distribution Agreement with China Coal Technology and Engineering Group (CCTEG), China’s largest manufacturer of underground high gas coal mining equipment, to sell, distribute and support CCTEG’s equipment and consumables throughout Australia and New Zealand

Just as the earlier acquisition of the MONEx business delivered strategic synergies through providing PPK with full Original Equipment Manufacturer status for the existing COALTRAM products, the purchase of

Firefly International represents an equally synergistic fit with the company's existing Rambor drilling equipment business.

PPK intends to combine both businesses and to consolidate their operations at Firefly's current Hunter Valley premises at Mt. Thorley. While both brand's full product ranges will be retained the company envisages that there will be future opportunities to rationalise the product range. With the sales, service, hire/rental, parts and inventory centre for the Hunter Valley to be located at the Mt. Thorley premises and with PPK's new Port Kembla facility responsible for servicing the Illawarra region, cost efficiencies will be derived from the closure of the existing Rambor Centre in Nowra at some stage in 2015.

The exclusive Agency and Distribution Agreement forged with CCTEG has the potential to be a legitimate "game changer" for PPK in that the group now has the capacity to provide an unrivalled 'one-stop-shop' range of underground coal mining products and consumables. This significantly enhanced product offering has already paid dividends for PPK, with the company already quoting on a "whole of mine" supply project in Australia.

The new agreement with CCTEG is also expected to open future potential growth opportunities for PPK outside of Australia through capitalising on their extensive distribution network in China to activate exports to that market of the COALTRAM underground utility vehicles and Rambor/Firefly roofbolters.

In October 2014, PPK secured a strategic beachhead into China, the world's largest coal mining market, following the opening of an office in Beijing and the appointment of several key local staff members. While it is still early days for the new Chinese operations, PPK's on the ground presence in this huge underground coal market has already generated some initial smaller orders and assisted in securing the CCTEG distributor agreement. The local coal industry, which is undergoing a massive government mandated rationalisation and modernisation program, is increasingly turning to products and technology such as the ones PPK specialises in to enhance safety, productivity and automation levels. PPK's senior personnel have a deep understanding of, and experience in the Chinese coal market, and this knowledge combined with the local presence afforded by the new office in Beijing is expected to pay significant dividends to PPK in the medium term future.

There are no doubts that for the foreseeable future, the underground coal mining market in Australia will remain challenging despite, paradoxically, that record tonnes are being shipped. While there will be a continued focus on opening new business opportunities for PPK's mining equipment manufacturing businesses wherever possible, the company's immediate, overriding goal is to increasingly build recurring

revenue streams that are generated via the group's service, repair and support operations. PPK has a well-established and strong presence in the key Illawarra and Hunter Valley coal basins, and the investments made over recent times in enhancing the company's service and support capability in these localities, along with a contracting competitor base in these areas, ensures PPK is well positioned to progressively generate increased and consistent revenue from these activities.

With immediate demand for mining services capital equipment expected to remain subdued, the company is focussing for the remainder of FY 2015 and beyond on further growing the mining consumables side of the business. Initiatives taken in the first half of the current financial year, including the Firefly acquisition and CCTEG distributorship agreement, again provide a solid base to expand this side of PPK's business.

While growing revenue remains a predominant focus for PPK during the remainder of FY2015, unlocking additional efficiencies across all areas of group operations, via ongoing cost surveillance and premises consolidation will also remain a priority over the coming 12 months.

#### *Property Investments Reap Rewards*

As outlined earlier in this review, PPK continued the successful divestment of selected property investments to capitalise on stronger market conditions with the sale of the Arndell Park industrial property and two retirement villages, with the proceeds used to retire group debt and to build up cash reserves for working capital.

At the time of this results announcement the possible sale of PPK's second industrial property at Dandenong was under negotiation. Pending conclusion of these negotiations, proceeds from its disposal will also be utilised to further reduce group borrowings and bolster cash reserves.

PPK's profitable involvement in the Willoughby residential housing project in New South Wales is also scheduled to end, with the project's successful completion expected in the second half of FY 2015.

Revenue derived from both the sale of the group's investment properties and from its development activities has had an undoubted positive impact on PPK's financial position over recent years.

While the company remains committed to its long term strategy of progressively rotating funds realised from property sales into growth oriented mining equipment businesses, this commitment is tempered by the expectation that immediate term demand for mining capital equipment will remain subdued.

As such, and while prevailing market conditions in the resources sector remain unchanged, PPK will continue to investigate investments in possible future property transactions if the envisaged returns are considered beneficial to shareholders.

Outlook

As stated earlier in this review PPK remains committed to its rotation strategy whereby funds realised from the progressive divestment of property assets are used to acquire established mining equipment and technology manufacturing businesses with proven trading records at what are undoubtedly generational low prices due to the currently depressed resources market.

However, the company's directors remain acutely aware of the fact that demand for mining services capital equipment is expected to remain at current subdued levels for the near future. As such the company will adopt a highly selective and cautionary approach to any new additional mining services acquisitions in the immediate term.

There will continue to be a sustained focus over coming months on initiatives which improve group wide efficiencies, and where possible, without impacting on PPK's strategic competitiveness, to cut operating expenses.

The company's management is also intent on exploring potential avenues to open future export opportunities to the USA, Europe and South Africa, while our China office and personnel are expected to unlock additional opportunities for growth in that market.

As previously mentioned, the company will also consider involvement in additional new property transactions which have the capacity to enhance shareholder returns, particularly while resource sector trading conditions remain unchanged.

Through maintaining a strong balance sheet, a discretionary approach to new business acquisition and a focus on increasing recurring revenue streams from mining equipment repair and support, our Directors are confident that PPK is strongly positioned to surmount any challenges ahead in the remainder of FY 2015 and to fully capitalise on any possible upswing in commodity market conditions that may eventuate in 2016.



**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, 2014.

### **DIRECTORS**

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

Robin Levison  
Jury Wowk  
Glenn Molloy  
Raymond Beath  
Graeme Webb

### **REVIEW OF OPERATIONS**

A detailed review of results and operations is included in the Commentary on Results on page 3 of this report.

### **DIVIDENDS**

The Board of Directors has resolved to pay a fully franked interim dividend of 1.5 cent per share.

### **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

There were no significant changes in the state of affairs of the consolidated entity during the period.

### **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 be 'Robin Levison', written over a horizontal line.

**ROBIN LEVISON**  
Director

Dated this 20th day of February 2015



Grant Thornton Audit Pty Ltd  
ABN 91 130 913 594

Level 18  
145 Ann Street  
Brisbane Queensland 4000  
GPO Box 1008  
Brisbane Queensland 4001

T + 61 7 3222 0200  
F + 61 7 3222 0444  
E [info@au.gt.com](mailto:info@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

**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 2014, 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



CDJ Smith  
Partner - Audit & Assurance

Brisbane, 20 February 2015

Grant Thornton Australia Limited ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions in the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

**Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where current scheme applies.**

**PPK GROUP LIMITED****Consolidated Statement of Profit or Loss and Other Comprehensive Income  
for the Half-Year Ended 31 December 2014**

	Note	CONSOLIDATED ENTITY	
		31 December	31 December
		2014	2013
		\$000s	\$000s
<b>REVENUES</b>			
Mining equipment manufacture		15,712	1,903
Investment Properties		1,094	2,232
Investment Activities		22	19
Interest revenue		834	1,237
<b>Total Revenue</b>	<b>6a</b>	<b>17,662</b>	<b>5,391</b>
<b>OTHER INCOME</b>			
Gain from bargain purchase in business combination		1,636	-
Other	<b>6b</b>	2,240	313
<b>EXPENDITURE</b>			
Mining equipment manufacture		(16,058)	(1,875)
Investment Properties		(164)	(791)
Investment Activities		(567)	(390)
Administrative expenses		(2,177)	(607)
Share-based payment expense		(70)	(552)
Business combination acquisition costs		(240)	-
Finance costs		(998)	(662)
<b>Total Expenditure</b>	<b>6d</b>	<b>(20,274)</b>	<b>(4,877)</b>
Share of profit of associates accounted for using the equity method	<b>6c</b>	45	-
<b>Profit before income tax expense</b>		<b>1,309</b>	<b>827</b>
Income tax (expense) attributable to profit		(132)	(318)
<b>Profit after income tax</b>		<b>1,177</b>	<b>509</b>
<b>Profit after tax is attributable to:</b>			
Owners of PPK Group Limited		1,021	301
Non-controlling interests		156	208
		<b>1,177</b>	<b>509</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Changes in fair value on available-for-sale financial assets		400	293
Provision for income tax on changes in fair value		(120)	(88)
Impairment of available-for-sale financial assets transferred to the income statement from the asset revaluation reserve		-	134
Provision for income tax thereon		-	(40)
Realised (gain) /loss on sale of available-for-sale financial assets transferred to profit or loss from the asset revaluation reserve		(41)	(79)
Provision for income tax thereon		12	24
<b>Other comprehensive income net of income tax</b>		<b>251</b>	<b>244</b>
<b>Total Comprehensive Income for the half year</b>		<b>1,428</b>	<b>753</b>
<b>Total Comprehensive Income for the half year is attributable to:</b>			
Owners of PPK Group Limited		1,272	545
Non-controlling interests		156	208
		<b>1,428</b>	<b>753</b>
<b>Earnings per share from continuing operations</b>			
	<b>8</b>	<b>Cents</b>	<b>Cents</b>
<b>Total basic earnings per shares</b>		<b>1.8</b>	<b>0.6</b>
<b>Diluted earnings per share</b>		<b>1.4</b>	<b>0.5</b>

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 2014**

	CONSOLIDATED ENTITY	
	31 December	30 June
	2014	2014
	\$000s	\$000s
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	2,893	4,904
Trade and other receivables	15,100	19,235
Inventories	14,226	10,612
Other current assets	644	1,069
Assets held for sale	-	18,517
<b>TOTAL CURRENT ASSETS</b>	<b>32,863</b>	<b>54,337</b>
<b>NON-CURRENT ASSETS</b>		
Investments in associated entities - equity accounted	566	493
Other financial assets	14 2,816	1,437
Investment Properties	12,648	11,479
Property, plant and equipment	8,891	6,718
Deferred tax assets	1,806	2,132
Intangible assets	7,483	4,607
<b>TOTAL NON-CURRENT ASSETS</b>	<b>34,210</b>	<b>26,866</b>
<b>TOTAL ASSETS</b>	<b>67,073</b>	<b>81,203</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	5,567	7,401
Interest Bearing Liabilities	7,282	19,230
Current tax liabilities	83	264
Provisions	1,422	1,833
<b>TOTAL CURRENT LIABILITIES</b>	<b>14,354</b>	<b>28,728</b>
<b>NON-CURRENT LIABILITIES</b>		
Interest Bearing Liabilities	12,610	13,281
Deferred tax liabilities	1,980	1,482
Provisions	495	279
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>15,085</b>	<b>15,042</b>
<b>TOTAL LIABILITIES</b>	<b>29,439</b>	<b>43,770</b>
<b>NET ASSETS</b>	<b>37,634</b>	<b>37,433</b>
<b>SHAREHOLDERS' EQUITY</b>		
Contributed equity	9 34,041	33,731
Share options reserve	10 1,408	1,338
Reserves	305	54
Retained earnings	1,728	2,160
Capital and reserves attributable to owners of PPK Group Ltd	37,482	37,283
Non-controlling interests	152	150
<b>TOTAL EQUITY</b>	<b>37,634</b>	<b>37,433</b>

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 2014**

	<b>CONSOLIDATED ENTITY</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2014</b>	<b>2013</b>
	<b>\$000s</b>	<b>\$000s</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	19,706	4,904
Cash payments to suppliers and employees	(18,818)	(3,868)
Proceeds from sale of financial assets at fair value through profit or loss		-
Interest received	54	595
Dividends received	22	19
Income tax paid	(95)	(58)
Interest and costs of borrowings	(962)	(659)
	<hr/>	<hr/>
Net cash provided by operating activities	(93)	933
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investment property	(68)	-
Purchase of property, plant and equipment	(900)	(233)
Purchase of available-for-sale financial assets	(99)	(253)
Payments for acquisition of business	15 (1,770)	-
Business purchase acquisition costs	(240)	-
Proceeds from sale of property, plant and equipment	12,415	8
Proceeds on sale of subsidiaries (net of cash lost on deconsolidation)	942	-
Proceeds from sale of available-for-sale financial assets	901	461
Payments for intangible	(255)	(83)
	<hr/>	<hr/>
Net cash provided by (used in) investing activities	10,926	(100)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Other receivables - loans advanced	(251)	(536)
Other receivables - loans repaid	1,900	1,763
Payment for buyback of shares	-	(56)
Proceeds from borrowings	1,000	-
Borrowings repaid	(14,357)	(1,196)
Dividends paid	(1,143)	(1,011)
Transactions with non-controlling interests	7	(75)
	<hr/>	<hr/>
Net cash provided by (used in) financing activities	(12,844)	(1,111)
Net increase (decrease) in cash held	(2,011)	(278)
Cash at the beginning of the financial period	4,904	1,345
	<hr/>	<hr/>
Cash at the end of the financial period	2,893	1,067

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 2014**

	Issued capital \$'000s	Retained earnings \$'000s	Share Options Reserve \$'000s	Available-for-sale Reserve \$'000s	Total Attributable to Owners of PPK Group Ltd \$'000s	Non-controlling Interests \$'000s	Total Equity \$'000s
<b>At 1 July 2013</b>	28,673	1,741	8	(93)	30,329	126	30,455
<b>Total comprehensive income for the half year</b>		301			301	208	509
Profit for the period							
<b>Other comprehensive income</b>							
Fair value adjustment on available-for-sale financial assets				293	293		293
less deferred tax impact				(88)	(88)		(88)
Impairment of available-for-sale financial assets transferred to the income statement from the asset revaluation reserve				134	134		134
less deferred tax impact				(40)	(40)		(40)
Realised gain on sale of available-for-sale financial assets				(79)	(79)		(79)
Less deferred tax impact				24	24		24
<b>Total comprehensive income for the half year</b>		301		244	545	208	753
<b>Transactions with owners in their capacity as owners</b>							
Dividends paid		(1,011)			(1,011)	(75)	(1,086)
Employee share-based payment - options			552		552		552
Share buyback	(56)				(56)		(56)
	(56)	(1,011)	552	-	(515)	(75)	(590)
<b>At 31 December 2013</b>	<b>28,617</b>	<b>1,031</b>	<b>560</b>	<b>151</b>	<b>30,359</b>	<b>259</b>	<b>30,618</b>
<b>Total comprehensive income for the half year</b>							
Profit for the period		2,218			2,218	224	2,442
<b>Other comprehensive income</b>							
Fair value adjustment on available-for-sale financial assets expensed on impairment				(30)	(30)		(30)
less deferred tax impact				10	10		10
Impairment of available-for-sale financial assets transferred to income statement from asset revaluation reserve				(134)	(134)		(134)
less deferred tax impact				40	40		40
Realised gain on sale of available-for-sale financial assets				(30)	(30)		(30)
less deferred tax impact				9	9		9
Fair value adjustment on available-for-sale financial assets				53	53		53
less deferred tax impact				(15)	(15)		(15)
<b>Total comprehensive income for the half-year</b>	-	2,218	-	(97)	2,121	224	2,345
<b>Transactions with owners in their capacity as owners</b>							
Dividends paid		(1,089)			(1,089)		(1,089)
Trust distributions						(333)	(333)
Shares issued - ordinary	4,882				4,882		4,882
Shares issued - share and loan plan	232				232		232
Employee share-based payment - options			778		778		778
	5,114	(1,089)	778		4,803	(333)	4,470
<b>At 30 June 2014</b>	<b>33,731</b>	<b>2,160</b>	<b>1,338</b>	<b>54</b>	<b>37,283</b>	<b>150</b>	<b>37,433</b>
<b>Total comprehensive income for the half year</b>							
Profit for the period		1,021			1,021	156	1,177
<b>Other comprehensive income</b>							
Fair value adjustment on available-for-sale financial assets				400	400		400
less deferred tax impact				(120)	(120)		(120)
less deferred tax impact							
Realised gain on sale of available-for-sale financial assets				(41)	(41)		(41)
Less deferred tax impact				12	12		12
<b>Total comprehensive income for the half-year</b>	-	1,021	-	251	1,272	156	1,428
<b>for the half-year</b>							
<b>Transactions with owners in their capacity as owners</b>							
Dividends paid		(1,453)			(1,453)		(1,453)
Trust distributions due to non-controlling interests						(153)	(153)
Employee share-based payment - options	310		70		380		380
Share buyback							
<b>At 31 December 2014</b>	<b>34,041</b>	<b>1,728</b>	<b>1,408</b>	<b>305</b>	<b>37,482</b>	<b>152</b>	<b>37,634</b>

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 2014**

**Note 1. Nature of operations**

The principal activities of the Group are:

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

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 2014 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 2014 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Stock Exchange Listing Rules and Corporations Act 2001.

The interim financial statements have been approved and authorised for issue by the board of directors on 19 February 2014.

**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 2014.

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 2014.

**Note 5. Significant events and transactions**

**Sale of Easy Living Unit Trust & Easy Living Bundaberg Unit Trust**

During the period PPK disposed of its entire interests in the Easy Living Unit Trust and the Easy Living Bundaberg Unit Trust.

Prior to disposal PPK held a controlling 50% interest in each trust and consolidated the financial statements of the trusts as part of the PPK Group. The net gain on disposal of \$1,894,000 (inclusive of de-consolidation loss) is disclosed as part of other revenue (see note 6b).

**Sale of Arndell Park property**

During the period PPK sold all holdings in relation to the Arndell Park (NSW) investment property. Total sales proceeds of \$12,400,000 generated a net gain of \$168,000, which is disclosed as part of other income (see note 6b)

**Impairment of Available-for sale-financial assets**

The Group reviews the carrying value of each of its listed investments at each reporting date to consider whether there is any indication that individual investments are impaired.

Based on the information available to the Directors it was determined that the Group's investment in SubZero Group Ltd was impaired. An impairment loss of \$556,000 was recorded on this investment.

	31 December 2014 \$000s	31 December 2013 \$000s
<b>Note 6. Revenue, Other Income &amp; Expenses from Operations</b>		
<b>(a) REVENUE</b>		
Mining equipment sale / service / hire	15,712	1,903
Rental income from investment properties	1,094	2,232
Interest receivable	834	1,237
Dividends received - other parties	22	19
	<hr/>	<hr/>
	17,662	5,391
<b>(b) OTHER INCOME</b>		
Net gain on disposal of property, plant & equipment	168	8
Net gain on sale of available-for-sale financial assets	157	299
Net gain on sale of subsidiaries	1,894	-
Sundry Income	21	6
	<hr/>	<hr/>
	2,240	313
<b>(c) SHARE OF PROFIT FROM ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD</b>		
Share of profit from associates accounted for under the equity method	45	-
	<hr/>	<hr/>

**PPK GROUP LIMITED**  
**Notes to and Forming Part of the Accounts**  
**For the Half year Ended 31 December 2014**

	<b>31 December 2014 \$000s</b>	<b>31 December 2013 \$000s</b>
<b>Note 6. (cont.)</b>		
<b>Revenue, Other Income &amp; Expenses from Operations</b>		
<b>(d) EXPENSES</b>		
Amortisation - intangibles	113	93
Cost of sales / service / hire - mining equipment	6,129	1,089
Depreciation - investment properties	128	160
- plant and equipment	549	188
	677	348
Interest paid	998	662
Employee share-based payment expense	70	552
Impairment of available-for-sale financial assets	556	377
Doubtful debts - trade receivables	66	6
Defined contribution superannuation expense	441	105
Employment benefit expense	6,304	1,042
Rental expense on operating lease	2,113	62

**Note 7. Dividends**

**Dividends paid**

2014 Final ordinary dividend of 2.0 cents per share -100% franked	1,453	1,011
(2013 Final ordinary dividend of 2.0 cents per share paid - 100% franked)		

**Dividends declared after half year ended 31 December 2014**

Interim ordinary dividend of 1.50c per share - 100% franked	1,090	760
(based on shares issued at 31 December 2014)		
(2013 Interim ordinary dividend of 1.50c per share - 100% franked)		

The relevant dates for the dividend declared after 31 December 2014:

Declaration date:	19 February 2015
Record date:	31 March 2015
Payment date:	30 April 2015

The group has sufficient franking credits to allow up to \$5,525,000 in dividends to be distributed as fully franked from franking credits that exist at 31 December 2014.

**Note 8. Earnings Per Share**

	<b>Cents</b>	<b>Cents</b>
Basic earnings per share (cents per share)	1.8	0.6
Diluted earnings per share	1.4	0.5
	<b>\$000s</b>	<b>\$000s</b>
(a) Reconciliation of Earnings to Net Profit attributable to owners of PPK Group Ltd		
Earnings used in calculating Basic EPS	1,021	301
Earnings used in calculating Diluted EPS	1,021	301
	<b>Number</b>	<b>Number</b>
(b) Weighted average number of ordinary shares outstanding during the period		
used in calculation of basic EPS	57,147,903	50,650,628
used in calculation of diluted EPS	72,647,903	56,286,498

(c) Classification of Securities

The only securities that have been classified as potential ordinary shares and included in calculation of diluted EPS are options outstanding, being 15,500,000 shares pursuant to the Share and Loan plan.

**PPK GROUP LIMITED**  
**Notes to and Forming Part of the Accounts**  
**For the Half year Ended 31 December 2014**

<b>31 December</b>	<b>30 June</b>
<b>2014</b>	<b>2014</b>
<b>Number</b>	<b>Number</b>

**Note 9. Ordinary Shares on Issue**

**Movement in number of ordinary shares**

Number of securities on issue at beginning of period	72,647,903	50,764,776
New share issue	-	6,509,065
New share issue - share plan and loan	-	15,500,000
Shares repurchased through approved on market share buy back	-	(125,938)
	<hr/>	<hr/>
	72,647,903	72,647,903

\$000s	\$000s
--------	--------

**Movement in share capital**

Balance at the beginning of the financial period	33,731	28,673
New share issue	-	4,882
Treasury shares - share and loan plan	310	232
Shares repurchased through approved on market share buy back	-	(56)
	<hr/>	<hr/>
	34,041	33,731

**Note 10. Share Option Reserve**

In accordance with the terms of a business combination during the period, the vendor employee may receive \$1,000,000 in PPK ordinary share capital. Subject to meeting certain performance conditions and remaining an employee during the vesting period, the vendor will receive in 2 tranches 666,667 shares on 16 October 2015 and \$500,000 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.

<b>31 December</b>	<b>30 June</b>
<b>2014</b>	<b>2014</b>

**Movement in Share Option Reserve**

Balance at the beginning of the financial period	1,338	8
Share based payment expense	70	1,330
	<hr/>	<hr/>
	1,408	1,338

**Options**

There were no options outstanding at balance date

**Note 11. Events after the Reporting Date**

No matters or circumstances have arisen since the end of the period which significantly affected the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent periods.



**PPK GROUP LIMITED**  
**Notes to and Forming Part of the Accounts**  
**For the Half year Ended 31 December 2014**

**Note 12. Segment Information**

- The **Investment properties segment** owns three industrial properties.
- The **Investing segment** owns primarily listed investments and made loans from which interest is earned. Investments in associate companies are included in this segment.
- The **Mining Equipment segment** manufactures portable underground mining equipment, Coaltram vehicles and performs service work.

**Half Year ended 31 December 2014**

Business Segments	Investment	Investing	Mining	Total
	Properties		Equipment	
	\$000s	\$000s	\$000s	\$000s
<b>Primary Segment</b>				
Sales, Service, Hire Revenue	-	-	15,712	15,712
Rental income	1,094	-	-	1,094
Gain on sale of investment property	168	-	-	168
Gain on sale of subsidiary	1,894	-	-	1,894
Gain on sale of available-for-sale financial assets	-	157	-	157
Gain on bargain purchase	-	-	1,636	1,636
Sundry Income	-	4	17	21
Interest Received	-	834	-	834
Dividends Received	-	21	-	21
<b>Total revenue and other income</b>	<b>3,156</b>	<b>1,016</b>	<b>17,365</b>	<b>21,537</b>
Segment result	2,992	450	1,237	4,679
<b>Reconciliation of segment result to net profit attributable to owners of PPK Group Ltd</b>				
<b>Amounts not included in segment result but reviewed by the Board</b>				
Share of profit from associates accounted for using the equity method				45
Share-based payment expense				(70)
Unallocated corporate income & expenses				(2,347)
Unallocated interest expense				(998)
<b>Consolidated operating profit before income tax</b>				<b>1,309</b>
Non-controlling interests share of after tax profit				(156)
Income tax (expense)				(132)
<b>Consolidated operating after income tax attributable to owners of PPK Group Ltd</b>				<b>1,021</b>

**Half Year ended 31 December 2013**

Business Segments	Investment	Investing	Mining	Total
	Properties		Equipment	
	\$000s	\$000s	\$000s	\$000s
<b>Primary Segment</b>				
Sales Revenue	-	-	1,903	1,903
Rental income	2,232	-	-	2,232
Gain on sale of available-for-sale financial assets	-	299	-	299
Sundry Income	-	6	8	14
Interest Received	-	1,237	-	1,237
Dividends Received	-	19	-	19
<b>Total revenue and other income</b>	<b>2,232</b>	<b>1,561</b>	<b>1,911</b>	<b>5,704</b>
Segment result	1,441	1,171	36	2,648
<b>Reconciliation of segment result to net profit attributable to owners of PPK Group Ltd</b>				
<b>Amounts not included in segment result but reviewed by the Board</b>				
Share-based payment expense				(552)
Unallocated corporate income & expenses				(607)
Unallocated interest income & expense				(662)
<b>Consolidated operating profit before income tax</b>				<b>827</b>
Non-controlling interests share of after tax profit				(208)
Income tax (expense)				(318)
<b>Consolidated operating after income tax attributable to owners of PPK Group Ltd</b>				<b>301</b>

**PPK GROUP LIMITED**  
**Notes to and Forming Part of the Accounts**  
**For the Half year Ended 31 December 2014**

**Note 13. Contingent Liabilities / Assets**

There has been no change in contingent liabilities since the last annual reporting date

**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).

<b>Assets</b>		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>31 December 2014</b>					
Available-for-sale financial assets					
Listed equity securities	(a)	2,816	-	-	2,816
		<hr/>	<hr/>	<hr/>	<hr/>
		2,816	-	-	2,816
<b>30 June 2014</b>					
Available-for-sale financial assets					
Listed equity securities	(a)	1,437	-	-	1,437
		<hr/>	<hr/>	<hr/>	<hr/>
		1,437	-	-	1,437

(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 PPK Group acquired three businesses, being:

*MONEx*

On 29 August 2014 PPK acquired the technology, associated intellectual property, manufacturing line and agreed inventory of the MONEx Electronic Management System (EMS). Said acquisition includes the remaining 50% ownership interest in the flameproof solenoid patent (the first 50% having been acquired in the March 2014 Coaltram acquisition). The MONEx EMS is an integral part of the Coaltram flameproof and explosion proof Load-Haul-Dump (LHD) multi-purpose vehicle manufactured by PPK.

*Exlec*

On 16 October 2014, PPK acquired 100% of the shares of Exlec Pty Ltd and Exlec Holdings Pty Ltd, which together own and operate the business assets of Exlec. Exlec designs, manufactures and overhauls hazardous area electrical equipment (with a key focus on underground mining) and provide PPK with a complimentary offer to its existing product suite.

*Firefly*

The business and assets of Firefly international were acquired on 8 December 2014. Firefly supplies, services and hires a range of drilling, boring and other equipment which provides PPK with additional market share in compliment to it's existing suite of products.

These business combinations were accounted for using the following fair values of assets and liabilities:

	<b>MONEx</b>	<b>Exlec</b>	<b>Firefly</b>	<b>Total</b>
	\$000s	\$000s	\$000s	\$000s
<b>Assets Acquired</b>				
Inventory	836	79	713	1,628
Trade Receivables	-	4	-	4
Other Receivables	-	12	-	12
Fixed Assets	520	359	943	1,822
Deferred tax asset	-	61	41	102
Intangible Assets	2,000	-	447	2,447
	<hr/>	<hr/>	<hr/>	<hr/>
	3,356	515	2,144	6,015
<b>Liabilities Assumed</b>				
Trade Creditors	-	131	-	131
Other Payables & accruals	-	10	-	10
Provisions	-	204	136	340
Deferred tax liability	266	-	435	701
Borrowings	-	157	-	157
	<hr/>	<hr/>	<hr/>	<hr/>
	266	502	571	1,339
<b>Fair value of net assets acquired</b>				
	<hr/>	<hr/>	<hr/>	<hr/>
	3,090	13	1,573	4,676
<b>Less: Cash consideration paid or payable</b>				
	<hr/>	<hr/>	<hr/>	<hr/>
	2,470	300	557	3,327
<b>Gain on bargain purchase</b>				
	<hr/>	<hr/>	<hr/>	<hr/>
	620	-	1,016	1,636
<b>Goodwill</b>				
	<hr/>	<hr/>	<hr/>	<hr/>
	-	287	-	287

**PPK GROUP LIMITED**  
**Notes to and Forming Part of the Accounts**  
**For the Half year Ended 31 December 2014**

**Note 15. Business Combinations (cont.)**

Gain on bargain purchase

The MONEx and Firefly business combinations resulted in a gain on bargain purchase since the fair value of the net assets acquired was higher than the consideration paid. The gain on bargain purchase is recognised separately in profit or loss.

Goodwill

The goodwill arising in the Exlec acquisition is from the excess of consideration paid over fair value of net assets acquired. This goodwill can be attributed to the synergies expected to be derived from the combination and value of the workforce of Exlec which cannot be recognised as a separately identifiable intangible asset.

Revenue and Profit Contribution

The acquiree businesses contributed \$430,000 of revenue and \$30,000 of net loss after tax to the group from the date of acquisition to 31 December 2014. The net loss is inclusive of PPK's investment in costs relating to relocation, integration, restructuring and additional resources above historical levels deemed necessary to deliver on business objectives and acquisition synergies over the medium term. Accordingly, it is impracticable to disclose the profit or loss that the business would have contributed if the acquisition had occurred on 1 July 2014.

Acquisition Costs

Costs arising directly from the acquisitions have been expensed directly in profit or loss and have been separately identified. The total amount of acquisition costs is \$240,000

Contingent Liabilities

There are no contingent liabilities arising from the business combinations as at 31 December 2014.

Contingent Consideration

No contingent consideration exists in relation to the business combinations as at 31 December 2014.

**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 2014 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**  
Director

Dated this 20th day of February 2015

Grant Thornton Audit Pty Ltd  
ABN 91 130 913 594

Level 18  
145 Ann Street  
Brisbane Queensland 4000  
GPO Box 1008  
Brisbane Queensland 4001

T + 61 7 3222 0200  
F + 61 7 3222 0444  
E [info@au.gt.com](mailto:info@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

### **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 (“Company”), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2014, 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 or description 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 PPK Group Limited consolidated entity’s financial position as at 31 December 2014 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 Australia Limited ABN 41 127 556 389

‘Grant Thornton’ refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another’s acts or omissions in the Australian context only, the use of the term ‘Grant Thornton’ may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

**Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where current scheme applies.**

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 2014 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.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



CDJ Smith  
Partner - Audit & Assurance

Brisbane, 20 February 2015