



# 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 2013

<u>Page</u>	<u>Contents</u>
2	Highlights of Results for Announcement to the Market
3-5	Commentary on Results
6	Directors' Report
7	Auditor's Independence Declaration
8-17	Half-year Report 31 December 2013
18	Directors' Declaration
19	Independent Auditor's Review Report

This information is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A and should be read in conjunction with the most recent annual financial report.



## HIGHLIGHTS OF RESULTS FOR ANNOUNCEMENT TO THE MARKET

	31 December 2013 \$000s	31 December 2012 \$000s	Change \$000s	Change %
REVENUES	5,391	4,765	626	13%
OTHER INCOME	313	193	120	62%
UNDERLYING PROFIT BEFORE TAX	1,379	1,306	73	6%
SHARE-BASED PAYMENT EXPENSE (non cash)	(552)	-	(552)	N/A
PROFIT BEFORE INCOME TAX EXPENSE	827	1,306	(479)	-37%
PROFIT BEFORE TAX ATTRIBUTABLE TO OWNERS OF PPK GROUP LTD	591	1,158	(567)	-49%
PROFIT AFTER TAX ATTRIBUTABLE TO OWNERS OF PPK GROUP LTD	301	862	(561)	-65%
UNDERLYING EARNINGS PER SHARE	cents 1.7	cents 1.7	cents -	0%

### DIVIDENDS

2014 FULLY FRANKED INTERIM DIVIDEND PER SHARE	1.50 cents
2013 FULLY FRANKED INTERIM DIVIDEND PER SHARE	1.50 cents
RECORD DATE FOR DETERMINING ENTITLEMENT TO DIVIDEND	14 April 2014
DATE DIVIDEND PAYABLE	24 April 2014



## **Interim Results Commentary**

### **Financial Results – Six Months Ended 31 December 2013**

PPK Group Limited (PPK) has recorded an underlying profit before tax for the six months ended 31 December 2013 of \$1,379,000, which is broadly in line with company forecasts and profit for the prior corresponding period. As detailed in various ASX announcements, PPK contracted three key personnel during this reporting period. A key to securing these persons was to be able to satisfy their desire to take an equity stake in the revitalised growth strategy, which was achieved by share acquisition and loan plans. An after tax, non-cash expense of \$552,000 in connection with these plans has been recognised in this period, reducing profit after tax attributable to members to \$301,000 compared to \$862,000 for the previous comparable period.

Group revenue for the first half from property sales, rental income, investments and mining services totalled \$5,704,000 million, compared to \$4,958,000 in the prior corresponding period.

Directors have declared an interim dividend of 1.5 cents fully franked per share, the same as paid in the first half of 2013.

### **Capital Raisings**

On 19 February PPK announced plans to raise up to \$6.2 million through:

- a Share Placement offering up to 5.6 million new fully paid ordinary shares at an issue price of 75 cents to professional or sophisticated investors.
- a Share Purchase Plan (SPP) offering eligible shareholders an opportunity to subscribe for up to \$15,000 worth of new fully paid ordinary shares at an issue price of 75 cents, and capped to raise a maximum of \$2 million.

There has been an extremely strong response to the Share Placement from a range of professional and sophisticated investors.

Reflecting their commitment to, and belief in, the company's new growth strategy, PPK's directors cumulatively plan to subscribe for 1,578,245 shares available under the Share Placement.

The SPP offers existing shareholders an early opportunity to increase their exposure to the continued expansion and increased profitability of the company resulting from the successful implementation of its mining services focused growth strategy.

Pleasingly, there have been encouraging levels of on market support for PPK since the announcement in October of its revitalised growth strategy, with both share volume and liquidity improving.

In particular it is gratifying to witness the number of new shareholders, including a number of sophisticated investors who have appeared on the company's share register since the announcement of the new strategy.

### **PPK GROUP LIMITED**

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## **A Revitalised Growth Strategy**

In October 2013 PPK announced a revitalised growth strategy focusing on the mining services sector.

While PPK has performed soundly in recent years, its expansion and growth in profitability has been constrained to a degree by the limited scale of the company's property development, investment and financing operations.

Whilst PPK will continue to earn revenue from some existing property operations for the foreseeable future, there is now an unqualified commitment to a more ambitious and achievable growth strategy centred around leveraging in house expertise to acquire and expand synergistic mining services companies with strong cash earnings and a focus on the high-gas underground coal market. These acquisitions will compliment and build upon the existing Rambor business already owned by PPK.

The opportunities available in the current market cycle are clearly reflected in the contract price negotiated for the sale of COALTRAM's business, where PPK will pay \$13 million upon settlement for underlying net tangible assets worth a minimum of \$17 million.

## **Operational Review**

### ***Mining Services Operations***

Following completion of the COALTRAM mining equipment business and intellectual property purchase from Diversified Mining Services, expected to settle in the first quarter 2014, PPK will have two strong recurring revenue streams from profitable mining services businesses.

The COALTRAM businesses, which are expected to be immediately earnings accretive for PPK following settlement, include:

- Manufacture, service and support of the trademark COALTRAM underground transport utility vehicle;
- Manufacture and distribution of Australia's leading flameproof alternator for use in methane gas prone underground environments; and
- Equipment hire business providing 38 vehicles and equipment contracted with clients including BHP, Centennial Coal and Glencore.

Combined with PPK's existing Rambor mining services business, following settlement of the COALTRAM acquisition the company will have a critical foundation from which to build a global mining products and services business with premises at Tomago, Port Kembla, Wollongong and Nowra South employing over 100 people.

At the time of this report the company is evaluating the potential merits of two additional mining services acquisitions, and in particular the synergies they could possibly bring to PPK's expanding mining services operations.

### ***Property Operations***

As announced to the market in January 2013, PPK will retain selected property projects until at least mid-2015, given that they generate recurring income and profits for the company. However, as previously outlined, the company will continue with the orderly divestment of certain property assets to take full advantage of increasingly stronger market conditions, and will rotate some of the funds raised into expanding its mining services operations.

### *Property Development*

The Kiah Willoughby residential project, in which PPK has an 18.2% interest continued to perform soundly, with greater than 85% of stock sold by the date of this report.

PPK also continues to hold an 18.74% interest in the Nerang Street Southport Project Trust which owns an 11,000 square metre commercial site at Southport on the Gold Coast. A decision has now been made to market this property for sale, as is, with expectations of a significant gain on resale.

### *Retirement Villages*

After due consideration and as flagged in last year's Annual Report, the company has entered into put and call options to sell its interests in the 50% controlled subsidiaries which own the two retirement village assets at Bundaberg, Queensland and Elizabeth Vale, South Australia, as both are now considered outside PPK's core operations.

The Easy Living Unit Trust and Easy Living Unit (Bundaberg) Trust which own the two villages, will be sold upon exercise of the options to an ASX listed specialist retirement village operator for a combined consideration which values the underlying properties at \$8.2 million compared to book values of \$6.3 million, with settlement expected no later than December 2014.

### *Industrial Properties*

PPK owns three established industrial properties at Arndell Park, Seven Hills and Dandenong South which are each fully tenanted.

As previously reported:

- the Arndell Park property is subject to put and call options with the tenant and should be sold by October 2014; and
- the Seven Hills Property is subject to a call option which it is anticipated the tenant will exercise and this property will be sold by April 2015.

Pending realisation of an appropriate upper end price, PPK will consider the sale of its third industrial property at Dandenong South over the next 12 months.

### ***Financing Operations***

PPK's financing operations consist of two short term first mortgage secured loans totalling \$6.8 million and a short term second mortgage loan of \$375,000.

As these loans were provided as one-off opportunistic ventures, and with repayments due in 2014, PPK does not intend to maintain any future financing as part of its ongoing operations.

Funds repaid will be used as working capital to generate growth in higher return sections of its business or for the purpose of debt reduction.

### **Outlook**

The Board of PPK continues to believe that the on-going rotation strategy from the sale of good quality industrial properties at the high quartile of their recent value range and the reinvestment of those funds in good quality mining services opportunities in the low quartile of their recent pricing range will provide the increase in shareholder wealth and returns that PPK is committed to providing for its investor base.



**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, 2013.

### **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.

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

**ROBIN LEVISON**  
Director

Dated this 27th day of February 2014

Grant Thornton Audit Pty Ltd  
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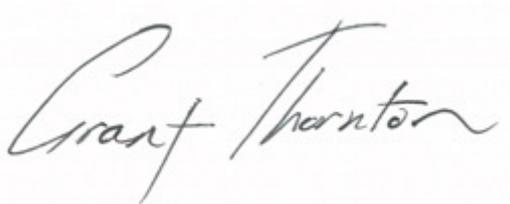
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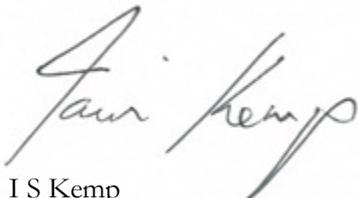
### **Auditor's Independence Declaration To The Directors of PPK Group Limited**

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 2013, 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



I S Kemp  
Partner - Audit & Assurance

Sydney, 27 February 2014

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**PPK GROUP LIMITED****Consolidated Statement of Profit or Loss and Other Comprehensive Income  
for the Half-Year Ended 31 December 2013**

	Note	CONSOLIDATED ENTITY	
		31 December 2013 \$000s	31 December 2012 \$000s
<b>REVENUES</b>			
Mining equipment manufacture		1,903	2,190
Investment Properties		2,232	1,423
Investment Activities		19	31
Interest receivable		1,237	1,121
<b>Total Revenue</b>	<b>6a</b>	<b>5,391</b>	<b>4,765</b>
<b>OTHER INCOME</b>			
	<b>6b</b>	313	193
<b>EXPENDITURE</b>			
Mining equipment manufacture		(1,875)	(2,116)
Investment Properties		(791)	(457)
Investment Activities		(390)	(184)
Administrative expenses		(607)	(723)
Share-based payment expense		(552)	-
Finance costs		(662)	(673)
<b>Total Expenditure</b>	<b>6d</b>	<b>(4,877)</b>	<b>(4,153)</b>
Share of profit of associates accounted for using the equity method	<b>6c</b>	-	501
<b>Profit before income tax expense</b>		<b>827</b>	<b>1,306</b>
Income tax (expense) attributable to profit		(318)	(296)
<b>Profit after income tax</b>		<b>509</b>	<b>1,010</b>
<b>Profit after tax is attributable to:</b>			
Owners of PPK Group Limited		301	862
Non-controlling interests		208	148
		<b>509</b>	<b>1,010</b>
<b>OTHER COMPREHENSIVE (LOSS) INCOME</b>			
Changes in fair value on available-for-sale financial assets		293	(151)
Provision for income tax on changes in fair value		(88)	45
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		(79)	(36)
Provision for income tax thereon		24	10
<b>Other comprehensive (loss) income net of income tax</b>		<b>244</b>	<b>(132)</b>
<b>Total Comprehensive Income for the half year</b>		<b>753</b>	<b>878</b>
<b>Total Comprehensive Income for the half year is attributable to:</b>			
Owners of PPK Group Limited		545	730
Non-controlling interests		208	148
		<b>753</b>	<b>878</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>0.6</b>	<b>1.7</b>
<b>Diluted earnings per share</b>		<b>0.5</b>	<b>1.7</b>

The above Consolidated Statement of 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 2013**

	CONSOLIDATED ENTITY	
	31 December 2013 \$000s	30 June 2013 \$000s
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	1,067	1,345
Trade and other receivables	10,580	8,850
Inventories	1,239	1,017
Other current assets	353	312
<b>TOTAL CURRENT ASSETS</b>	<b>13,239</b>	<b>11,524</b>
<b>NON-CURRENT ASSETS</b>		
Trade and other receivables	7,968	10,472
Investments in associated entities - equity accounted	493	493
Financial assets	2,069	2,259
Investment Properties	30,353	30,430
Other Property, plant and equipment	955	993
Deferred tax assets	1,246	1,375
Intangible assets	2,015	1,985
<b>TOTAL NON-CURRENT ASSETS</b>	<b>45,099</b>	<b>48,007</b>
<b>TOTAL ASSETS</b>	<b>58,338</b>	<b>59,531</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	336	493
Interest Bearing Liabilities	7,185	6,720
Current tax liabilities	264	58
Provisions	270	520
<b>TOTAL CURRENT LIABILITIES</b>	<b>8,055</b>	<b>7,791</b>
<b>NON-CURRENT LIABILITIES</b>		
Interest Bearing Liabilities	18,080	18,080
Trade and Other Payables	1,223	2,881
Deferred tax liabilities	263	235
Provisions	99	89
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>19,665</b>	<b>21,285</b>
<b>TOTAL LIABILITIES</b>	<b>27,720</b>	<b>29,076</b>
<b>NET ASSETS</b>	<b>30,618</b>	<b>30,455</b>
<b>SHAREHOLDERS' EQUITY</b>		
Contributed equity	9	28,617
Share option reserve	10	552
Reserves		159
Retained earnings		(85)
Capital and reserves attributable to owners of PPK Group Ltd		1,031
Non-controlling interests		1,741
<b>TOTAL EQUITY</b>		<b>30,329</b>
		259
		126
		<b>30,618</b>
		<b>30,455</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 2013**

	CONSOLIDATED ENTITY	
	31 December 2013 \$000s	31 December 2012 \$000s
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	4,904	4,098
Cash payments to suppliers and employees	(3,868)	(3,448)
Proceeds from sale of financial assets at fair value through profit or loss	-	360
Interest received	595	677
Dividends received	19	31
Income tax paid	(58)	(473)
Interest and costs of borrowings	(659)	(673)
	<hr/>	<hr/>
Net cash provided by operating activities	933	572
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investment property	-	(3,116)
Purchase of property, plant and equipment	(233)	(126)
Purchase of available-for-sale financial assets	(253)	(1,257)
Proceeds from sale of property, plant and equipment	8	-
Proceeds from sale of available-for-sale financial assets	461	1,919
Payments for intangible	(83)	(225)
	<hr/>	<hr/>
Net cash provided by (used in) investing activities	(100)	(2,805)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Other receivables - loans advanced	(536)	(8,071)
Other receivables - loans repaid	1,763	44
Payment for buyback of shares	(56)	(205)
Proceeds from bank loans	-	1,850
Proceeds from other borrowings	-	2,185
Borrowings repaid	(1,196)	-
Dividends paid	(1,011)	-
Transactions with non-controlling interests	(75)	-
	<hr/>	<hr/>
Net cash provided by (used in) financing activities	(1,111)	(4,197)
Net increase (decrease) in cash held	(278)	(6,430)
Cash at the beginning of the financial period	1,345	8,654
	<hr/>	<hr/>
Cash at the end of the financial period	1,067	2,224

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 2013**

	Issued capital \$'000s	Share Option Reserve \$'000s	Retained earnings \$'000s	Other reserves \$'000s	Total Attributable to Owners of PPK Group Ltd \$'000s	Non-controlling Interests \$'000s	Total Equity \$'000s
<b>At 1 July 2012</b>	29,016	-	123	67	29,206	2	29,208
<b>Total comprehensive income for the half year</b>			862		862	148	1,010
Profit for the period							
<b>Other comprehensive income</b>							
Fair value adjustment on available-for-sale financial assets				(151)	(151)	-	(151)
less deferred tax impact				45	45	-	45
Realised gain on sale of available-for-sale financial assets				(36)	(36)	-	(36)
Less deferred tax impact				10	10	-	10
<b>Total comprehensive income for the half year</b>			862	(132)	730	148	878
<b>Transactions with owners in their capacity as owners</b>							
Dividends paid			-		-	-	-
Trust distributions due to non-controlling interests			-		-	(148)	(148)
Share buyback	(205)				(205)	-	(205)
	(205)	-	-		(205)	(148)	(353)
<b>At 31 December 2012</b>	<b>28,811</b>	<b>-</b>	<b>985</b>	<b>(65)</b>	<b>29,731</b>	<b>2</b>	<b>29,733</b>
<b>Total comprehensive income for the half year</b>							
Profit for the period			1,521	-	1,521	217	1,738
<b>Other comprehensive income</b>							
Fair value adjustment on available-for-sale financial assets expensed on impairment				(29)	(29)	-	(29)
less deferred tax impact				9	9	-	9
Realised gain on sale of available-for-sale financial assets				-	-	-	-
less deferred tax impact				-	-	-	-
<b>Total comprehensive income for the half-year</b>			1,521	(20)	1,501	217	1,718
<b>Transactions with owners in their capacity as owners</b>							
Dividends paid			(765)		(765)	-	(765)
Trust distributions to non-controlling interests					-	(93)	(93)
Share buyback	(138)				(138)		(138)
Changes in holding of non-controlling interests					-	-	-
	(138)	-	(765)	-	(903)	(93)	(996)
<b>At 30 June 2013</b>	<b>28,673</b>	<b>-</b>	<b>1,741</b>	<b>(85)</b>	<b>30,329</b>	<b>126</b>	<b>30,455</b>
<b>Total comprehensive income for the half year</b>							
Profit for the period			301		301	208	509
<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)
Trust distributions due to non-controlling interests			-		-	-	-
Employee share-based payment - options		552			552		552
Share buyback	(56)				(56)	-	(56)
<b>At 31 December 2013</b>	<b>28,617</b>	<b>552</b>	<b>1,031</b>	<b>159</b>	<b>30,359</b>	<b>259</b>	<b>30,618</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 2013**

**Note 1. Nature of operations**

The principal activities of the Group are:

- property ownership and management
- design, manufacture and distribution of underground mining equipment
- 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 2013 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 2013 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 27 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 2013, except for the application of the following standards as of 1 January 2013:

- AASB 10 Consolidated Financial Statements
- AASB 13 Fair Value Measurement
- AASB 11 Joint Arrangements

**AASB 10 Consolidated Financial Statements**

AASB 10 supersedes AASB 127 Consolidated and Separate Financial Statements and Interpretation 112 Consolidation - Special Purpose Entities. AASB 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged.

Management has reviewed its control assessments in accordance with AASB 10 and has concluded that there is no material effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

**AASB 11 Joint Arrangements**

AASB 11 supersedes AASB 131 Interests in Joint Ventures and Interpretation 113 Jointly Controlled Entities - Non-Monetary-Contributions by Venturers. It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement.

The Group has no joint arrangements within the scope of AASB 11.

**AASB 13 Fair Value Measurement**

AASB 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. AASB 13 applies prospectively for annual accounting periods beginning on or after 1 January 2013.

AASB 134 requires particular AASB 13 disclosures in the interim financial statements which are provided in Note 15.

**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 2013.

**PPK GROUP LIMITED**  
**Notes to and Forming Part of the Accounts**  
**For the Half year Ended 31 December 2013**

**Note 5. Significant events and transactions**

**Banking Covenants**

The Group failed to meet its EBITDA banking covenant in relation to its borrowings from the CBA by the Easy Living Unit Trust (ELUT) and the Easy Living (Bundaberg) Trust (ELBT) for the 6 months ended 31 December 2013. The Group holds 50% of the units in each of these trusts. The CBA has acknowledged the minor breach and agreed to take no action. The loans have been classified as current liabilities as required by AASB 101.

**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 \$377,000 was recorded on this investment.

	<b>31 December 2013 \$000s</b>	<b>31 December 2012 \$000s</b>
<b>Note 6. Revenue, Other Income &amp; Expenses from Operations</b>		
<b>(a) REVENUE</b>		
Sale of goods	1,903	2,190
Rental income from investment properties	2,232	1,423
Interest receivable	1,237	1,121
Dividends received - other parties	19	31
	<b>5,391</b>	<b>4,765</b>
<b>(b) OTHER INCOME</b>		
Net gain on disposal of property, plant & equipment	8	3
Net gain on sale of available-for-sale financial assets	299	157
Foreign currency translation gain (loss)	-	(1)
Sundry Income	6	34
	<b>313</b>	<b>193</b>
<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	-	501

**PPK GROUP LIMITED**  
**Notes to and Forming Part of the Accounts**  
**For the Half year Ended 31 December 2013**

	31 December 2013 \$000s	31 December 2012 \$000s
<b>Note 6. (cont.)</b>		
<b>Revenue, Other Income &amp; Expenses from Operations</b>		
<b>(d) EXPENSES</b>		
Amortisation - intangibles	93	16
Cost of sales - mining equipment manufacture	1,089	1,402
Depreciation - investment properties	160	156
- plant and equipment	188	212
	348	368
Interest paid	662	673
Employee share-based payment expense	552	
Impairment of available-for-sale financial assets	377	-
Doubtful debts - trade receivables	6	(1)
Defined contribution superannuation expense	105	116
Employment benefit expense	1,042	1,139
Rental expense on operating lease	62	85

**Note 7. Dividends**

**Dividends paid**

2013 Final ordinary dividend of 2.0 cents per share -100% franked (2012 no final dividend paid)	1,011	-
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**Dividends declared after half year ended 31 December 2013**

Interim ordinary dividend of 1.50c per share - 100% franked (based on shares issued at 31 December 2013) (2012 1.50c per share - 100% franked)	760	766
--	-----	-----

The group has sufficient franking credits to allow up to \$7,541,000 in dividends to be distributed as fully franked from franking credits that exist at 31 December 2013.

**Note 8. Earnings Per Share**

	Cents	Cents
Basic earnings per share (cents per share)	0.6	1.7
Diluted earnings per share	0.5	1.7
	\$000s	\$000s
(a) Reconciliation of Earnings to Net Profit attributable to owners of PPK Group Ltd		
Earnings used in calculating Basic EPS	301	862
Earnings used in calculating Diluted EPS	301	862
	Number	Number
(b) Weighted average number of ordinary shares outstanding during the period used in calculation of basic EPS	50,650,628	51,414,675
weighted average number of dilutive options outstanding	5,635,870	-
weighted number of shares used in dilutive EPS	56,286,498	51,414,675

(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.

**PPK GROUP LIMITED**  
**Notes to and Forming Part of the Accounts**  
**For the Half year Ended 31 December 2013**

	31 December 2013 Number	31 December 2012 Number
<b>Note 9. Ordinary Shares on Issue</b>		
<b>Movement in number of ordinary shares</b>		
Number of securities on issue at beginning of period	50,764,776	51,625,430
Shares repurchased through approved on market share buy back	(125,938)	(537,932)
	<u>50,638,838</u>	<u>51,087,498</u>
	<b>\$000s</b>	<b>\$000s</b>
<b>Movement in share capital</b>		
Balance at the beginning of the financial period	28,673	29,016
Shares repurchased through approved on market share buy back	(56)	(205)
	<u>28,617</u>	<u>28,811</u>

During the half-year reporting period the company repurchased shares on market under an approved buy back scheme.

**Note 10. Share Option Reserve**

On 22 October 2013 the Group announced, subject to shareholder approval, the issue of 7,500,000 shares to Mr Robin Levison at 70 cents per share pursuant to a share and loan plan which will provide for a three year loan of \$5,250,000 from the Group at an interest rate of 6.5%. On 4 November 2013 the Group announced, subject to shareholder approval, the issue of 4,000,000 shares to each of Mr Dale McNamara and Mr Zhang Jinping at 70 cents per share pursuant to share and loan plans which will provide for three year loans of \$2,800,000 each from the Group at an interest rate of 6.5%.

The terms and conditions of the share and loan plans effectively makes the agreements share option instruments under *AASB 2 Share-based Payments*. The fair value of these options have been determined and expensed as a share-based payment, at issue date, with the corresponding credit taken to a Share Option Reserve.

	\$000s	\$000s
<b>Movement in Share Option Reserve</b>		
Balance at the beginning of the financial period	-	-
Share based payment expense	552	-
	<u>552</u>	<u>-</u>

**Options**

There were no options outstanding at balance date

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

On 2 January 2014 the Group announced that it was to acquire the COALTRAM mining business, to drive a new growth focus in the mining services sector. Subject to satisfaction of agreed conditions the transaction is expected to be completed by the end of the first quarter of 2014. The consideration of \$13m will be funded through a mixture of borrowings and equity raising as announced on 19 February 2014.

On 19 February 2014 the Group announced plans to raise up to \$6.2 million, by:

- Making a placement of up to 5.6 million new fully paid ordinary shares in the capital of the company to professional or sophisticated investors at an issue price of 75 cents per share to raise up to \$4.2 million; and
- Offer eligible shareholders the opportunity to subscribe for up to \$15,000 worth of new fully paid ordinary shares in the capital of the company under a Share Purchase Plan at an issue price of 75 cents per share to raise up to \$2 million.

No other 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 2013**

**Note 12. Segment Information**

- The **Investment property segment** owns three industrial properties and two retirement villages.
- The **Investment segment** owns primarily listed and some unlisted investments, it has also made loans from which it earns interest. Investments in associate companies are included in this segment.
- The **Mining equipment segment** manufactures underground mining equipment.

**Half Year ended 31 December 2013**

Business Segments	Investment Properties \$000s	Investing \$000s	Mining Equipment Manufacturing \$000s	Total \$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 of profit from associates accounted for using the equity method				-
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>
Income tax (expense)				(318)
Consolidated profit after income tax				509
Non-controlling interests share of after tax profit				(208)
<b>Consolidated operating after income tax attributable to owners of PPK Group Ltd</b>				<b>301</b>

**Half Year ended 31 December 2012**

Business Segments	Investment Properties \$000s	Investing \$000s	Mining Equipment Manufacturing \$000s	Total \$000s
<b>Primary Segment</b>				
Sales Revenue	-	-	2,190	2,190
Rental income	1,423	-	-	1,423
Gain on sale of available-for-sale financial assets	-	157	-	157
Sundry Income	33	-	3	36
Interest Received	-	1,121	-	1,121
Dividends Received	-	31	-	31
<b>Total revenue and other income</b>	<b>1,456</b>	<b>1,309</b>	<b>2,193</b>	<b>4,958</b>
Segment result	999	1,125	77	2,201
<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				501
Unallocated corporate income & expenses				(723)
Unallocated interest income & expense				(673)
<b>Consolidated operating profit before income tax</b>				<b>1,306</b>
Income tax (expense)				(296)
Consolidated profit after income tax				1,010
Non-controlling interests share of after tax profit				(148)
<b>Consolidated operating after income tax attributable to owners of PPK Group Ltd</b>				<b>862</b>

**PPK GROUP LIMITED**  
**Notes to and Forming Part of the Accounts**  
**For the Half year Ended 31 December 2013**

31 December  
2013                      31 December  
2012

**Note 13.                      Contingent Liabilities / Assets**

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

**Note 14.                      Net Tangible Asset Backing**

	Cents	Cents
Net tangible asset backing per share	56.4	55.0

The above NTA backing per share includes the three industrial properties being valued at cost. An independent valuation was last undertaken in May 2010, valuing the properties at \$29.7m. The effect of revaluing the properties would increase the NTA backing per share by 8.6 cents to 65.0 cents (2012 by 8.6 cents to 63.6 cents).

**Note 15.                      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**

**31 December 2013**

Available-for-sale financial assets

Listed equity securities

	Level 1	Level 2	Level 3	Total
Listed equity securities	2,069	-	-	2,069
	2,069	-	-	2,069

**31 December 2012**

Available-for-sale financial assets

Listed equity securities

Listed equity securities	792	-	-	792
	792	-	-	792

(a) Listed Securities

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



**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 2013 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:

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

**ROBIN LEVISON**  
Director

Dated this 27th day of February 2014

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## **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 2013, 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 2013 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.

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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.

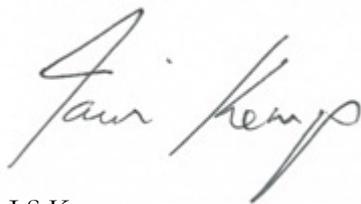
**Conclusion**

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 2013 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



I S Kemp  
Partner - Audit & Assurance

Sydney, 27 February 2014