

PPK

GROUP LIMITED

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The Manager
Company Announcements Office
Australian Stock Exchange Limited
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For Release to the Market

CHAIRMAN'S ADDRESS

PPK GROUP LIMITED ("PPK")

Dear Shareholder

2006 Year Review

Sale of the Plastics Packaging Business

The 2006 year saw a continuation of the difficult trading conditions of 2005 for the plastics packaging business.

Taking into consideration the various factors which were detailed in earlier ASX announcements and communications to our shareholders, the directors decided that it was appropriate to take advantage of an opportunity to sell the plastics packaging business.

The sale of the plastics packaging business was approved at a general meeting of shareholders on 16 August 2006 and proceeded to completion on 1 September 2006. On completion of the sale the company changed its name to PPK Group Limited ("PPK").

The plastics packaging business was sold for \$50 million with an additional \$5 million payable depending on certain agreed consultancy services performance criteria being satisfied.

PPK

During October 2006, PPK satisfied the first of the agreed performance criteria and received a performance payment of \$2.5 million. It is anticipated that the remaining performance criteria will also be satisfied with a further \$2.5 million payment to be received during the 2007 financial year.

Overview of 2006 Financial Performance

During the reporting period, total revenue increased by 10% to \$98.4 million. This increase was primarily due to the inclusion of a full year's sales by York Precision Plastics Pty Limited and Rambor Pty Limited which were both acquired in February 2005 as part of the York Group Limited takeover.

Operating profit before tax and individually significant items was \$3.998 million, 5.6% less than in the prior corresponding period. The reduction was due to a decline in the profitability of the plastics packaging business and to the loss of 5 months contribution by Advanced Power Pty Limited and ERT Products Pty Limited, both acquired as part of the York Group Limited takeover but subsequently sold early in the reporting period.

Individually significant items impacting on operating profit before tax included \$970,000 in costs incurred on the sale of the plastics packaging business. In accordance with AIFRS these costs were required to be expensed in the 2006 financial year when they were incurred.

Profit after tax increased by 36% to \$4.292 million. This represents 6.3 cents per share. The increase in after tax profit was largely as a result of a tax credit of \$1.993 million from the recognition of prior year capital losses (which had not previously been brought to account) but which will now be utilised against the capital gain from the sale of the plastics packaging business.

Future Earnings, Dividends and Debt

The sale of the plastics packaging business and collection of the \$2.5 million performance criteria payment and balance of sale proceeds from the sale of Advanced Power Pty Ltd enabled PPK to become virtually debt free.

PPK has since utilised its strong post-sale balance sheet to implement capital management initiatives including the on-market share buy-back announced on 19 September 2006. As at 17 November 2006 the company had acquired 6,308,406 shares under this buy-back.

Subject to shareholder approval, which is being sought at this meeting, PPK intends to buy-back a further 10.75 million shares. The total of the buy-backs will represent 25% of PPK's original issued share capital.

PPK has declared and paid dividends totalling 6.5 cents per share fully franked for the 2006 year, equal to the dividends paid in the 2004 and 2005 years.

Although earnings in 2006 were 6.3 cents per share, PPK's strong cash flow and the Board's comfort with 2007 projections have enabled PPK to maintain the level of dividend payments.

It is projected that as a result of the buy-back of the 6,308,406 shares acquired as at 17 November 2006 operating earnings from continuing operations in 2007 will increase to 5.6 cents per share from the previously reported estimate of 5.1 cents per share. This is without any contribution to earnings from the sale of the plastics packaging business or receipt of the performance payments which are expected to add at least a further 15 cents per share to earnings in the 2007 year.

Current Trading & Outlook

PPK has retained as its on-going business and investments:

1. York Precision Plastics Pty Limited ("YPP") which manufactures and distributes acrylic diffusers for the lighting industry and thermoplastic sheet for the building and signage industries;
2. Rambor Pty Limited which manufactures and sells a range of proprietary hand held equipment for the mining industry.
3. An extensive portfolio of industrial properties.

The sale of the plastics packaging business will allow PPK to focus its attention on the manufacturing operations of YPP and Rambor.

In terms of future outlook, PPK now has stable core income in the form of rent from long term leases supplemented by its retained manufacturing businesses. These businesses are each exploring growth opportunities within their existing and new markets both domestically and overseas which should yield positive earnings growth and expansion potential.

To this end, PPK has recently initiated the relocation of relevant YPP equipment to China to service two major Australian lighting companies in the region. The move is expected to enhance the overall competitiveness of this business in Australia and overseas, as well as, opening new potential markets for the sale of its existing product lines.

PPK will also continue to invest in the strong core research and development capabilities of the Rambor business with a determined focus on introducing new products to market. Rambor is actively engaged in seeking other marketing and sales opportunities and, during the 2007 year, will release new proprietary products which will significantly expand its product range. These initiatives are expected to improve its earnings and return Rambor to its previous profitable growth profile.

In addition, PPK will continue to look for investment opportunities which can add value to the group and our shareholders.

Yours faithfully

PPK GROUP LIMITED



Colin Ryan
Chairman

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