PPK GROUP LIMITED

ABN 65 003 964 181

Appendix 4D Half-year report
& half-year accounts
Period ended 31 December 2011

Previous Corresponding Period
31 December 2010

Contents

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.

ppk GROUP LIMITED

HIGHLIGHTS OF RESULTS FOR ANNOUNCEMENT TO THE MARKET

(figures are in A$000s)

	31 December 2011 $000s	31 December 2010 $000s	Change $000s	Change %
SALES REVENUE	4,079	2,638	1,441	**55%**
RENTAL INCOME	1,031	865	166	**19%**
REALISED GAINS FROM INVESTING	35	75	(40)	**-53%**
REALISED GAIN ON SALE OF INVESTMENT PROPERTY	-	1,514	(1,514)	**-100%**
PROFIT/(LOSS) BEFORE INCOME TAX	1,247	(849)	2,096	**Loss to Profit**
PROFIT/(LOSS) AFTER TAX ATTRIBUTABLE TO MEMBERS	957	(1,381)	2,338	**Loss to Profit**
EARNINGS PER SHARE	cents 1.8	cents (2.4)	cents 4.2	**Negative to Positive**

DIVIDENDS

2012 INTERIM DIVIDEND PER SHARE — 1.00 cent

(The extent to which the dividend will be franked remains an issue to be determined based on the final determination of the Australian Taxation Office position which is currently the subject of Draft Taxation Ruling TR 2011/D8)

2011 FULLY FRANKED INTERIM DIVIDEND PER SHARE — 1.00 cent

RECORD DATE FOR DETERMINING ENTITLEMENT TO DIVIDEND — 31 May 2012

DATE DIVIDEND PAYABLE — 8 June 2012

COMMENTARY ON RESULTS

PPK Group Limited (PPK) is pleased to report a $957,000 profit after tax for the 2012 first half. This compares to a $1,381,000 loss after tax in the corresponding prior period, an improvement of $2,338,000.

Property

Rental income increased by 19% reflecting continuing short term leasing of the Arndell Park property which was unoccupied in the previous corresponding period. All other company owned properties have leases in place.

Rambor

Rambor had a solid sales and earnings performance during the reporting period. Both sales and earnings were well in excess of those in the 2011 first half. Rambor continues to work with Hilti Corporation and has now made the first delivery of Hilti branded roof bolters to Eastern European Hilti customers.

PPK Willoughby Pty Ltd

As previously reported, PPK has a substantial investment in a syndicate undertaking a subdivision and construction project at Willoughby, Sydney. Construction of the first 14 homes in Stage 1 has commenced and is anticipated to be complete by June/July 2012. 13 of the 14 homes in Stage 1 have been sold with one home specifically retained for marketing purposes. Marketing of the remaining homes of the 14 homes in Stage 2 will commence in late February 2012 with construction expected to commence in late April 2012. 6 of the homes in Stage 2 have already sold through an informal marketing process.

PPK Southport Pty Ltd

PPK has taken the lead role and a 25% interest in a syndicate which has acquired a commercial site in Southport, Queensland. Final design preparation is in progress as are negotiations with a major supermarket chain for a 4,500 sqm supermarket and a fresh food market on the site.

Dividend

PPK maintains a strong cash position with in excess of $8 million cash on deposit after spending $1.495 million on the share buyback during the period 1 January to 31 December 2011. Accordingly, the directors have resolved to pay an interim dividend of 1 cent per share payable on 8 June 2012 with a record date of 31 May 2012. The extent to which the dividend will be franked remains an issue to be determined based on the final determination of the Australian Taxation Office position which is currently the subject of Draft Taxation Ruling TR2011/D8.

PPK GROUP LIMITED

ABN 65 003 964 181

Interim Financial Report

For half-year ended 31December 2011

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, 2011.

DIRECTORS

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

Jury Ivan Wowk
Glenn Robert Molloy
Raymond Michael 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 an interim dividend of 1.0 cent per share.
The extent to which the dividend will be franked remains an issue to be determined based on the final determination of the Australian Taxation Office position which is currently the subject of Draft Taxation Ruling TR 20111/D8.

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 INDEPENDECE 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.

JURY IVAN WOWK
Director

Dated this 21st day of February 2012

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 2011 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:

JURY IVAN WOWK
Director

Dated this 21st day of February 2012

PPK GROUP LIMITED

Consolidated Statement of Comprehensive Income
for the Half-Year Ended 31 December 2011

	Note	CONSOLIDATED ENTITY 31 December 2011 $000s	31 December 2010 $000s
REVENUES			
Mining equipment manufacture		4,079	2,638
Investment Properties		1,031	865
Investment Activities		50	17
Interest receivable		681	867
Total Revenue	2a	5,841	4,387
OTHER INCOME	2b	451	3,210
EXPENDITURE			
Mining equipment manufacture		(3,106)	(2,235)
Investment Properties		(313)	(551)
Investment Activities		(49)	(3,918)
Administrative expenses		(866)	(631)
Finance costs		(711)	(699)
Total Expenditure	2d	(5,045)	(8,034)
Share of profit (loss) of associates accounted for using the equity method	2c	-	(412)
Profit (loss) before income tax expense		1,247	(849)
Income tax (expense)/credit attributable to profit		(290)	(532)
Profit (loss) after income tax from continuing operations		**957**	**(1,381)**
OTHER COMPREHENSIVE INCOME			
Changes in fair value on available-for-sale financial assets		(181)	285
Provision for income tax on changes in fair value		54	(85)
Realised gain on sale of available-for-sale financial assets transferred to profit or loss from the asset revaluation reserve		-	(10)
Provision for income tax thereon		-	3
Other comprehensive (loss) income net of income tax		(127)	193
Total Comprehensive Income (loss) for the half year		830	(1,188)
Earnings per share from continuing operations	4	Cents	Cents
Total basic earnings per shares		1.8	(2.4)
Diluted earnings per share		1.8	(2.4)

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 2011

	CONSOLIDATED ENTITY	
	31 December 2011 $000s	30 June 2011 $000s
CURRENT ASSETS		
Cash and cash equivalents	9,835	9,681
Trade & other receivables	2,997	4,367
Inventories	1,806	1,813
Other current assets	218	395
TOTAL CURRENT ASSETS	14,856	16,256
NON-CURRENT ASSETS		
Trade & other receivables	6,094	5,166
Investments in associated companies - equity accounted	-	-
Financial assets	1,240	745
Investment Properties	24,330	24,486
Other Property, plant and equipment	1,316	1,412
Deferred tax assets	1,673	1,646
Intangible assets	726	742
TOTAL NON-CURRENT ASSETS	35,379	34,197
TOTAL ASSETS	50,235	50,453
CURRENT LIABILITIES		
Trade & other payables	485	625
Interest Bearing Liabilities	1,888	1,074
Current tax liabilities	327	122
Provisions	265	247
TOTAL CURRENT LIABILITIES	2,965	2,068
NON-CURRENT LIABILITIES		
Interest Bearing Liabilities	18,000	18,500
Deferred tax liabilities	-	35
Provisions	84	68
TOTAL NON-CURRENT LIABILITIES	18,084	18,603
TOTAL LIABILITIES	21,049	20,671
NET ASSETS	29,186	29,782
SHAREHOLDERS' EQUITY		
Contributed equity	29,137	29,782
Reserves	(5)	122
Retained earnings	54	(122)
TOTAL SHAREHOLDERS' EQUITY	29,186	29,782

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 2011

	CONSOLIDATED ENTITY	
	31 December 2011 $000s	31 December 2010 $000s
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	5,696	5,217
Cash payments to suppliers and employees	(4,176)	(3,133)
Interest received	217	896
Dividends received	50	17
Income tax paid	(93)	(586)
Interest and costs of borrowings	(711)	(699)
Net cash provided by operating activities	983	1,712
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investment property	-	8,085
Purchase of property, plant and equipment	(167)	(221)
Payments for purchase of available-for-sale financial assets	(2,061)	(88)
Payments for investments in associate companies	-	30
Payments for convertible notes	-	(52)
Redemption of convertible notes	1,963	-
Proceeds from sale of available-for-sale financial assets	1,385	383
Purchase of intangible assets	-	(10)
Net cash provided by (used in) investing activities	1,120	8,127
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans advanced	(837)	-
Shares repurchased	(645)	(617)
Loans repaid		4,500
Dividends paid	(781)	(577)
Net cash provided by (used in) financing activities	(2,263)	3,306
Net increase (decrease) in cash held	(160)	13,145
Cash at the beginning of the financial period	8,607	(2,921)
Cash at the end of the financial period	8,447	10,224

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 2011

	Issued capital $'000s	Retained earnings $'000s	Other reserves $'000s	Total equity $'000s
At 1 July 2010	31,249	3,521	24	34,794
Total comprehensive income for the half year				
Profit/(loss) for the period		(1,381)		(1,381)
Other comprehensive income				
Fair value adjustment on available-for-sale financial assets			285	285
less deferred tax impact			(85)	(85)
Realised gain on sale of available-for-sale financial assets			(10)	(10)
Less deferred tax impact			3	3
Total comprehensive income for the half-year	-	(1,381)	193	(1,188)
Transactions with owners in their capacity as owners				
Dividends paid		(577)		(577)
Share buyback	(617)			(617)
At 31 December 2010	**30,632**	**1,563**	**217**	**32,412**
Total comprehensive income for the half year				
Profit/(loss) for the period		(1,134)		(1,134)
Other comprehensive income				
Fair value adjustment on available-for-sale financial assets expensed on impairment			(298)	(298)
less deferred tax impact			89	89
Fair value adjustment on available-for-sale financial assets			163	163
less deferred tax impact			(49)	(49)
Total comprehensive income for the half-year	-	(1,134)	(95)	(1,229)
Transactions with owners in their capacity as owners				
Dividends paid		(551)		(551)
Share buyback	(850)			(850)
At 30 June 2011	**29,782**	**(122)**	**122**	**29,782**
Total comprehensive income for the half year				
Profit/(loss) for the period		957		957
Other comprehensive income				
Fair value adjustment on available-for-sale financial assets			(181)	(181)
less deferred tax impact			54	54
Total comprehensive income for the half-year	-	957	(127)	830
Transactions with owners in their capacity as owners				
Dividends paid		(781)		(781)
Share buyback	(645)			(645)
At 31 December 2011	**29,137**	**54**	**(5)**	**29,186**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

Note 1. Basis of Preparation of Half-Year Financial Statements

These general purpose financial statements for the half-year reporting period ended 31 December 2011 has been prepared in accordance with Australian Accounting Standard 134 "Interim Financial Reporting" and the Corporations Act 2001.

The half year statements have been prepared on an accrual basis and is based on historical cost basis, except for derivatives and financial assets for which the fair value basis of accounting has been applied.

These half year financial statements do not include all the notes of the type normally included in an annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these interim financial statements is to be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made by PPK Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The same accounting policies and methods of computation have generally been followed in these interim financial statements as compared with the most recent annual financial report. AASB 134: Interim Financial Reporting generally only requires disclosure of accounting policies that have changed from those used in the prior annual reporting period.

The half-year statements do not include full disclosures of the type normally included in the annual financial report.

Significant Accounting Policies

The accounting policies adopted in the preparation of these interim financial statements are the same as those applied by PPK Group Limited in its annual financial report as at and for the year ended 30 June 2011.

The parent entity has applied the relief available under ASIC Class Order 98/100 and accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

The interim financial report was authorised for issue in accordance with a resolution of the directors on 21st February 2012

Note 2. Revenue, Other Income & Expenses from Operations

	31 December 2011 $000s	31 December 2010 $000s
(a) REVENUE		
Sale of goods	4,079	2,638
Rental income from investment properties	1,031	865
Interest receivable	681	867
Dividends received - other parties	50	17
	5,841	4,387
(b) OTHER INCOME		
Net gain on disposal of investment property	-	1,514
Net gain on sale of available-for-sale financial assets	35	75
Foreign currency translation gains	1	-
Proceeds from rental property dispute resolution	-	1,585
Reversal of doubtful debts provision - other receivables	64	-
Reversal of impairment other receivables - convertible notes	150	-
Sundry Income	201	36
	451	3,210
(c) SHARE OF PROFIT FROM ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD		
Share of after tax profit (loss) from associates accounted for under the equity method	-	(412)

PPK GROUP LIMITED
Notes to and Forming Part of the Accounts
For the Half year Ended 31 December 2011

	31 December 2011 $000s	31 December 2010 $000s
Note 2. (cont.) Revenue, Other Income & Expenses from Operations		
(d) EXPENSES		
Amortisation - intangibles	16	30
Cost of sales - mining equipment manufacture	2,351	1,570
Depreciation - investment properties	156	184
- plant and equipment	263	256
	419	440
Fair value adjustment on derivatives	-	76
Interest paid	711	699
Impairment of carrying value of investment in associates	-	2,882
Impairment of available-for-sale financial assets	35	93
Doubtful debts - trade receivables	6	6
Impairment of other receivables - convertible notes	-	864
Defined contribution superannuation expense	124	103
Employment benefit expense	1,225	927
Rental expense on operating lease	120	67

Note 3. Dividends

Dividends paid		
Final ordinary dividend of 1.50c per share - 100% franked	781	577
(2010 1.00c per share - 100% franked)		
Dividends declared after half year ended 31 December 2011		
Interim ordinary dividend of 1.00c per share	519	563
(2010 1.00c per share - 100% franked)		

The extent to which the dividend will be franked remains an issue to be determined based on the final determination of the Australian Taxation Office position which is currently subject to Draft Taxation Ruling TR 2011/D8.

The group has sufficient franking credits to allow up to $8,584,000 in dividends to be distributed as fully franked from franking credits that exist at 31 December 2011.

Note 4. Earnings Per Share

	Cents	Cents
Basic earnings per share (cents per share)	1.8	(2.4)
Diluted earnings per share	1.8	(2.4)
	$000s	**$000s**
(a) Reconciliation of Earnings to Net Profit		
Earnings used in calculating Basic EPS	957	(1,381)
Earnings used in calculating Diluted EPS	957	(1,381)
	Number	**Number**
(b) Weighted average number of ordinary shares outstanding during the period used in calculation of basic EPS	53,344,187	57,894,984

(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 2011

	31 December 2011 Number	31 December 2010 Number
Note 5. Ordinary Shares on Issue		
Movement in number of ordinary shares		
Number of securities on issue at beginning of period	53,812,779	58,006,650
Shares repurchased through approved on market share buy back	(1,864,171)	(1,657,240)
	51,948,608	56,349,410
	$000s	$000s
Movement in share capital		
Balance at the beginning of the financial period	29,782	31,249
Shares repurchased through approved on market share buy back	(645)	(617)
	29,137	30,632

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

Options

There were no options outstanding at balance date

Note 6. Events Subsequent To Reporting Date

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.

Note 7. Contingent Liabilities / Assets

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

Note 8. Net Tangible Asset Backing

	Cents	Cents
Net tangible asset backing per share	54.8	56.2

The above NTA backing per share excludes the effect if Land & Buildings were revalued to their most recent independent valuation of $29.7m and allowing for capital gains tax of $1.1m. An independent valuation was last undertaken in May 2010.
This would have the effect of increasing effective NTA backing per share by 8.5 cents to 63.3 cents (2010 by 6.9 cents to 63.1 cents).

Note 9. Segment Information

- The **Investment property segment** owns the properties from which the Group previously carried out its manufacturing operations. These properties were retained and leased at commercial rents or sold when considered appropriate.

- The **Investment** segment owns primarily listed and some unlisted investments, it has also made loans from which earns interests. Investments in associate companies are included in this segment.

- The **Mining equipment** segment manufactures portable underground mining equipment.

Half Year ended 31 December 2011

Business Segments	Investment Properties $000s	Investing $000s	Mining Equipment Manufacturing $000s	Total $000s
Primary Segment				
Sales Revenue	-	-	4,079	4,079
Rental income	1,031	-	-	1,031
Gain on sale of available-for-sale financial assets	-	35	-	35
Sundry Income	-	-	9	9
Reversal of provisions	-	214	-	214
Interest Received	-	678	-	678
Dividends Received	-	50		50
Total revenue and other income	1,031	977	4,088	6,096
Segment result	910	928	983	2,821
Reconciliation of segment result to group net (loss) before tax				
Amounts not included in segment result but reviewed by the Board				
Unallocated corporate income & expenses				(866)
Unallocated interest income & expense				(708)
Consolidated operating (loss) before income tax				1,247
Income tax (expense)				(290)
Consolidated operating (loss) from ordinary activities after income tax				957

Half Year ended 31 December 2010

Business Segments	Investment Properties $000s	Investing $000s	Mining Equipment Manufacturing $000s	Total $000s
Primary Segment				
Sales Revenue	-	-	2,638	2,638
Rental income	865	-	-	865
Net gain on disposal of rental property	1,514	-	-	1,514
Proceeds from rental property dispute resolution	1,585	-	-	1,585
Gain on sale of available-for-sale financial assets	-	75	-	75
Sundry Income	-	-	36	36
Interest Received	-	765	-	765
Dividends Received	-	17		17
Total revenue and other income	3,964	857	2,674	7,495
Segment result	3,413	(3,061)	439	791
Reconciliation of segment result to group net profit before tax				
Amounts not included in segment result but reviewed by the Board				
Share of profit from associates accounted for using the equity method				(412)
Unallocated corporate income & expenses				(631)
Unallocated interest income & expense				(597)
Consolidated operating profit before income tax				(849)
Income tax (expense)				(532)
Consolidated operating profit from ordinary activities after income tax				(1,381)

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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, which comprises the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity 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 the disclosing entity 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 internal control 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 half-year financial report based on our review. We conducted our review in accordance with 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 consolidated entity's financial position as at 31 December 2011 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.

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 have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of PPK Group Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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 2011 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*.

BDO

BDO Audit (NSW-VIC) Pty Ltd

Iain Kemp

Iain Kemp

Director

Sydney, 21 February 2012

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DECLARATION OF INDEPENDENCE BY IAIN KEMP TO THE DIRECTORS OF PPK GROUP LIMITED

As lead auditor for the review of PPK Group Limited for the half-year ended 31 December 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- any applicable code of professional conduct in relation to the review.

This declaration is in respect of PPK Group Limited and the entities it controlled during the period.

Iain Kemp
Director

BDO Audit (NSW-VIC) Pty Ltd

Sydney, 21 February 2012