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CHAIRMAN'S ADDRESS

PPK GROUP LIMITED (PPK) 2012 ANNUAL GENERAL MEETING

I take this opportunity to welcome shareholders to this Annual General Meeting of PPK Group Limited (PPK).

The 2012 Financial Year

We directors are pleased that in the 2012 financial year PPK turned the corner and returned to profitability.

During the 2012 financial year and the first quarter of the 2013 year PPK has taken advantage of opportunities to:

- acquire assets at distressed prices; and
- make secured loans at very attractive rates to borrowers who have found themselves outside the criteria of mainstream lenders.

PPK has now fully invested a major proportion of its available funds in high yielding investments including:

- two retirement villages;
- high profile and extremely attractive property developments at Willoughby and Southport; and
- secured short term loans to a retirement village operator in the Tweed Heads/Toowoomba regions and a mining services company in the Hunter Valley.

In addition to these individual investments PPK has the added advantage of:

- a secure rental stream from its industrial properties which PPK continues to market at the relevant times as either for lease or sale; and
- the ongoing profitability of the Rambor mining equipment business.

Rambor

Rambor has been impacted by the global and Australian slowdown in the mining sectors and on present indications will not achieve budgeted sales and profits for the 2013 financial year.

The dedicated Rambor workforce, led by their Managing Director, Peter Mastilir and guided by our consultant, David Hoff is using the current slowdown as an opportunity to:



- rationalise and improve internal processes; and
- work on further developing its leading edge products.

Rambor's technological expertise and leading edge products were again recognised this year when Rambor won the Excellence in Export Award and the Excellence in Manufacturing and Resources Award at both the 2012 Origin Illawarra Business Awards and the Shoalhaven Region Awards.

Retirement Villages

Having settled our purchases of the:

- Wayford House – Elizabeth Vale (Adelaide); and
- Avenell Village at Bundaberg;

we have commenced required upgrades and engaged Eureka Group Holdings Limited to initiate the strata titling and marketing processes at both villages. Both villages provide profit and good returns in the interim whilst undergoing the strata titling and sale processes.

Property Projects

The Kiah Willoughby project continues to set new benchmarks in quality, design and sale prices for the 30 homes now in the process of being built, 27 of which have been sold for a total sales value of \$43,774,000.

The sales of the first 14 of these homes in Stage 1 of the project will settle over the next 2-3 months with flow through profits to PPK.

The 46 Stage 3 and 4 homes are being fast-tracked and subject to issue of Development Approval are expected to be completed for flow through profits to PPK in the 2014 financial year.

The Southport project remains under review with redevelopment or resale both currently under consideration. Despite the current difficulties in the South East Queensland region the distressed mortgagee sale price at which the property was acquired provides upside on a resale, and means rental income covers a significant portion of the holding costs, whilst a final decision is made in relation to the property.

Net Assets and Dividends

Despite some weakening in asset values PPK's net asset value remains in the range of \$0.65 to \$0.70¢ per share. This net asset value per share is based on a calculation which takes into account the current market value of the company's assets as distinct from the book value reflected in the Financial Statements.

Year to date PPK is on track in maintaining profitability sufficient to enable PPK to resume payment of dividends and to pay a fully franked interim dividend for the first half of the 2013 financial year. The full year outcome will be determined by a variety of factors but barring any unforeseen circumstances the company anticipates full year profits at least in line with those in the 2012 financial year and with no accumulated losses a continuing capacity to pay fully franked dividends.

