



ASX ANNOUNCEMENT

FOR IMMEDIATE RELEASE TO THE MARKET

PPK Group Limited – ASX Code: PPK

Friday 29Th August 2014

Appendix 4E Preliminary Final Report

PPK Group Limited (“PPK”) is pleased to submit its Appendix 4E for FY2014.

Some of PPK’s key highlights are summarised below and are more fully detailed in the attached Appendix 4E Preliminary Final Report:

- Revenue up 100% to \$20.6M
- Profit after tax attributable to members up 6% to \$2.5M.
- Net Assets increased \$7.0M to \$37.4M
- Full year dividend maintained at 3.5cps fully franked (1.5cps interim, 2cps final)
- Arndell Park property sells for \$12.24m
- Completed acquisition of both
 - (1) the market leading COALTRAM underground flameproof and explosion proof vehicle business and
 - (2) the MONEx Electronic Management System (Post balance date)

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APPENDIX 4E

PRELIMINARY FINAL REPORT
GIVEN TO THE ASX UNDER LISTING RULE 4.3A

PPK GROUP LIMITED

ABN 65 003 964 181

FINANCIAL YEAR ENDED 30 JUNE 2014

HIGHLIGHTS OF RESULTS FOR ANNOUNCEMENT TO THE MARKET
(figures are in A\$000s)

SALES REVENUE
RENTAL INCOME FROM INVESTMENT PROPERTIES
INVESTMENT INCOME
INTEREST INCOME
PROFIT BEFORE INCOME TAX
PROFIT AFTER INCOME TAX ATTRIBUTABLE TO OWNERS OF PPK GROUP LTD
EARNINGS PER SHARE

June 2014 \$000s	June 2013 \$000s	Change \$000s	Change %
12,568	5,002	7,566	151%
4,414	3,060	1,354	44%
1,268	671	597	89%
2,300	2,173	127	6%
3,060	3,455	(395)	-11%
2,519	2,383	136	6%
4.8	4.7	0.1	3%

	Current Year	Previous Year
Interim Dividend	1.50 cents	1.50 cents
Final Dividend	<u>2.00 cents</u>	<u>2.00 cents</u>
	3.50 cents	3.50 cents

The Directors have resolved that a fully franked final dividend of 2.00 cents per share will be paid this year.

Record Date for determining entitlement to Dividend	27 October 2014
Payment date of Dividend	10 November 2014

The company's Annual General Meeting will be held on Tuesday 25th November 2014 at 3.00pm
Venue: The Grace Hotel, 77 York Street Sydney NSW, Australia.



COMMENTARY ON RESULTS

FINANCIAL RESULTS

PPK Group Limited (PPK) today reported a net profit after tax attributable to owners of PPK Group Ltd of \$2.519M for the 12 months to 30 June 2014 (FY2013 \$2.383M). A series of one-off items associated with implementing the company's previously announced growth strategy, including the cost of securing key personnel considered critical to its successful implementation, and a gain on purchase of the COALTRAMS business impacted on the year's result. Group revenue for the 12 months from mining equipment sales and mining services was \$12.568M, (FY2013 \$5.002M) while revenues from investment properties, investment activities and interest received collectively was \$7.982M (FY2013 \$5.271M).

Directors have declared a final dividend of 2 cents fully franked per share lifting the full year dividend to 3.5 cents fully franked per share. Book closing date for dividend entitlements is 27 October, 2014, with the final dividend payable on 10 November, 2014.

OPERATIONAL HIGHLIGHTS

Substantial progress was made in FY2014 in reinvigorating PPK and commencing the implementation of a more dynamic growth strategy. Among the major achievements the company made during the year under review were:

- Appointment of Robin Levison, who previously had successfully guided Industree Limited's growth from a market capitalisation of \$2 million to over \$450 million, as Executive Chairman, and announcement of a new forward growth blueprint for PPK.
- Relocating PPK's head office to Brisbane and strengthening the senior executive team through the appointment of Peter Barker as Chief Financial Officer, and the two major architects of Industree's highly successful expansion into China, Dale McNamara as Head of Global Mining and Zhang Jinping as President – PPK China Operations.
- Forging a strong cornerstone for the future expansion of PPK Mining Equipment through acquiring the established and market leading COALTRAM underground flameproof and explosion proof vehicle business.
- Broadening PPK's future revenue base and sales opportunities through the post balance date acquisition of the MONEx Electronic Engine Management System technology and commissioning a new state-of-the-art mining equipment and technology service and repair facility in the strategic Illawarra mining basin.

2014 GROWTH INITIATIVES

As announced at the company's 2013 AGM, PPK's growth strategy is focused on:

- capitalising on stronger property and equity market conditions to progressively rotate out of selected industrial and development properties, loan book and share investments
- utilising funds generated from the above to acquire established, successful businesses in the mining services sector to take advantage of historically low entry prices.

Businesses acquired by PPK under this strategy must satisfy the following investment criteria:

- existing equipment or technology with a proven ability to enhance end user's safety, efficiency, automation and productivity levels
- near or market leading product categories with an established or potential export capability
- a synergistic fit with PPK's existing manufacturing businesses
- immediately earnings accretive.

Conversely, there are a number of mining services businesses which are not aligned with PPK's proposed growth direction including open cut mine fleet contracting, mine consulting and planning and mine site development and operations, and companies within these segments of the market will not be considered for future acquisition.

PPK Mining Equipment Business Bolstered

Positive progress was made in FY2014 in increasing the scale, efficiency and future earnings capacity of PPK's mining equipment and technology business following two strategic acquisitions and an investment in new plant, equipment and facilities.

At the end of the financial year PPK's mining equipment and technology business comprised:

- Manufacture, service and support of the class leading COALTRAM underground transport utility vehicle.
- Manufacture and distribution of the global market leading flameproof alternator for use in methane gas prone underground mines.
- Specialist equipment hire.
- Manufacture, service and support of the Rambor and King Cobra mining equipment.

Acquisition of the COALTRAM business was completed in March 2014. As previously advised, the \$13 million acquisition of the COALTRAM business represents tangible, long-term value for shareholders with the net assets acquired having a value of over \$17 million (\$15.8 million after allowing for future tax liabilities associated with the bargain purchase).

The acquisition also represents a strong cornerstone from which the board and management can achieve the continued expansion of the company's manufacturing operations through future acquisitions and organic growth.

There are currently over 100 COALTRAM vehicles, (which the company manufactures in a range of size variations), currently deployed throughout Australia by companies including BHP, BMA, Centennial Coal, Glencore, Mastermyne and Xstrata.

Since announcing the acquisition, PPK has made additional investments in the business, which the board is confident will leverage off COALTRAM'S existing world class quality controlled manufacturing facility in Newcastle, to achieve future sustained growth. Among the key growth initiatives implemented during FY2014 were:

New COALTRAM Service Centre

In June 2014 a new state-of-the-art service and support centre was commissioned at Port Kembla for the service and support of COALTRAM and other diesel equipment. With around 60 of the 100 COALTRAM vehicles deployed in Australia currently utilised by BHP Illawarra Coal at various mines in the Illawarra, there

are clear logistical and economic advantages for this major client to have a dedicated service centre on their doorstep. At the end of the financial year the first half dozen COALTRAM vehicles were already being serviced at the new service centre, and the company is confident that the investment made in the new location will further strengthen and grow the ongoing relationship with BHP Illawarra Coal and other major clients. The withdrawal of several multinational equipment providers, from the Hunter/Illawarra service market is anticipated to open additional service and repair opportunities outside of COALTRAM equipment.

Relocation of Alternator Business

PPK's alternator business, which was acquired as part of the COALTRAM transaction, manufactures and distributes Australia's leading flameproof alternators for high methane gas prone underground environments. This business was also relocated to the new, larger Illawarra facility. Backed by IEC International Certification, these products have successfully consolidated strong relationships with a number of multinational OEM manufacturers, and the board believes the move to a more modern manufacturing environment will further improve the business's already established export performance.

MONEx Acquisition

At the close of the financial year, PPK announced a Binding Heads of Agreement to acquire the MONEx Electronic Engine Management System (EMS) technology for \$2.8 million. This technology was developed specifically for, and is an integral part of, the COALTRAM multi-purpose vehicle. Previously, PPK had some shared ownership in parts of the MONEx EMS technology and intellectual property, and its full acquisition will deliver PPK sole OEM status for all COALTRAM products. The company believes that the acquisition will not only deliver enhanced levels of service and support for COALTRAM clients, but also expand future sales opportunities outside PPK's current product range. Management is exploring avenues to re-power other underground flameproof and explosion proof vehicles with the EMS technology, along with export opportunities for these fabricated vehicles to China and South Africa.

The MONEx purchase completed on 28 August 2014.

Line Management Strengthened

The contraction of Australian operations by several overseas based equipment suppliers over the past year has provided a "one-off window" for PPK to recruit a select number of highly experienced personnel to strengthen the Mining Equipment business' management resources. Among several key appointments made in FY2014 were a new General Manager and new Field Service Manager for PPK Mining Equipment.

While the capital expenditure associated with the above initiatives is critical to creating a stronger and sustainable foundation for future expansion, these are in part offset by cost savings and efficiency gains made in FY2014, and these measures will continue to be applied in the current financial year.

Rambor Mining Equipment

Rambor's results reflect the current tight market conditions in the mining industry, with lower sales recorded than the prior year. Management has, in the current year, concentrated on cost savings and new product innovation.

CORPORATE DEVELOPMENTS

Key Executive Appointments

In FY2014, PPK made a select number of senior level executive appointments, which in tandem with Executive Chairman, Robin Levison, are all expected to play a pivotal part in the continued execution of the company's growth strategy.

Dale McNamara and Zhang Jinping, who were both long-standing senior executives with Mr Levison at Industree Limited prior to its acquisition by a US multinational, were appointed as Director Global Mining and President of PPK China Operations respectively. Both executives have extensive experience in the Chinese coal industry and proven track records of establishing and expanding commercially successful businesses in that country based on their widespread contacts within, and their in-depth knowledge of, China's coal sector.

Mr McNamara has over 30 years' experience in operational and management roles in the coal mining industry in Australia and China. He founded Wadam Industries, a China-focussed subsidiary of Industree, and served as its Managing Director from 1993 till 2012. Mr Zhang holds a mining bachelor degree from China Henan Polytechnic University and has a 30 year involvement with underground coal mining operations in China. He was a senior employee of China Coal Research Institute for 12 years and Chief Representative in China for Wadam Industries and Industree for 18 years.

Mr McNamara and Mr Zhang were responsible for building Industree's exports of underground mining equipment and technology into China from a zero base to a value approaching \$100 million over several years.

In June 2014 PPK announced another key addition to its senior executive team, with the appointment of Peter Barker as Chief Financial Officer. Mr Barker, who is a Fellow of CPA Australia and holds an MBA and BCom, brings extensive domestic and international commercial experience to PPK. Mr Barker joined PPK following a senior position with a privately held technology group in Hong Kong. Prior to this he was Chief Financial Officer for four years at Computershare. The board notes that PPK's ability to attract such a high calibre senior executive who has previously served at an ASX 50 company to a far more modestly sized ASX listed entity reflects Mr Barker's belief in and desire to be a key participant in the continuing execution of the group's growth strategy.

Head Office Relocation

In May 2014 PPK relocated its corporate head office from Sydney to Brisbane's CBD. The board considers this location will best serve the future interests of shareholders and allow for the ordered execution of the company's growth strategy under the day to day management of Executive Chairman, Robin Levison, who is based in Brisbane. PPK's intention is to develop a relatively lean, but highly experienced senior executive team to work closely with, and support the efforts of the Executive Chairman to drive the expansion of the company's operational arms.

Future recruitment initiatives will focus on ensuring that the company's line management and operational arms remain adequately staffed by people with the skills and experience required to sustain planned growth levels.

BUILDING A CHINESE MARKET PRESENCE

While an overriding priority of FY2014 was to consolidate a strong foundation for the company's mining equipment and technology business through capital investment and acquisitions, considerable preliminary work was also undertaken on opening a pathway into the Chinese market. While the coal sector in China has undergone a well-documented contraction over the past few years, the board and senior management remain convinced that the bottom of this market, if not already reached, is close at hand.

This belief is mirrored by recent public comments by the CEO of Komatsu Ltd, the world's second largest manufacturer of building and mining equipment. While stating that China's slowdown risks putting downward pressure on commodity prices and the brakes on miners' spending, he added that:

"The mining equipment market (in China) could be very close to bottoming out and that he expects to see more mining companies seeking quotations for products." ("Komatsu CEO Flags China Slump as Mining Nears Bottom". Masumi Suga and Jason Rogers, Bloomberg, Jul 2, 2014 12:15 PM GMT+1000

It is often overlooked that with the Chinese economy still growing, albeit at a lower rate of 7.5%, China continues to consume around 4 billion tons of coal per annum, more than four times the total US consumption, with 90% extracted from often high methane gas prone underground mines.

During the period under review, Dale McNamara, PPK's Director Global Mining and Zhang Jinping, President – PPK China Operations, both spent considerable time in China investigating local opportunities and meeting potential customers. PPK has already selected suitable premises in Beijing to set up its Chinese head office, hired key employees to support the Chinese office and retained local Chinese legal representation to ensure appropriate legal entities are set up to facilitate two way trade between China and Australia.

As previously outlined in this commentary, Messrs Zhang and McNamara have extensive and established contacts with the Chinese coal industry. PPK believes these relationships, along with their proven ability to achieve significant sales growth in this sector, can be effectively harnessed to open new export opportunities for PPK in the year ahead.

The company's strategy for China entails exporting PPK manufactured products and technology that enhance mining clients' safety, efficiency, automation and productivity, and identifying and importing high quality controlled specialty components into Australia for sale as cost competitive OEM products.

It is worth noting that despite China's economic slowdown our total trade exports to this world powerhouse surged to a new, record high of over \$100 billion for the year to May 2014. Significantly, Australia's trade reliance on China is now even greater than when Japan's industrialisation was at its peak.

PROPERTY

Industrial Property

Just prior to the end of FY2014, PPK announced the sale of the Arndell Park industrial property for a net consideration of \$12.24 million. It is due to settle in October 2014.

PPK's two remaining industrial properties at Seven Hills and Dandenong South remain fully tenanted. The previously announced call option held by the tenant of the Seven Hills property has been terminated.

As previously stated, PPK will look to sell either of the two remaining industrial properties at the appropriate time and subject to achieving an upper quartile sale price which provides full value for shareholders.

Retirement Villages

Earlier this year PPK contracted to sell its interest in two retirement village assets at Bundaberg and Elizabeth Vale for a combined total consideration of \$8.2 million, of which approximately \$6 million will be used to reduce debt. Settlement of the sale to an ASX listed specialist retirement village operator is expected no later than December 2014.

Property Development

PPK continues to hold an 18.2% interest in the Kiah Willoughby residential development which is scheduled to be completed within FY2015. By completion the project is expected to distribute approximately \$9 million to PPK as repayment of loans, accumulated interest and profits.

PPK also has an 18.74% stake in the Nerang Street Southport Project Trust (Trust), which owns an 11,000 square metre development site at Southport, on the Gold Coast. The Trust is currently marketing this site for sale to capitalise on the strengthening Gold Coast property market.

The proceeds from realisations mentioned above, along with those arising in the future, will be used to fund a combination of debt reduction, new business acquisitions, select further property investments and capital management strategies.

Mortgage Secured Loans

PPK has two remaining short term mortgage secured loans totalling \$3.475M, both of which are scheduled to be repaid to PPK in FY2015. The company may continue in the future to be involved in similar financing activities dependent on their risk/return profile.

CAPITAL MANAGEMENT

While the board is committed to transforming the size, scope and profitability of PPK, it is equally intent on expanding the company in an ordered manner through maintaining a prudent and relatively conservative approach to debt and capital management.

The board's overriding priority is to deliver earnings per share growth, maintain a progressive dividend policy and sustain a strong balance sheet.



As such the potential capital cost of all future planned acquisitions will be carefully evaluated to ensure that they can be primarily funded internally, and that when required, additional funding via external debt or share issues, will not overly negatively impact on PPK's balance sheet or shareholder value.

In April 2014 PPK successfully raised \$4.881 million to acquire and provide working capital for the COALTRAM business via:

- a Share Placement of 5,380,232 fully paid ordinary shares at 75 cents per share to professional or sophisticated investors
- a Share Purchase Plan under which 1,128,833 fully paid ordinary shares were issued at 75 cents per share.

The board believes that the level of demand for both offers reflects the unqualified support of shareholders and new investors for the new, growth orientated direction the company is taking and an endorsement of the vision senior management has for PPK's future.

Significantly, all directors including the Executive Chairman participated in both offers.

It is the board's policy that wherever possible, and accounting for the financial position of the company, it will pay regular interim and final dividends each year.

OUTLOOK

In the current financial year PPK will look to further build on the foundations laid in FY2014 by:

- Continuing the orderly management of its property interests and other historical assets.
- Acquiring additional businesses with proven trading histories which manufacture high gas underground mining equipment or technology which enhance end users safety, productivity, automation or efficiency which are used primarily for the extraction of high quality metallurgical (coking) coal which remains in high demand for steel making.
- Organically growing the Coaltram mining equipment businesses acquired in FY2014 and identifying additional synergies to realise additional cost efficiencies.
- Leveraging a stronger presence in China to begin exports of PPK equipment and technology and identify class leading components for import and sale as exclusive OEM equipment agent in Australia.
- Maintaining a disciplined and prudent approach to capital management.

There is no doubt that the market environment in which PPK's manufacturing businesses operate, remains challenging. The upside to these conditions is that there has not, for some time, been a period during which the breadth and quality of businesses available for acquisition have been as abundant.

The board's growth strategy, which has the unanimous support of all major shareholders, is predicated on creating longer-term assets which will generate consistent, increasing revenue streams and demonstrate significant growth in asset value as the mining equipment and technology cycle rebounds and strengthens.

There are preliminary industry expectations for an improvement in the Australian energy sector in FY2015 driven by a need to replenish coal reserves to meet market demand. PPK is already strongly placed, without accounting for any new acquisitions in FY2015, to fully capitalise on any market strengthening that may occur.



In June 2014 PPK received an order from BHP Illawarra Coal for two new COALTRAM utility vehicles, and the company is confident of building an increasing sales pipeline for the vehicles in the year ahead. The company expects to broaden the market base for these products by unlocking export opportunities, including into China.

The establishment of a state-of-the-art equipment service and maintenance facility at Port Kembla will also generate important recurring, regular revenue streams from the servicing of specialist underground mining equipment, to supplement income generated from equipment sales.

The board believes that FY2015 will see the further expansion of PPK's equipment and technology manufacturing operations, and that it is well placed to financially benefit from any future market upswings in Australia and overseas.

Based on current trading performance and the continued focus on strong capital management, the company expects to maintain dividend payments in FY2015 at levels at least commensurate with those of FY2014.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	30 June 2014 \$000s	30 June 2013 \$000s
REVENUES		
Mining equipment manufacture	12,568	5,002
Investment properties	4,414	3,060
Investment activities	1,268	38
Interest receivable	2,300	2,173
TOTAL REVENUE	20,550	10,273
OTHER INCOME		
Gain on bargain purchase	2,828	-
Other	52	667
	2,880	667
EXPENDITURE		
Mining equipment manufacture	(12,195)	(4,301)
Investment properties	(1,817)	(812)
Investment activities	(828)	(53)
Administrative expenses	(1,900)	(1,514)
Share based payment expense	(1,330)	-
Business combination transaction expenses	(731)	-
Finance costs	(1,569)	(1,298)
TOTAL EXPENDITURE	(20,370)	(7,978)
Share of profit / (loss) from associated entities	-	493
PROFIT / (LOSS) BEFORE INCOME TAX EXPENSE	3,060	3,455
Income tax (expense)	(109)	(707)
PROFIT / (LOSS) AFTER INCOME TAX	2,951	2,748
PROFIT / (LOSS) IS ATTRIBUTABLE TO:		
Owners of PPK Group Limited	2,519	2,383
Non-controlling interest	432	365
	2,951	2,748
OTHER COMPREHENSIVE INCOME		
Changes in value on available-for-sale financial assets	53	(180)
Provision for income tax thereon	(15)	54
Unrealised impairment losses on available-for-sale financial assets transferred to profit and loss statement from asset revaluation reserve	263	-
Provision for income tax thereon	(78)	-
Realised gain on sale of available-for-sale financial assets transferred to the profit and loss statement from the asset revaluation reserve	(109)	(36)
Provision for income tax thereon	33	10
OTHER COMPREHENSIVE INCOME NET OF INCOME TAX	147	(152)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	3,098	2,596
TOTAL COMPREHENSIVE INCOME IS ATTRIBUTABLE TO:		
Owners of PPK Group Limited	2,666	2,231
Non-controlling interest	432	365
	3,098	2,596

Earnings per share

Continuing operations	4.8 cents	4.7 cents
Diluted Earnings per share	4.6 cents	4.7 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2014 \$000s	30 June 2013 \$000s
Current Assets		
Cash	4,904	1,345
Trade and other receivables	19,235	8,850
Inventories	10,612	1,017
Other current assets	1,069	312
	<u>35,820</u>	<u>11,524</u>
Assets held for sale	18,517	-
Total Current Assets	<u>54,337</u>	<u>11,524</u>
Non Current Assets		
Trade and other receivables	-	10,472
Financial assets	1,437	2,259
Investments in associated entities	493	493
Investment properties	11,479	30,430
Other property plant & equipment	6,718	993
Intangibles	4,607	1,985
Deferred tax assets	2,132	1,375
Total non current assets	<u>26,866</u>	<u>48,007</u>
Total Assets	<u>81,203</u>	<u>59,531</u>
Current Liabilities		
Trade and other payables	4,606	493
Interest bearing liabilities	22,025	6,720
Current tax liabilities	264	58
Provisions	1,833	520
Total Current Liabilities	<u>28,728</u>	<u>7,791</u>
Non Current liabilities		
Interest bearing liabilities	13,281	18,080
Trade and other payables	-	2,881
Deferred tax liabilities	1,482	235
Provisions	279	89
Total Non Current liabilities	<u>15,042</u>	<u>21,285</u>
Total Liabilities	<u>43,770</u>	<u>29,076</u>
Net Assets	<u>37,433</u>	<u>30,455</u>
Equity		
Contributed equity	33,731	28,673
Reserves	1,392	(85)
Retained earnings / (accumulated losses)	<u>2,160</u>	<u>1,741</u>
Capital and reserves attributable to owners of PPK Group Ltd	37,283	30,329
Non-controlling interests	150	126
Total Equity	<u>37,433</u>	<u>30,455</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Capital \$000s	Retained Earnings \$000s	Other Reserves \$000s	Total Attributable to Owners of PPK Group Ltd \$000s	Non- controlling Interests \$000s	Total Equity \$000s
CONSOLIDATED ENTITY						
At 1 July 2012	29,016	123	67	29,206	2	29,208
Total comprehensive income for the year						
Profit for the year	-	2,383	-	2,383	365	2,748
Other comprehensive income						
Realised gain on available-for-sale financial assets	-	-	(36)	(36)	-	(36)
less deferred tax impact	-	-	10	10	-	10
Fair value adjustment on available-for-sale financial assets	-	-	(180)	(180)	-	(180)
less deferred tax impact	-	-	54	54	-	54
Total comprehensive income for the year	-	2,383	(152)	2,231	365	2,596
Transactions with owners in their capacity as owners						
Dividends paid	-	(765)	-	(765)	-	(765)
Trust distributions	-	-	-	-	(241)	(241)
Shares repurchased	(343)	-	-	(343)	-	(343)
	(343)	(765)	-	(1,108)	(241)	(1,349)
At 30 June 2013	28,673	1,741	(85)	30,329	126	30,455
Total comprehensive income for the year						
Profit for the year	-	2,519	-	2,519	432	2,951
Other comprehensive income						
Fair value adjustment on available-for-sale financial assets expensed on impairment	-	-	263	263	-	263
less deferred tax impact	-	-	(78)	(78)	-	(78)
Realised gain on available-for-sale financial assets	-	-	(109)	(109)	-	(109)
less deferred tax impact	-	-	33	33	-	33
Fair value adjustment on available-for-sale financial assets	-	-	53	53	-	53
less deferred tax impact	-	-	(15)	(15)	-	(15)
Total comprehensive income for the year	-	2,519	147	2,666	432	3,098
Transactions with owners in their capacity as owners						
Dividends paid	-	(2,100)	-	(2,100)	-	(2,100)
Trust distributions	-	-	-	-	(408)	(408)
Shares repurchased	(56)	-	-	(56)	-	(56)
Shares issued	5,114	-	-	5,114	-	5,114
Shares based payment	-	-	1,330	1,330	-	1,330
	5,058	(2,100)	1,330	4,288	(408)	3,880
At 30 June 2014	33,731	2,160	1,392	37,283	150	37,433

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year Ended 30 June 2014 \$000s	Year Ended 30 June 2013 \$000s
Cash flows related to operating activities		
Receipts from customers	15,765	8,320
Payments to suppliers and employees	(16,979)	(6,420)
Other Revenue	44	57
Proceeds from sale of financial assets at fair value through profit or loss	-	360
Interest received	1,416	987
Dividends received	62	38
Income taxes paid	(196)	(586)
Interest and costs of borrowings	(1,569)	(1,298)
Net Operating Cash Flows	(1,457)	1,458
Cash flows related to investing activities		
Payment for purchases of property, plant and equipment	(396)	(142)
Payment for purchase of investment property	-	(3,438)
Proceeds from sale of plant and equipment	8	-
Purchase of business combination	(13,000)	-
Proceeds from sale of available-for-sale financial assets	2,754	2,530
Payments for available for sale-financial-assets	(1,583)	(2,912)
Payment for intangibles	(174)	(584)
Net Investing cash flows	(12,391)	(4,546)
Cash flows related to financing activities		
Other receivables - Loans Advanced	(759)	(9,697)
Other receivables - Loans Repaid	8,002	144
Payment for buyback of shares	(56)	(343)
Proceeds from Bank loans	4,000	3,150
Proceeds from issue of shares	4,882	-
Proceeds from other borrowings	5,292	3,625
Repayment of other borrowings	(1,960)	(335)
Dividends paid	(1,868)	(765)
Transactions with non-controlling interest	(126)	-
Net financing cash flows	17,407	(4,221)
Net increase (decrease) in cash held	3,559	(7,309)
Cash at beginning of year	1,345	8,654
Cash at end of year	4,904	1,345
Reconciliation of cash		
Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		
Continuing operations		
Cash on hand and at bank	4,904	1,345
Bank Overdraft	-	-
Total cash at end of period	4,904	1,345

NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	30 June 2014 \$000s	30 June 2013 \$000s
REVENUE, OTHER INCOME & EXPENSES FROM OPERATIONS		
REVENUE		
Sale of goods	12,568	5,002
Rental income from investment properties	4,414	3,060
Investment activities	1,268	38
Interest receivable	2,300	2,173
	<u>20,550</u>	<u>10,273</u>
INVESTMENT ACTIVITIES		
Dividends received	62	38
Gain on sale of available-for-sale financial assets	1,206	-
	<u>1,268</u>	<u>38</u>
OTHER INCOME		
Gain on bargain purchase of business combination	2,828	-
Net gain on disposal of plant and equipment	8	-
Value of available-for-sale financial asset received on redemption of convertible notes	-	47
Fair value adjustment on available-for-sale non longer classified as an associate	-	322
Gain on sale of available-for-sale financial assets	-	264
Sundry income	44	34
	<u>52</u>	<u>667</u>
	<u>2,880</u>	<u>667</u>
INTEREST INCOME		
Other persons	1,311	1,230
Associated entities	989	943
	<u>2,300</u>	<u>2,173</u>
SHARE OF PROFIT (LOSS) FROM ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD		
Share profit (loss) from associates accounted for under the equity method	-	493
	<u>-</u>	<u>493</u>
EXPENSES		
Profit / (loss) before income tax has been determined after:		
Amortisation of intangibles	200	12
Cost of sales - mining equipment manufacture	8,102	2,815
Depreciation - investment properties	325	308
- plant and equipment	648	392
	<u>973</u>	<u>700</u>
Impairment - investment properties	240	-
Impairment of available-for-sale financial assets		
- Listed investments	827	22
Interest paid - other	1,569	1,298
Doubtful debts - trade receivables	12	4
Defined contribution superannuation expense	446	223
Employee benefit expenses	3,953	2,377
Rental expense on operating leases	794	174
	<u>794</u>	<u>174</u>
COMPARISON OF HALF-YEAR PROFITS		
	\$000s	\$000s
Consolidated profit / (loss) after tax attributable to members reported for the 1st half-yearly report	301	862
Consolidated profit / (loss) after tax attributable to members for the 2nd half-yearly report	2,218	1,521
Profit / (loss) after income attributable to members reported for the year	<u>2,519</u>	<u>2,383</u>

NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

BUSINESS COMBINATIONS

During the period PPK Group incorporated two new companies being PPK Mining Equipment Pty Ltd and PPK Mining Repairs Alternators Pty Ltd. These companies purchased specific business assets and assumed specific business liabilities of Anderson Industries Australia Pty Ltd and DMS Mining Services Pty Ltd.

PPK Group also gained control of Anderson Mining Hire Pty Ltd, DMS Tech 1 Pty Ltd, Coaltec Pty Ltd and Anderson Group of Companies Pty Ltd.

The detail of changes in wholly owned subsidiaries is summarised below.

DETAILS OF INVESTMENTS IN WHOLLY OWNED SUBSIDIARIES	Ownership Interest	Date of Acquisition
Coaltec Pty Ltd	100.00%	17-Mar-14
PPK Mining Equipment Hire Pty Ltd (formerly Anderson Mining Hire Pty Ltd)	100.00%	17-Mar-14
PPK IP Pty Ltd (formerly DMS Tech 1 Pty Ltd)	100.00%	17-Mar-14
PPK Mining Equipment Group Pty Ltd (formerly Anderson Group of Companies Pty Ltd)	100.00%	17-Mar-14
		Date of Incorporation
PPK Mining Equipment Pty Ltd	100.00%	24-Jan-14
PPK Mining Repairs Alternators Pty Ltd (formerly PPK Alternators Pty Ltd)	100.00%	24-Jan-14

This business combination was accounted for using the following fair values of assets and liabilities:

	\$000s
Assets Acquired	
Inventory	9,682
Trade Receivables	2,471
Other Receivables	724
Prepayments	217
Fixed Assets	6,120
Deferred tax asset	487
Intangible Assets	2,000
	<u>21,701</u>
Liabilities Assumed	
Trade Creditors	1,870
Other Payables & accruals	979
Payroll liabilities & accruals	176
Provisions	1,625
Deferred tax liability	1,212
Borrowings	11
	<u>5,873</u>
Fair value of net assets acquired	<u>15,828</u>
Less: Cash consideration paid	13,000
Gain on bargain purchase	<u>2,828</u>

NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

DETAILS OF INVESTMENTS IN CONTROLLED ENTITIES

PPK Group Limited holds 50% or more of the units in three Unit Trusts. These three Unit Trusts are controlled entities of PPK Group Limited and the relevant details are set out below.

	30 June 2014		30 June 2013	
	Ownership Interest	Units Held \$1 each	Ownership Interest	Units Held \$1 each
The Easy Living Unit Trust	50.00%	500	50.00%	500
The Easy Living (Bundaberg) Trust	50.00%	500	50.00%	500
The Slot Loan Trust	51.43%	1,800	51.43%	1,800
		<u>2,800</u>		<u>2,800</u>
	30 June 2014 \$000s		30 June 2013 \$000s	

DETAILS OF INVESTMENTS IN ASSOCIATES

Investments in associates	Ownership Interest		Ownership Interest	
Investments in associated unit trust		30 June 2014 Units Held \$1 each		30 June 2013 Units Held \$1 each
Nerang Street Southport Project Trust	18.75%	275	25.00%	275
PPK Willoughby Funding Unit Trust	22.86%	40	22.86%	40
		<u>315</u>		<u>315</u>
Carrying value in the Financial Statements		\$000s		\$000s
Nerang Street Southport Project Trust		-		-
PPK Willoughby Funding Unit Trust		493		493
		<u>493</u>		<u>493</u>
Aggregate share of associates' profit or (loss)				
Profit (loss) before income tax		-		493
Income tax expense or (credit)		-		(148)
Net profit (loss) after income tax		<u>-</u>		<u>345</u>

Earnings per security (EPS)

Details of basic and diluted EPS reported separately in accordance with paragraph 9 and 18 of AASB 133 *Earnings per share* are as follows:

	30 June 2014 \$000s	30 June 2013 \$000s
Earnings used in the calculation of basic EPS	2,519	2,383
Earnings used in the calculation of diluted EPS	2,519	2,383
Weighted average number of ordinary shares outstanding During the year used in the calculation of:	Number	Number
Basic EPS	52,319,258	51,084,022
Diluted EPS	54,994,600	51,084,022
	Cents	Cents
Basic EPS - Cents	4.8	4.7
Diluted EPS - Cents	4.6	4.7
Net Tangible Asset Backing		
Net tangible asset backing per share	57.4	55.7

NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

DIVIDENDS

	30 June 2014	30 June 2013
Interim Dividend	1.50 cents	1.50 cents
Final Dividend	2.00 cents	2.00 cents
	<u>3.50 cents</u>	<u>3.50 cents</u>

The amount of retained profits and reserves that could be distributed as fully franked dividends from franking credits that exist or will arise after payment of income tax in the next year in respect to the 2014 year is \$2,160,000.

	\$000s	\$000s
Amount of final dividend payable - fully franked	1,453	1,015

Both current and prior year dividends were fully franked.

CONSOLIDATED RETAINED PROFITS

Retained profits / (accumulated losses) at the beginning of the financial year	1,741	123
Net profit attributable to members	2,519	2,383
Dividends paid	(2,100)	(765)
Retained profits at the end of the financial year	<u>2,160</u>	<u>1,741</u>

ORDINARY SHARES ON ISSUE

	NUMBER	NUMBER
Number of securities on issue at beginning of year	50,764,776	51,625,430
Shares issued during the year	6,509,065	-
Treasury shares issued during the year	15,500,000	-
Shares repurchased through approved buyback scheme	(125,938)	(860,654)
Number of securities on issue at end of year	<u>72,647,903</u>	<u>50,764,776</u>

OPTIONS

There were no options outstanding at balance date

POST BALANCE DATE EVENTS

The proposed acquisition of the MONEx Electronic Engine Management System announced to the ASX on the 30th of June 2014 has settled on the 28th of August 2014. Refer to the Commentary for further detail.

No other matter or circumstances have arisen since the end of the financial year which will significantly affected the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in subsequent periods.

AUDIT STATUS

The accounts are currently in the process of being audited