



**ASX ANNOUNCEMENT**

**FOR IMMEDIATE RELEASE TO THE MARKET**

**PPK Group Limited – ASX Code: PPK**

**Friday 19 May 2017**

**Market Update**

**Proposed controlling share subscription and alternatives**

Further to previous announcements, PPK Group Limited (the "**Company**"), advises that:

1. PPK has removed exclusive negotiation rights from a major state owned Chinese mining equipment manufacturer in respect of subscribing for a controlling equity interest in PPK. This follows ongoing delays in obtaining the necessary Chinese transaction approvals in a timeframe acceptable to PPK. PPK remains supportive of the proposed transaction with the potential Chinese investor, and is open to recommencing negotiations provided that substantive progress in relation to the necessary approvals is achieved in the near future.
2. PPK has commenced negotiations with other interested parties in relation to possible merger, acquisition or investment opportunities.

PPK expects that greater clarity surrounding the above matters will be obtained before the end of the current financial year and will update the market accordingly.

**Overdue financial reports**

Further to previous announcements, the Company advises that suspension of the Company's securities will continue until, amongst other things, the Company lodges:

- the audited financial report for the year ended 30 June 2015 under Listing Rule 4.5;
- the Annual Report for the year ended 30 June 2015 under Listing Rule 4.7;
- the Half-year report for the 6 month period ended 31 December 2015 under Listing Rule 4.2A;
- the preliminary final report for the year ended 30 June 2016 under Listing Rule 4.3A;
- the audited financial report for the year ended 30 June 2016 under Listing Rule 4.5;
- the Annual Report for the year ended 30 June 2016 under Listing Rule 4.7; and
- the Half-year report for the 6 month period ended 31 December 2016 under Listing Rule 4.2A

together, the "**Overdue Reports**".

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The Overdue Reports were not lodged by the due date because the directors are of the opinion that until it is clear whether the proposed transaction (or an alternative), as detailed above, will proceed the directors are not in a position to determine an appropriate collective carrying value for the mining services business assets.

Commensurate with the expectation that PPK will obtain clarity on this issue before the end of the current financial year, PPK is currently working towards finalising and lodging the Overdue Reports on a similar timeline. Thereafter, PPK will seek to remove the voluntary suspension of its shares from the ASX as soon as practical.

Whilst the above reports remain outstanding, the Company will continue to provide quarterly operating updates for release to the market.

The Company also proposes to convene its Annual General Meeting for 2015 and 2016 at the earliest opportunity.

### **Quarter 3 2017 Financial Results**

The Company advises that it has recorded an unaudited profit of \$534,000 before tax (\$534,000 after tax) for the nine months to 31 March 2017, inclusive of \$4,433,000 profit on sale before tax of the Seven Hills Industrial Property. This compares to an unaudited loss of \$5,096,000 before tax for the nine months to 31 March 2016 (inclusive of \$1,190,000 gains on sale of listed shares).

Excluding profits on sale of investments, the Company sustained an underlying loss before tax of \$3,899,000 (compared to \$6,286,000 before tax for the nine months to 31 March 2016).

Whilst trading conditions in the mining services businesses remain challenging, ongoing improved performance was noted in:

- The nine months mining services segment unaudited loss before tax of \$2,815,000 (compared to \$5,182,000 before tax in nine months to 31 March 2016); and
- The third quarter 2017 mining services segment unaudited loss before tax of \$690,000 (second quarter unaudited loss of \$953,000 and first quarter unaudited loss of \$1,172,000).

This improvement is consistent with indicators of a coal mining sector recovery and PPK's cost reduction efforts.

Income and capital gains generated by the PPK property and investment division continue to support the mining services businesses.

For further information contact:

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