GROUP LIMITED

APPENDIX 4D

HALF YEARLY INFORMATION GIVEN TO THE
ASX UNDER LISTING RULE 4.2A

PPK GROUP LIMITED

ABN 65 003 964 181

HALF YEAR ENDED 31 DECEMBER 2018

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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.

GROUP LIMITED

HIGHLIGHTS OF RESULTS FOR ANNOUNCEMENT TO THE MARKET

	31 December 2018 $000	31 December 2017 $000	Change $000	Change %
REVENUES	19,853	17,376	2,477	**14%**
PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE	905	(1,845)	2,750	**149%**
PROFIT/(LOSS) BEFORE TAX ATTRIBUTABLE TO OWNERS OF PPK GROUP LTD	905	(1,845)	2,750	**149%**
PROFIT/(LOSS) AFTER TAX ATTRIBUTABLE TO OWNERS OF PPK GROUP LTD	905	(1,845)	2,750	**149%**
EARNINGS PER SHARE	cents 1.4	cents (3.0)	cents 4.4	**147%**
NET TANGIBLE ASSETS PER SHARE	cents 28.4	cents 24.1	cents 4.3	**18%**

DIVIDENDS

FY2017 FULLY FRANKED INTERIM DIVIDEND PER SHARE Nil cents

FY2018 FULLY FRANKED INTERIM DIVIDEND PER SHARE 1 cent

EXECUTIVE CHAIRMAN'S REPORT

Conditions in the underground coal mining sector continue to improve as is evidenced by the sale of four used CoalTrams over the past six months and we expect these improvements to continue for the remainder of this financial year based on:

- quotes of multiple Coaltrams machine sales to existing customers
- existing customers expanding their current mining operations
- "care and maintenance" mines being prepared for re-opening
- new mines being opened

PPK's immediate focus on leveraging its CoalTram, Rambor and Firefly brands and its strong reputation for sales and servicing these products is positioning the Group for the expected turnaround to achieve a full year profit this financial year.

I am pleased to advise that the Board has declared an interim fully franked dividend of 1 cent per share, the first dividend since November 2014, and the implementation of a Dividend Reinvestment Plan.

FINANCIAL RESULTS

PPK Group has achieved a Net Profit After Tax of $0.905M, after restructuring costs of $0.281M from a review of its Rambor/Firefly business unit in Mt Thorley, and is expected to achieve its forecast range of $2.000M to $3.000M for this financial year, before any sales of capital equipment or one off expense items. The revenues of $19.853M (HY2017: $17.376M) are 14% higher than the comparable period and are expected to meet the lower end of its forecast range of 15% to 25% for the full financial year.

PPK has reduced cash outflow from its operating activities to $0.151M (HY2017: $0.352M outflow), indicating it is moving towards achieving a positive cash flow for this financial year. Three of the Coaltrams sold are under longer term payment plans so these funds will be received in future months. Taking into consideration a number of one-off cash payments made during the six month period, PPK would have had been in a small cash positive position.

Mining Equipment

The profit from this business sector was $1.805M (HY2017: $0.692M loss) reflecting the industry turnaround.

The Company signed a three-year Enterprise Agreement with its employees unifying three separate agreements into one and ensuring an up to date balanced approach to employment.

During the period, the Company offered qualifying employees the opportunity to become shareholders in PPK Group Limited. 119 employees accepted this offer and in January 2019, received $1,000 of shares each.

Technology Ventures

As noted in the FY2018 Annual Report, PPK was investigating new opportunities not entirely reliant upon the mining sector to create a diversified, secondary income stream for PPK. I am very pleased that we will acquire 100% of the shares in AIC Investment Corporation Pty Ltd (AICIC), subject to shareholders' approval at an Extraordinary General Meeting on 15 March 2019.

This acquisition will provide PPK with three new technology ventures; a joint venture with Deakin University to commercialise its patented boron nitride nanotube (BNNT) manufacturing technology, a web based portal that provides for on-line processing of Australian visas and another web based portal service. BNNT is currently being produced in a pilot plant and any product surplus to R&D testing purposes can be sold while both the other technologies are in testing phase and should be launched to the wider market later this quarter.

MAJOR SHAREHOLDER SUPPORT

PPK continues to have major shareholder support as is evident from the November capital raise of $3.535M, which was completed in a few days. We are very pleased that this offer was taken up and welcome a number of new shareholders to the register.

OUTLOOK

We expect the Mining Equipment sector to continue to improve its financial performance for the remainder of this financial year and continue to deliver stronger financial returns in the foreseeable future. The extent of this is dependent on the continued demand for high quality Australian coal.

While it is too early to make projections for the new technology ventures, we are eager to work with the shareholders of these businesses to drive shareholder wealth for all parties concerned.

As outlined earlier, PPK Group Ltd as an entity expects to show a statutory profit for FY 2019 and potential positive free cash flow generation from operations. The company also continues to review other investment opportunities that will enhance and continue to diversify the earnings of the Group.

Robin Levison
Executive Chairman

GROUP LIMITED

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 2018.

DIRECTORS

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

Robin Levison
Glenn Molloy
Graeme Webb
Dale McNamara
Anthony McDonald

REVIEW OF OPERATIONS

A detailed review of results and operations is included in the Executive Chairman's Report on page 2 of this report.

DIVIDENDS AND DIVIDEND REINVESTMENT PLAN

On 19 February 2019, the Directors declared a fully-franked dividend of 1 cent per share for the half year ended 31 December 2018 with a record date of 21 March 2019, payable to shareholders on 30 April 2019.

On 19 February 2019, the Directors declared the implementation of a Dividend Reinvestment Plan (DRP. The DRP will apply to this dividend and further information will be provided to shareholders wishing to participate in the DRP.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the consolidated entity during the period are disclosed in note 5 in the Half Year Report 31 December 2018.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's 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 is a type of Company referred to in ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest $1,000, or in certain cases, to the nearest dollar.

Signed in accordance with a resolution of the Board of Directors.

ROBIN LEVISON
Executive Chairman

Dated 19 day of February 2019

Grant Thornton

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Auditor's Independence Declaration

To the Directors of PPK Group Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of PPK Group Limited for the half year ended 31 December 2018. I declare that, to the best of my knowledge and belief, there have been:

a No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b No contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton Audit Pty Ltd
Chartered Accountants

A F Newman
Partner – Audit & Assurance

Brisbane, 19 February 2019

PPK GROUP LIMITED

Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income
for the Half Year Ended 31 December 2018

	Note	CONSOLIDATED ENTITY 31 December 2018 $000	31 December 2017 $000
Revenue	6	19,853	17,376
Cost of Sales	6	(13,565)	(12,374)
Gross Profit		6,288	5,002
Other income	6	375	6
Mining equipment expenses	6	(4,497)	(5,700)
Investment expenses	6	(7)	(45)
Property services expenses		-	(17)
Corporate expenses	6	(1,139)	(1,002)
Financing costs	6	(115)	(70)
		905	(1,826)
Share of profit of associates accounted for using the equity method	6	-	(19)
Profit/(Loss) before income tax expense		905	(1,845)
Income tax (expense)/benefit attributable to profit		-	-
Profit/(Loss) after income tax		**905**	**(1,845)**
Profit/(Loss) after tax is attributable to:			
Owners of PPK Group Limited		905	(1,845)
Non-controlling interests		-	-
		905	(1,845)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss			
Changes in fair value of financial assets		-	(72)
Foreign currency translation of controlled entities		-	9
Other comprehensive income net of income tax		-	(63)
Total comprehensive income for the half year		905	(1,908)
Total comprehensive income for the half year is attributable to:			
Owners of PPK Group Limited		905	(1,908)
Non-controlling interests		-	-
		905	(1,908)
Earnings per share	8	**Cents**	**Cents**
Basic earnings per share		1.4	(3.0)
Diluted earnings per share		1.4	(3.0)

The accompanying notes form part of these financial statements

PPK GROUP LIMITED
Consolidated Interim Statement of Financial Position
for the Half Year Ended 31 December 2018

	Note	CONSOLIDATED ENTITY 31 December 2018 $000	30 June 2018 $000
CURRENT ASSETS			
Cash and cash equivalents		941	1,312
Trade and other receivables		7,523	7,233
Inventories		8,984	8,197
Financial assets at fair value through profit or loss		6	118
Other current assets		615	543
TOTAL CURRENT ASSETS		18,069	17,403
NON-CURRENT ASSETS			
Trade and other receivables		305	-
Financial assets at amortised cost	**5**	2,705	-
Financial assets at fair value through profit or loss	**5**	895	-
Property, plant and equipment		5,131	5,735
Intangible assets		1,065	595
TOTAL NON-CURRENT ASSETS		10,101	6,330
TOTAL ASSETS		28,170	23,733
CURRENT LIABILITIES			
Trade and other payables		5,376	3,870
Financial liabilities		750	196
Provisions		1,442	1,988
TOTAL CURRENT LIABILITIES		7,568	6,054
NON-CURRENT LIABILITIES			
Financial liabilities		1,250	2,013
Provisions		191	176
TOTAL NON-CURRENT LIABILITIES		1,441	2,189
TOTAL LIABILITIES		9,009	8,243
NET ASSETS		19,161	15,490
SHAREHOLDERS' EQUITY			
Contributed equity	**9**	37,274	34,152
Retained earnings/(accumulated losses)		(18,113)	(18,662)
TOTAL EQUITY		19,161	15,490

The accompanying notes form part of these financial statements

PPK GROUP LIMITED
Consolidated Interim Statement of Cash Flows
for the Half Year Ended 31 December 2018

	Note	CONSOLIDATED ENTITY 31 December 2018 $000	31 December 2017 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		18,804	17,581
Cash payments to suppliers and employees		(18,961)	(17,864)
Interest received		6	2
Costs of borrowings		-	(71)
Net cash provided by (used in) operating activities		(151)	(352)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(528)	(489)
Purchase of listed securities		-	(16)
Proceeds from sale of property, plant and equipment		885	301
Proceeds from sale of listed shares		350	-
Payments for intangible assets		(558)	-
Net cash provided by (used in) investing activities		149	(204)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans advanced	**5**	(3,600)	(75)
Proceeds from capital raising		3,185	-
Proceeds from capital raising pending shareholders' approval		350	-
Proceeds from borrowings		-	145
Financing costs		(110)	-
Repayment of borrowings and bank loans		(194)	(53)
Net cash provided by (used in) financing activities		(369)	17
Net increase (decrease) in cash held		(371)	(539)
Cash at the beginning of the financial period		1,312	1,104
Cash at the end of the financial period		941	565

The accompanying notes form part of these financial statements

PPK GROUP LIMITED

Consolidated Interim Statement of Changes in Equity

for the Half Year Ended 31 December 2018

		Issued capital	Retained earnings	Share options reserve	Available-for-sale reserve	Foreign currency translation reserve	Total attributable to owners of PPK Group Ltd	Non-controlling interests	Total equity
		$000	$000	$000	$000	$000	$000	$000	$000
At 1 July 2017		34,625	(19,708)	1,338	72	(9)	16,318	-	16,318
Total comprehensive income for the half year									
Profit/(Loss) for the period		-	(1,845)	-	-	-	(1,845)	-	(1,845)
Other comprehensive income									
Fair value adjustment on FVTPL financial assets		-	-	-	(72)	-	(72)	-	(72)
Foreign currency translation of controlled entities		-	-	-	-	9	9	-	9
Total comprehensive income for the half year		-	(1,845)	-	(72)	9	(1,908)	-	(1,908)
Transactions with owners in their capacity as owners									
Reversal of share and loan plan		(1,277)	2,607	(1,338)	-	-	(8)	-	(8)
Share buyback		(95)		-	-	-	(95)	-	(95)
Shares issued - debt converted to equity		1,045		-	-	-	1,045	-	1,045
		(327)	2,607	(1,338)	-	-	942	-	942
At 31 December 2017		**34,298**	**(18,946)**	**-**	**-**	**-**	**15,352**	**-**	**15,352**
At 1 July 2018 (reported)		34,152	(18,662)	-	-	-	15,490	-	15,490
Adjustment from adoption of AASB 9	**Note 3**	-	(356)	-	-	-	(356)	-	(356)
Adjusted balance at 1 July 2018		34,152	(19,018)	-	-	-	15,134	-	15,134
Total comprehensive income for the half year									
Profit/(Loss) for the period		-	905	-	-	-	905	-	905
Total comprehensive income for the half-year		-	905	-	-	-	905	-	905
Transactions with owners in their capacity as owners									
Share buyback		(21)	-	-	-	-	(21)	-	(21)
Shares issued		3,143	-	-	-	-	3,143	-	3,143
		3,122	-	-	-	-	3,122	-	3,122
At 31 December 2018		**37,274**	**(18,113)**	**-**	**-**	**-**	**19,161**	**-**	**19,161**

The accompanying notes form part of these financial statements

Note 1. Nature of operations

The principal activities of the Group are:

- the design, manufacture, service, support and distribution of CoalTram and other underground coal mining vehicles, alternators, electrical equipment, drilling and bolting equipment and mining consumables and hire of underground coal mining equipment; and
- the management of debt and equity investments (shares in listed and unlisted investments and associated entities).

On 8th November 2018, PPK entered into a binding Heads of Agreement to acquire 100% of the shares in AIC Investment Corporation Pty Ltd (AICIC), subject to due diligence and Shareholders' approval. AICIC has investments in three technology ventures being the commercialisation of boron nitride nanotubes (BNNT), an entertainment app and an app to process Australian visas. See Note 5 for further information.

There were no other significant changes in the nature of the Group's principal activities during the period.
Refer to note 6 for further information about the Group's operating segments.

Note 2. General Information and Basis of Preparation

These condensed interim consolidated financial statements (the interim financial statements) of the Group are for six months ended 31 December 2018 and are presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated. These general purpose interim financial statements have been prepared in accordance with the requirements Corporations Act 2001 and AASB 134 "Interim Financial Reporting".

They do not include all of the information required in annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2018 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and Corporations Act 2001.

The interim financial statements have been approved and authorised for issue by the board of directors on 19th February 2019.

Going Concern
The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. As articulated in this report, the financial performance of the Group has improved with the Group recording a half year proft after tax of $0.905M (HY2017 loss of $1.845M) after tax and consumed only $0.151M (HY2017 $0.352M) in operating cash flows. On 19th February 2019, being the date of approval of the financial report, the Directors believe it is appropriate to prepare the financial report on a going concern basis.
In making this assessment the directors have identified and considered:

- As at the end of the half year, and at all times subsequent, the Group has been able to meet its obligations as and when they fell due;
- The Group has a history of strong support from the majority of shareholders, as is evidenced by the raising of $3.185M capital during the financial period and a further $0.350M, which is subject to Shareholders' approval, and has an expectation this will continue.
- The Group has $2.000M of debt financing, secured against property and three CoalTrams, and the Directors are confident that of these assets would be sufficient to discharge the debt financing, if required;
- Industry conditions and the operating performance of the Group's mining equipment segment continue to improve with the company achieving a number of CoalTram sales during the financial period; and
- Subsequent to the end of the financial period, the Group has entered into a finance facility of approxiamtely $3.000M, secured against its debtors, which can be drawn down, if needed.

Note 3. Significant Accounting Policies

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2018. The accounting policies have been applied consistently throughout the Group for the purposes of the preparation of these interim financial statements. The following revised accounting standard is applicable for reporting periods beginning on or after 1 January 2018 and the Group has adopted it for this reporting period.

AASB 9 Financial Instruments
AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell financial items. This standard replaces AASB 139 *Financial Instruments: Recognition and Measurement*. When adopting AASB 9 the Group has applied transitional relief and elected not to restate prior periods. Differences arising from the adoption of AASB 9 are recognised in opening retained earnings at 1 July 2018.

As a result of the adoption of AASB 9, the Group has adopted consequential amendments to AASB 101 *Presentation of Financial Statements*, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss.

Additionally, the Group has adopted AASB 7 *Financial Instruement: Disclosures* that are applied to disclosures about 2018 but have not been generally applied to comparative information.

Recognition and derecognition
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets
Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those trade receivables that do not obtain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are measured at fair value adjusted for transaction costs (where applicable).

Subsequent measurement of financial assets
For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories:

- Financial assets at amortised cost
- Financial assets at fair value through profit or loss (FVTPL)

Financial assets at amortised cost
Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of "hold to collect" contractual cash flows are accounting for at amortised cost using the effective interest method. The Group's trade and most receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVTPL)
All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments.

Investments in equity instruments fall into this category unless the Group irrevocably elects at inception to account as Equity FVTOCI (see below).

Any gains or losses recognised in OCI will be recognised upon derecognition of the asset. This category includes bonds that were previously classified as "available-for-sale" under AASB 139.

Impairment of financial assets
AASB 9's new forward looking impairment model applies to Group's investments at amortised cost. The application of the new impairment model depends on whether there has been a significant increase in credit risk.

Note 3. Significant Accounting Policies (cont)

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Group allows 1% for amounts that are 90 days past due and writes off fully amounts that are 120 days past due or for which the Group is aware the receivable will not be recovered. The impairment allowance has increased by $0.356M.

Classification and measurment of financial liabilities

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Group's financial liabilities were not impacted by the adoption of AASB 9.

Derivative financial instruments and hedge accounting

The Group does not have derivative financial instruments.

Reconciliation of financial instruments on adoption of AASB 9

	Notes	Measurement Category		Carrying amount		
		Original AASB 139 classification	New AASB 9 classification	Closing balance 30 June 2018 (AASB 139) $000	Adoption of AASB 9 $000	Opening balance 1 July 2018 (AASB 9) $000
Financial assets						
Trade and other receivables		Loans and receivables	Amortised cost	7,233	(356)	6,877
Listed shares	(a)	Available for sale	FVTPL	118	-	118
Financial liabillities						
Trade and other payables		Other financial liabilities	Other financial liabilities	3,870	-	3,870
Interest bearing liabilities - current	(b)	Amortised cost	Amortised cost	196	-	
Interest bearing liabilities - non current	(b)	Amortised cost	Amortised cost	2,103	-	2,103

(a) These investments in listed securities were classified as Available-for-sale under AASB 139. This falls under FVTPL classification under AASB 9 as investments in equity securities fail the solely payments of principal and interest (ie the contractual cash flow test). The Group decided not to make the irrevocable election on transition to account for these investments at FVTOCI (Equity FVTOCI).

(b) Borrowings classified as amortised cost under AASB 139 continue to be accounted for at amortised cost under AASB 9.

Reconciliation of equity for the impact of AASB 9 at 1 July 2018:

	Retained earnings $000
Opening balance under AASB 139	(18,662)
Increase in impairment provision for other receivable	(356)
Opening balance under AASB 9	(19,018)

The comparative amount for net tangible assets per share at 1 July 2018, after adoption of AASB 9.

	Original Disclosure cents	Restated cents
Net tangible assets per share	24.7	24.1

Reclassification of comparative amounts

The Group early adopted AASB 15 for the first time for the 30 June 2018 financial year. As a result, the comparative balances for segment revenue from external customers in Segment Information have been restated:

	Original Disclosure $000	Restated $000
Sales revenue	17,376	
Sale of goods		6,328
Rendering of services		9,837
Rental income		1,211

Note 4. Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual result may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last financial statements for the year ended 30 June 2018.

Note 5. Significant Events and Transactions

Investments in technology ventures

On 8 November 2018, the Group entered into a heads of agreement to acquire 100% of the shares in AIC Investment Corporation Pty Ltd (AICIC), subject to conditions. As a condition of the potential purchase, the Group made a $3.600M loan to AICIC during the half year to 31 December 2018. The loan is non-interest bearing, is repayable in three years and secured against 50% of the shares AICIC owns in BNNT Technology Limited. The loan is disclosed in the statement of financial position as a financial asset of amortised cost of $2.705M and a financial asset at fair value through the profit or loss of $0.895M, being the right to acquire 100% of the shares in AICIC.

Subsequent to the financial period, on 23 January 2019, the Group signed a Share Sale Agreement to acquire 100% of the shares in AIC Investment Corporation Pty Ltd (AICIC) for $16.650M in a two stage process. Firstly, the Group is to issue shares with an agreed value of $6.650M, calculated using the 5 day volume weighted average price immediately prior to the date of issue, capped at the greater of 10.000M shares or 15% of the total issued capital of PPK Group Limited (PPK). These shares will be escrowed for a period of 24 months. Should the value of these issued shares, calculated based on the 5 day volume weighted average price immediately prior to the release of these shares from escrow, be less than $6.650M then PPK will be obligated to pay the difference in cash as an adjustment to the purchase price.
Secondly, post completion of the acquistion in respect of the two financial years commencing subsequent to completion, if AICIC delivers an EBIT of greater than $10.000M for that total period:

- the vendor will be entitiled to a payment of 50% of the amount over the $10.000M EBIT in that period capped at $10.000M;
- the vendor has the option of accepting the payment as either cash or the equivalent value of fully paid ordinary shares in PPK calculated using the 5 day volume weighted average price immediately prior to issue;
- any issue of shares by PPK is subject to any shareholder approval or other approvals that may be required or desirable for the issue of those shares.

Note 6. Segment Information

Reportable segments have been determined on the basis of reports reviewed by the Directors. The reportable segments are:

- the Mining Equipment segment includes the design, manufacture, service, support and distribution of CoalTram and other underground coal mining vehicles, alternators, electrical equipment, drilling and bolting equipment and mining consumables and hire of underground coal mining equipment
- the Investment segment includes the management of debt and equity investments (shares in listed and unlisted investments and associated entities).

		31 December 2018			31 December 2017		
Reportable Segments		Investment	Mining Equipment	Total	Investment	Mining Equipment	Total
		$000	$000	$000	$000	$000	$000
Segment revenue from external customers							
Sale of goods	**a**	-	6,843	6,843	-	6,328	6,328
Rendering of services	**b**	-	11,954	11,954	-	9,837	9,837
Rental income	**c**	-	1,056	1,056	-	1,211	1,211
		-	19,853	19,853	-	17,376	17,376
Segment other income							
Interest		6	-	6			-
Net gain on sale of fixed assets		-	125	125	-	1	1
Net gain on sale of FVTPL financial assets		240	-	240	-	-	-
Sundry income		-	4	4	-	5	5
		246	129	375	-	6	6
Total revenue and other income		246	19,982	20,228	-	17,382	17,382
Segment expenses include							
Employee benefits expenses		-	1,587	1,587	-	1,808	1,808
Defined contribution superannuation expenses		-	134	134	-	147	147
Administration expenses		7	2,309	2,316	12	2,093	2,105
Doubtful debts		-	102	102	-	(79)	(79)
Depreciation and amortisation		-	365	365	-	742	742
Impairment of FVTPL financial assets		-	-	-	33	-	33
Impairment of property, plant and equipment		-	-	-	-	490	490
Impairment of intangibles		-	-	-	-	283	283
Net loss on disposal of fixed assets		-	-	-	-	216	216
		7	4,497	4,504	45	5,700	5,745
Cost of sales		-	13,565	13,565	-	12,374	12,374
Interest expense		-	115	115	-	-	-
Total expenses		7	18,177	18,184	45	18,074	18,119
Segment profit (loss)		239	1,805	2,044	(45)	(692)	(737)

	31 December 2018 Total $000	31 December 2017 Total $000
Reconciliation of segment profit (loss) to group net profit before income tax expense		
Amounts not included in segment profit (loss) but reviewed by the Board:		
Share of profit of associates accounted for using the equity method	-	19
Property services expenses	-	17
Acquisition costs	80	-
Unallocated corporate expense	1,059	1,002
Unallocated interest expense	-	70
Consolidated profit (loss) before income tax expense	905	(1,845)

a. Sale of goods are recognised at a point in time, in most cases when they leave the warehouse and control has passed to the buyer.
b. Rendering of services are satisfied over time, therefore PPK recognises the revenue over time by measuring the progress towards complete satisfaction of the performance obligation.
c. Rental income is accounted for on a straight-line basis over the term of the rental agreement, and is included in revenue in the statement of proft or loss due to its operating nature.

	Investment 2018	Mining Equipment 2018	Total 2018	Investment 2017	Mining Equipment 2017	Total 2017
Segment assets	66	23,682	23,748	1,186	20,593	21,779
Unallocated	-	-	4,422	-	-	515
Total Assets	66	23,682	28,170	1,186	20,593	22,294
Segment liabilities	-	7,997	7,997	-	6,447	6,447
Unallocated	-	-	1,012	-	-	495
Total Liabilities	-	7,997	9,009	-	6,447	6,942

	31 December 2018 Number	30 June 2018 Number

Note 7. Dividends

Dividends paid		
Nil ordinary dividend was paid	-	-

Note 8. Earnings Per Share

	31 December 2018	30 June 2018
	Cents	Cents
Basic earnings per share	1.4	(3.0)
Diluted earnings per share	1.4	(3.0)
	$000	$000
(a) Reconciliation of Earnings to Net Profit/(Loss) attributable to owners of PPK Group Ltd		
Earnings used in calculating Basic EPS	905	(1,845)
Earnings used in calculating Diluted EPS	905	(1,845)
	Number	Number
(b) Weighted average number of ordinary shares outstanding during the period		
Used in calculation of basic EPS	63,679,650	61,996,498
Weighted average number of ordinary shares outstanding during the period		
Used in calculation of diluted EPS	63,679,650	61,996,498

Note 9. Ordinary Shares on Issue

	31 December 2018	30 June 2018
Movement in number of ordinary shares		
Balance at the beginning of the financial period	61,996,498	73,314,570
Share repurchased under approved buy back	-	(15,500,000)
Shares issued in lieu of accrued fees to directors	-	4,181,928
New shares issued	9,100,000	-
	71,096,498	61,996,498
	$000	$000
Movement in share capital		
Balance at the beginning of the financial period	34,152	34,625
Shares issued in lieu of accrued fees to directors	-	1,045
Share repurchased under approved buy back	-	(2,607)
Elimination of options reserve from approved buy back	-	1,338
Buy back of shares, held as treasury shares	(21)	(249)
New shares issued	3,143	-
	37,274	34,152

New shares issued

To fund the $3.600M loan to AICIC, the Company raised $3.185M by issuing 9.100M shares at $0.35 each and will issue a further 1.000M shares at $0.35 each, subject to Shareholders approval at an Extraordinary General Meeting, to be held subsequent to the end of this financial period, to approve the acquisition of AICIC. The funds from the 1.000M shares to be issued have been received and are held in a suspense account subject to Shareholders' approval to issue the shares.

Performance Rights

Shareholders' approved the granting of 1.000M performance rights to PPK Director D McNamara at the Annual General Meeting on 27 November 2018. As at the end of the financial period, these performance rights have not been issued.

Note 10. Acquisitions

During the period, there were nil acquisitions. However, see Note 5 Significant Events and Transactions and Note 14 Events after the Reporting Date.

Note 11. Contingent Assets and Liabilities

The Group has the following bank guarantees which are secured against cash of the same amounts:

- $0.359M (2017: nil) for property leases
- $0.100M (2017: $0.100M) for completion of a property development

Non bank guarantees and indemnities include:

- a non-bank lender has security against three CoalTrams that were purchased by PPK Mining Equipment Pty Ltd and funded for $0.750M in total (2017: nil)
- a key CoalTram parts supplier has a Guarantee and Indemnity of $0.300M from PPK Group Limited in relation to a trade credit account (2017: $0.500M)
- the leased motor vehicle fleet provider has a Guarantee and Indemnity from PPK Group Limited in relation to the leased motor vehicle fleet

The Group has a contingent liability of $0.594M being the rental arrears owing under a previous lease. The Group signed a new 5 year lease effective 1 August 2017 and, as a condition of this lease, the Lessee has agreed to waive its right to recover the rent arrears if the Group complies with all obligations and pays all amounts due and payable under the lease.

Note 12. Related Parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties, unless otherwise stated.

The Group has loans of $650,000 from a trust, of which PPK Director G Molloy is a trustee, and $600,000 from an entity, of which PPK Director G Molloy is a director. These loans are secured by a first ranking mortgage over the property located at 25 Thrift Close Mt Thorley, are repayable on 1 July 2020 and incur interest at 10% per annum.

	31 December 2018 $000	30 June 2018 $000
Loan advanced to Group	1,250,000	1,250,000
Balance Outstanding	1,250,000	1,250,000

The Group leases two CoalTrams at period end from a Director related entity, which expire in October 2019 and April 2020. Under the exclusive agency agreement to promote, market and sell these CoalTrams, PPK sold two CoalTrams during the period under a long term repayment program and has a liability to pay $500,000 to the Director related entity.

The Group sold all of its units in the PPK Southport Nerang Unit Trust in August 2018. PPK Directors R Levison, G Molloy and G Webb were directors of this trust.

Note 13. Fair Value Measurement of Financial Instruments

Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of fair value hierarchy, as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - a valuation technique is used using inputs other than quoted prices within Level 1 that are observable for financial instruments, either directly (i.e. as prices), or indirectly (i.e. derived from prices); or
- Level 3 - a valuation technique is used using inputs that are not based on observable market data (unobservable inputs).

Assets		Level 1	Level 2	Level 3	Total
31 December 2018		$000	$000	$000	$000
Financial assets at fair value through the profit or loss					
Listed equity securities	(a)	6	-	-	6
Right to acquire AICIC		-	-	895	895
		6	-	895	901
30 June 2018					
Financial assets at fair value through the profit or loss					
Listed equity securities	(a)	118	-	-	118
		118	-	-	118

(a) Listed Securities
Fair values have been determined by reference to their quoted bid prices at reporting date.

Note 14. Events after the Reporting Date

Dividend

On 19 February 2019, the Directors declared a fully-franked dividend of 1 cent per share for the half year ended 31 December 2018 with a record date of 21 March 2019, payable to shareholders on 30 April 2019.

Dividend Reinvestment Plan

On 19 February 2019, the Directors resolved to implement a Dividend Reinvestment Plan.

Acquisition of AIC Investment Corporation Pty Ltd (AICIC)

On 23 January 2019, the Company entered into a Share Purchase Agreement to acquire 100% of the shares in AIC Investment Corporation Pty Ltd. The acquisition is subject to Shareholder approval at an Extraordinary General Meeting and the Directors have reason to believe that the Shareholders will approve the acquisition (see Note 5 Significant Events and Transactions).

Finance facility

Subsequent to the end of the financial period, the Group entered into an agreement for a finance facility from a non-bank lender. The facility enables the Group to borrow up to 80% of the value of its receivables from its leading international publicly listed mining companies or approximately $3.000M and any borrowings are secured against the total debtors of PPK Mining Equipment Pty Ltd. The financing costs are 0.40% of the funds drawn down and an interest charge of 9.73% per annum for the period the funds are borrowed.

Exempt Employee Share Plan

The Directors offered $1,000 of shares in PPK Group Limited to qualifying employees of the Group. The share offer closed in January 2019 and 119 employees accepted the offer and were issued 0.192M shares from treasury stock in PPK Group Limited.

Legal claim

Subsequent to the end of the finance period, the Company received a summons from the Supreme Court of NSW in relation to a dispute pertaining to the vesting conditions of a business acquired in 2014 with a vendor employee for the issue of the second tranche of $0.500M of shares plus interest and costs. As advised in the 2016 Annual Report, the Company does not believe the vesting conditions were met and will defend this claim.

No other matter or circumstance has arisen since the end of the financial period which is not otherwise dealt with in this Interim Consolidated Financial Statements that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

GROUP LIMITED

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

   (ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2018 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:

ROBIN LEVISON
Executive Chairman

Dated this 19th day of February 2019

Grant Thornton

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Independent Auditor's Review Report

To the Members of PPK Group Limited

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of PPK Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of PPK Group Limited does not give a true and fair view of the financial position of the Group as at 31 December 2018, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Directors' responsibility for the half year financial report

The Directors of the Company 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 gives a true and fair view and 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 Group's financial position as at 31 December 2018 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.*

Grant Thornton Audit Pty Ltd
Chartered Accountants

A F Newman

Partner – Audit & Assurance

Brisbane, 19 February 2019