PPK GROUP LIMITED
ANNUAL REPORT
09

PROPERTY ‣ INVESTMENTS ‣ MANUFACTURING

FINANCIAL HIGHLIGHTS

Sales Revenue from Continuing Operations ($'000)	4,867	▲ 14.5%
Rental Income from Investment Properties ($'000)	4,776	▲ 8.6%
Profit Before Income Tax ($'000)	461	▼ (34%)
Profit After Tax ($'000)	540	▼ (11%)
Earnings Per Share	0.9 cent	▼ (10%)

Notice of Annual General Meeting

The 2009 Annual General Meeting of PPK Group Limited will be held at:

3:00pm on Tuesday, 24 November 2009 at The Grace Hotel,

77 York Street, Sydney.

The business of the meeting is outlined in the Notice of Meeting and Proxy Form.

ASX look-up code:
PPK

Website:
www.ppkgroup.com.au

Share Registry:
www.registries.com.au

PPK Group Limited
ABN 65 003 964 181

Contents

CHAIRMAN AND MANAGING DIRECTOR'S OVERVIEW

The significant and prolonged volatility in the Australian share market continued to impact the performance of PPK during the 2009 financial year.

Profit after tax for the full year ended 30 June 2009 was $540,000 equating to an earnings per share (EPS) of 0.9 cents.

After recording an after tax loss for the first half year of $524,000 the Company generated an after tax profit of $1.064 million in the second half year evidencing a significant and positive change in overall performance during this period.

The full year's results include a non cash write-down of $2.755 million in the value of listed shares and derivatives held by PPK as at 30 June 2009 offset by profit before tax from trading operations (including rental income and earnings by Rambor) of $3.084 million.

PPK made strategic investments during the year which are more fully outlined in the Review of Operations section of the Directors' Report.

Despite some improvement in market conditions and performance late in the second half year, the Australian share market remained volatile during the year. While there are emerging signs of the world economy improving, the prevailing volatility of the Australian share market could continue to impact on the value attributed to these investments in subsequent reporting periods.

The economic conditions have also had an impact on the leasing of industrial properties owned by PPK to the purchaser of its packaging businesses.

The current tenant has not exercised the five (5) year lease options on two (2) PPK properties; one (1) of these located in Brisbane and the other in Sydney. The lease over each property expired on 31 August 2009 and each property is currently being actively marketed for re-lease. The combined rental income from these two (2) properties was $1.35 million per annum.

PPK is also involved in a legal dispute with the purchaser of its packaging businesses regarding its tenancy of the property located in Arndell Park in Sydney. The dispute relates to whether there exists a binding lease in respect of the property subsequent to 31 August 2009. The Arndell Park property currently generates $1.23 million in rental income per annum for PPK and the lease is due to expire on 31 August 2013. This matter is presently before the Court.

PPK's manufacturing business, Rambor, delivered an improved performance this year compared to the previous reporting period. Sales increased from $4.251 million to $4.867 million and profit before tax increased from $650,000 to $1.064 million. Rambor is expected to continue to deliver a strong contribution to the Group's consolidated result in the 2010 year.

During the reporting period, PPK had in place an on-market buy-back scheme comprising the on-market buy back of up to 10% of the prevailing issued capital of the Company (or 6,100,181 PPK shares) inclusive of shares bought back by PPK in the 12 month period preceding the announcement of the on market buy back on 19 December 2007.

The on-market buy back scheme:

- commenced on 7 January 2008; and
- concluded on 6 January 2009.

PPK acquired:

- 1,245,963 shares at a cost of $784,000 (or an average of 62.9 cents per shares) during the 2009 financial year; and
- a total of 2,995,166 shares under the scheme (inclusive of shares purchased in prior reporting periods) at a cost of $2,166,883 (or an average price of approximately 72 cents per share).

As at the date of this report, PPK has 58,006,650 ordinary shares on issue.

Colin Ryan CHAIRMAN

David Hoff MANAGING DIRECTOR

The Company paid an interim fully franked dividend of 1.5 cents per share in March 2009 and the Directors have resolved to pay a final fully franked dividend of 1.0 cent per share on 21 November 2009 bringing the total fully franked dividend for the year ended 30 June 2009 to 2.5 cents per share.

The Directors will continue to monitor the impact of current share market volatility on PPK investments. Future dividends will be assessed on the performance of PPK in these future periods.

Corporate Governance

PPK continues its adherence to the Company's established corporate governance framework consistent with the *ASX Principles of Good Corporate Governance and Best Practice Recommendations* and this year PPK reports on the revised principles and recommendations released by the ASX Corporate Governance Council in August 2007. Copies of the documents underlying this framework are publicly accessible on the Company's website at *www.ppkgroup.com.au.*

Our People

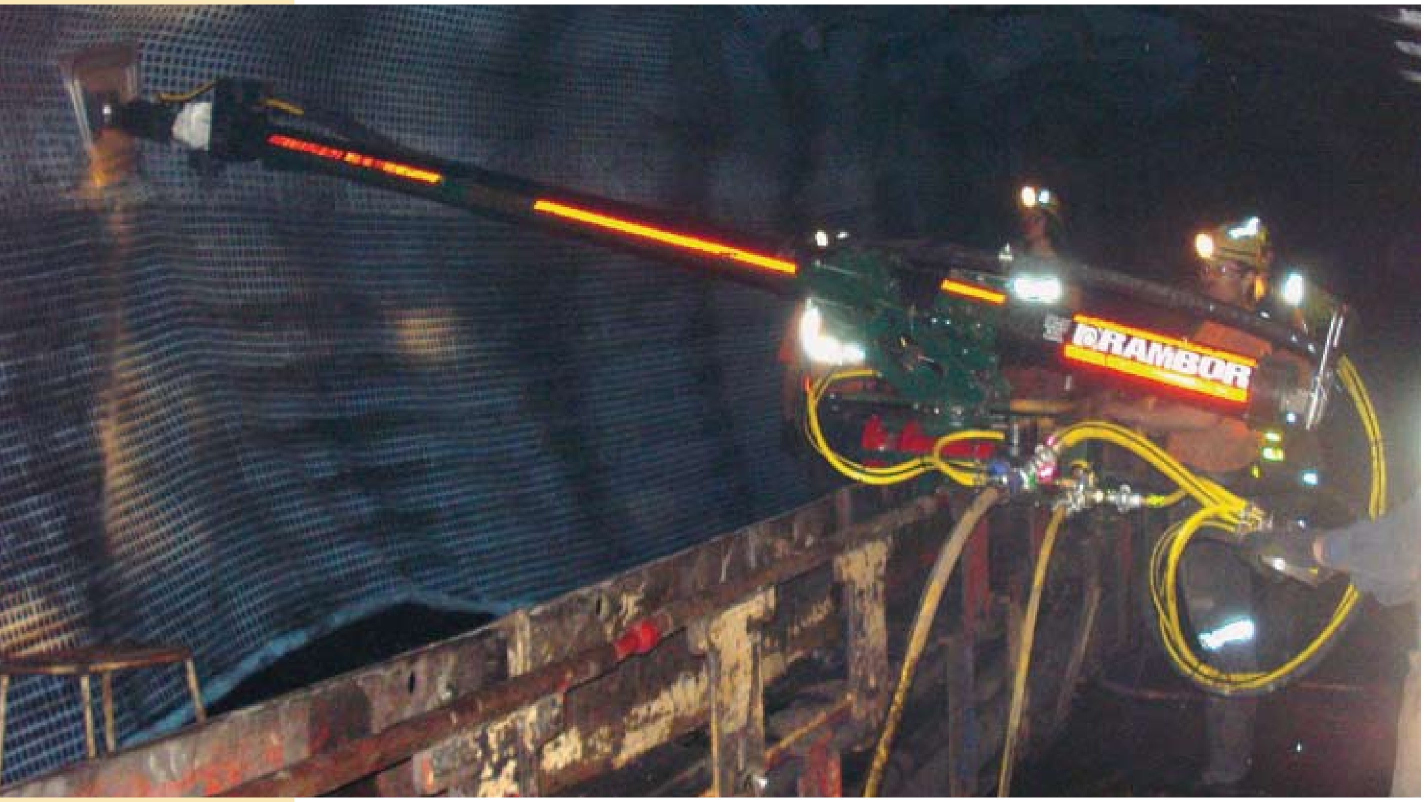
PPK's people provide the Company with the competitive advantage required to satisfy the needs of its customers, shareholders and other stakeholders.

The Board would like to record its appreciation of the on-going dedication and commitment of our employees during the year.

PPK will continue to promote the fostering of a supportive, family oriented and co-operative work place within a performance based environment where innovation, initiative and productivity are encouraged and rewarded.

Human resource policies, practices and procedures are in place which policies are designed to attract, engage and retain the highest possible calibre of employees.

Rambor AFC-LFD Rig installing Hilti one-step bolts at Springvale Colliery, Lithgow, New South Wales



Chairman and Managing Director's Overview (continued)

Commitment to Occupational, Health, Safety & Environment

During this year, the Company continued its strong commitment to the prevention of injuries and harm in the workplace with positive results achieved through the continued success of its comprehensive workplace health and safety systems and policies.

The year in review saw continuing focus and commitment to health and safety through a group wide commitment to maintaining the highest occupational health and safety standards for the benefit of its employees, contractors and visitors.

Information relating to occupational health and safety issues continues to be regularly considered by the Board which makes recommendations, where necessary, for the improvement in workplace systems and practices.

The Company also has a comprehensive employment practices manual which confirms minimum standards of behaviour of employees, contractors, directors and officers while reinforcing the importance of compliance with applicable laws and regulations including those relating to occupational health and safety obligations.

PPK is also committed to the minimisation of the consumption of resources at all of its facilities and in its manufacturing operations.

To this end, the Company has an established Environment Policy which may be found on its website at *www.ppkgroup.com.au.*

Privacy

PPK has developed a Privacy Disclosure Statement consistent with the National Privacy Principles incorporated in prevailing privacy laws dealing with the collection, use, disclosure, security, access and accuracy of information available to it during the course of its business operations. The Company has appointed a designated Privacy Officer to deal with queries regarding the application of the policy. A copy of the PPK Privacy Disclosure Statement is detailed on the Company website at *www.ppkgroup.com.au.*

Future Direction & Business Outlook

The future direction and business outlook for PPK is detailed within the Review of Operations and under the heading *Future Direction & Business Outlook*, each contained within the Directors' Report included in this year's Annual Report.

Colin Ryan
Chairman

David Hoff
Managing Director (retired)

FIVE YEAR FINANCIAL SUMMARY

Five Year Historical Performance

Consolidated		2009	2008	2007	2006	2005
Income Statement						
Sales Revenue	$000	4,867	4,251	34,112	98,408	89,572
Rental Income	$000	4,776	4,396	4,403	2,101	-
Profit Before Income Tax	$000	461	702	16,760	2,979	4,140
Net profit attributable to members of PPK Group Limited	$000	540	607	10,111	4,292	3,153
Balance Sheet						
Total assets	$000	50,184	64,144	63,473	123,693	129,602
Net debt	$000	12,087	21,069	9,184	58,235	58,895
Equity attributable to members of PPK Group Limited	$000	35,449	38,309	46,959	46,187	46,237
Total equity	$000	35,449	38,309	46,959	46,338	47,190
Share information						
Dividends on ordinary shares	$000	2,759	6,998	4,562	4,425	4,420
Dividends per ordinary share	cents	4.75	11.5	7.0	6.5	6.5
Dividend payout ratio	%	511	1,153	45.1	103.1	140.2
Number of ordinary shares issued at year end	000	58,007	59,253	61,186	68,153	68,003
Market capitalisation	$000	16,242	41,477	47,725	51,115	61,203
Ratios and statistics						
Return on equity attributable to members of PPK Group Ltd	%	1.5	1.6	21.5	9.3	6.8
Basic earnings per share	cents	0.9	1.0	15.9	6.3	4.6
Net debt/equity	%	34.1	55.0	19.6	126.0	124.8
Debt/(Equity – Intangibles)		34.9	56.3	19.9	139.9	140.3
Interest cover on continuing operations	times	3.04	2.25	42.8	5.1	2.43
Net Tangible Assets per Share	cents	59.6	63.1	75.3	61.1	63.3

DIRECTORS' REPORT

Your directors present their report on the parent entity and its subsidiaries for the financial year ended 30 June 2009.

Directors

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

Colin Francis Ryan

David Alfred Hoff
(resigned due to retirement on 7 September 2009)

Glenn Robert Molloy

Raymond Michael Beath

Jury Ivan Wowk

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Information On Directors

Details of the directors' qualifications, experience and responsibilities together with details of other directorships of other listed public companies in the preceding three (3) years are detailed below:

Colin Ryan (72)
(Securities held or controlled as at the date of this report: 500,000 shares)
B.Com., Dip Ed., CA
Chairman & Non-Executive, Independent Director
Member of the Board since November 1995 and Chairman since March 1999.
Member of the Audit Committee

Colin Ryan is an independent director of PPK Group Limited and has no business relationship with the Company or its related bodies other than his directorship. Colin manages an investment and professional consultancy business providing a variety of professional management, financial and marketing services to various businesses. This follows experience as a Chartered Accountant and extensive service as an executive and non-executive director of various public companies. Colin has a Bachelor of Commerce degree from the University of New South Wales, a Diploma of Education from Sydney University and is an Associate Member of the Institute of Chartered Accountants.

Other listed public Company directorships held in the last 3 years:
Nil

David Hoff (60)
(Securities held or controlled as at the date of this report: 156,960 shares)
C.P.A
Managing Director
Member of the Board since November 2000.
Resigned due to retirement on 7 September 2009

David Hoff joined the Company as Chief Executive Officer in 1997. He was appointed its Managing Director in November 2000 and continued in this role until his retirement in September 2009.

Prior to commencing with PPK, David had several years experience in financial accounting positions within a multinational corporation in the mining industry followed by a position as Chief Financial Officer of a publicly listed Australian real estate development Company. David has over 27 years experience in the packaging industry, in general management and managing director roles, gained with multinational corporations based in the United States of America, Europe, and with a global packaging Company in the Asia region.

David is a Non-Executive Director and Chairman of Cool or Cosy Limited (ASX: COS) and Frigrite Limited (ASX: FRR), entities in each of which PPK holds a substantial investment interest. He is currently engaged by PPK to provide consultancy services to the consolidated entity.

Other listed public Company directorships held in the last 3 years:

Cool or Cosy Limited, Non-Executive Director (Appointed: 19 September 2007) & Chairman (Appointed 30 November 2007)

Frigrite Limited, Non-Executive Director (Appointed: 23 July 2008) & Chairman (Appointed: 12 December 2008)

Directors' Report (continued)

Glenn Molloy (54)

(Securities held or controlled as at the date of this report: 10,329,098 shares)

Non-Executive Director

Member of the PPK Group Limited Board since listing on 21 December 1994.

Founder of the former entity Plaspak Pty Limited in 1979.

Appointed Executive Director on September 2009

Glenn Molloy founded the former entity Plaspak Pty Ltd in 1979 and has acted as a director of the consolidated entity since that time. He has extensive experience on public Company boards, and in advising publicly listed and private entities on commercial aspects of mergers, acquisitions and divestment activities.

Glenn was appointed to the role of Executive Director in September 2009 following the retirement and resignation of David Hoff as Managing Director.

Other listed public Company directorships held in the last 3 years:

Nil

Jury Wowk (58)

(Securities held or controlled as at the date of this report: 187,302 shares)

BA., LLB

Non-Executive, Independent Director

Member of the PPK Group Limited Board since listing on 21 December 1994.

Jury Wowk is a Partner of HWL Ebsworth Lawyers and has provided legal services to the PPK Group since the establishment of Plaspak Pty Limited in 1979.

From 1987 to 1989, Jury performed the role of Operations Manager at Plaspak Pty Ltd gaining valuable hands on practical experience in the management of the Company's operations.

Jury has a Bachelor of Arts Degree and a Bachelor of Laws Degree from the University of Sydney. He is also a Law Society of New South Wales Accredited Specialist in Business Law and an Associate Member of the Australian Institute of Company Directors.

Other listed public Company directorships held in the last 3 years:

HomeLeisure Limited, Non-Executive Director (Appointed: 29 July 2002; Ceased: 16 April 2007)

Raymond Beath (58)

(Securities held or controlled as at the date of this report: 42,821 shares)

B.Com, F.C.A

Non-Executive, Independent Director

Member of the PPK Group Limited Board since listing on 21 December 1994.

Chairman of the Audit Committee.

Raymond Beath is a Director of Holden & Bolster Avenir Pty Limited, Chartered Accountants. He has a Bachelor of Commerce (Accounting) degree from the University of New South Wales and is a Fellow of the Institute of Chartered Accountants. Raymond has advised the consolidated entity on taxation, corporate and financial management since 1984 and has been non-executive director of PPK Australia Pty Limited since 1986.

Other listed public Company directorships held in the last 3 years:

Nil

Directors' Report (continued)

Company Secretary

The Company Secretary in office at the end of the financial year was Mr Robert Nicholls.

Information On Company Secretary

Details of the qualifications and experience of the Company Secretary are detailed below:

Robert Nicholls (40)
(Securities held or controlled as at the date of this report: 27,000 shares)
MBA (Distinction), LL.B (Hons), Grad Dip Leg Prac, Grad Dip CSP, FCIS, GAICD
Group Company Secretary
Audit Committee Secretary

Robert is a practising solicitor and chartered Company secretary.

Between April 2000 to July 2008, Robert performed the role of Group General Counsel & Company Secretary providing legal and Company secretarial services for the PPK Group of Companies. In July 2008, he was appointed Managing Director of Cool or Cosy Limited, a Company in which PPK holds a substantial investment interest, and continues to provide Company secretarial services to PPK and its subsidiaries.

Prior to joining PPK in April 2000, Mr Nicholls performed roles as a solicitor in private practice and with a Commonwealth regulatory body.

Robert has a Masters of Business Administration (With Distinction) from Charles Sturt University, Bachelor of Laws (Honours) Degree from the University of Technology, Sydney, Graduate Diploma in Legal Practice and Graduate Diploma in Company Secretarial Practice. He is a Fellow of The Institute of Chartered Secretaries and Administrators and Chartered Secretaries Australia and a graduate of the Australian Institute of Company Directors.

Relevant Associated Directorships:
Cool or Cosy Limited, Non-Executive Director (1 June 2007 to 7 July 2008); Managing Director (from 8 July 2008)

Principal Activities

The principal activities of the consolidated entity during the financial year were the:

- investment in publicly listed and privately held businesses;
- property ownership and management; and
- design, manufacture and distribution of portable underground mining equipment.

There were no other significant changes in the nature of the consolidated entity's principal activities during the financial year.

Operating Results

The consolidated profit after tax of the consolidated entity for the period ended 30 June 2009 amounted to $540,000 (2008: $607,000).

Dividends paid or Recommended

Dividends paid or recommended for payment are as follows:

Final dividend in respect of the 2008 year of 3.25 cents per ordinary share paid in November 2008	**$1,888,628**
Interim dividend in respect of the reporting period of 1.5 cents per ordinary share paid in March 2009	**$870,100**
Final dividend in respect of the reporting period of 1.00 cent per share to be paid in November, 2009	**$580,067**

Review of Operations

Information on the entity's operations, financial position, business strategies and prospects for the future is detailed below and further within the Chairman and Managing Director's Overview included in the Annual Report accompanying these Financial Statements.

Property and other investments

PPK continues to maintain a portfolio of industrial properties and strategic investments in a number of ASX listed companies.

During the year, PPK's property portfolio consisted of six (6) industrial properties:

- one (1) was leased to York Precision Plastics Pty Ltd but was sold in March 2009 for $4.92 million generating a small profit on sale;
- four (4) were leased to subsidiaries of PACT Group Pty Ltd ("PACT Group"), the purchaser of the packaging business; and
- one (1) was leased on 1 July 2008, to a private manufacturing Company for a term of seven (7) years with a five (5) year option.

PACT Group has not taken up options on two (2) of the leased properties where leases expired on 31 August 2009. These properties are located in Sydney and Brisbane and are currently being marketed for re-lease. Whilst the current leasing market for large industrial properties is not strong the Board expects that these properties will be re-leased in the 2010 financial year.

PPK is involved in litigation with PACT Group over the property at Arndell Park, Sydney where PPK contends it has a valid registered lease which expires on 8 September 2013. PACT Group is disputing the validity of the registration of this lease and the matter is before the Court and likely to be determined in October 2009. The Board will keep the market informed of developments.

▼ PPK property: Hydrive Close, South Dandenong, Victoria

Directors' Report (continued)

Rambor spilling rig

PPK continues to explore opportunities to make strategic investments.

Major investment activity by PPK during the reporting period and as at the date of this report included the following:

- participation in a share placement by Cool or Cosy Limited (ASX Code: COS) which resulted in the allotment to PPK of 6.8 million shares at six (6) cents per share bringing total shareholding in COS to 12.8 million or 19.9% of the issued capital;
- disposal of 1.375 million shares in Industrea Limited (ASX Code: IDL) yielding a realised gain on sale of $130,000; and
- commitment to an Underwriting Agreement and participation in a rights issue involving Frigrite Limited (ASX Code: FRR) as part of the previously announced recapitalisation of FRR which has resulted in PPK holding approximately 32% of the issued capital of FRR.

PPK will continue to explore suitable investment opportunities which have the potential to add value for its shareholders.

Mining Equipment Manufacture

During the 2009 financial year, Rambor Pty Ltd ("Rambor"):

- continued to develop and release new products to the market;
- signed a Supply Agreement with a leading Chinese manufacturer for the supply of roof bolters and associated equipment to the coal mining industry in China and selected countries in Asia; and
- signed a new Supply Agreement for the supply of roof bolting equipment to the Russian coal mining industry.

Based on these initiatives and current orders from customers Rambor is expected to continue to deliver a strong contribution to PPK's consolidated result in future periods.

Dividends

The Board has declared a final fully franked dividend of 1.0 cent per share yielding a yearly dividend of 2.5 cents per share fully franked.

Future Direction & Business Outlook

With a portfolio of industrial properties in desirable geographical locations continuing to provide the basis for core stable earnings in the years ahead, PPK will focus on the following key areas, namely the:

1. continuation of efforts to secure tenants for its properties in Sydney and Brisbane which are now vacant due to the election by PACT Group not to exercise the option to further lease these properties;
2. resolution of the dispute involving PACT Group and the Arndell Park property in Sydney which is currently the subject of court proceedings;
3. pursuit of suitable growth opportunities, in both domestic and overseas markets, for its retained manufacturing operation Rambor, which opportunities are expected to deliver improved earnings performance from this business; and
4. identification of and investment in appropriate public and private companies in which there exists an opportunity for PPK to be actively involved in the management of these businesses utilising its core management expertise.

Financial Position

The net assets of the consolidated entity have decreased by $2,860,000 from 30 June 2008.

The main changes in the financial position have resulted from the:

- accounting treatment relating to the impairment of available for sale financial assets and derivatives;
- payment of dividends at disclosed levels;
- on-market buy-back of 1,245,963 shares at a cost of $784,000 (or an average of 62.9 cents per share) pursuant to the on-market buy back scheme in place during the reporting period the particulars of which appear below under the heading *Significant Changes in the State of Affairs.*

Significant Changes in the State of Affairs

On-Market Buy-Back Scheme

During the reporting period, PPK had in place an on-market buy-back scheme comprising the on-market buy back of up to 10% of the prevailing issued capital of the Company (or 6,100,181 PPK shares) inclusive of shares bought back by PPK in the 12 month period preceding the announcement of the on market buy back on 19 December 2007.

The on-market buy back scheme:

- commenced on 7 January 2008; and
- concluded on 6 January 2009.

PPK acquired a total of 2,995,166 shares under the scheme at a cost of $2,166,883 (or an average price of approximately 72 cents per share).

After Balance Date Events

David Hoff retired as Managing Director of PPK Group Limited and its subsidiaries on 7 September 2009. Glenn Molloy was appointed to the role of Executive Director on the same date.

The tenant of two (2) industrial properties owned by PPK has not exercised options to lease these properties. The initial lease of these properties expired on 31 August 2009. Each property is being marketed for re-lease and the Board expects these properties will be re-leased in the 2010 financial year.

PPK is also involved in litigation with the tenant of its Arndell Park property regarding the validity of the registered lease on this property. The matter is presently before the Court.

PPK has been a party to an Underwriting Agreement in respect of the issue of new shares in and by Frigrite Limited (ASX: FRR) pursuant to a rights issue. The new share offer closed on 19 August 2009. In accordance with the underwriting arrangements and PPK's rights issue entitlement, the Company has subscribed for 13,862,864 shares in FRR at a cost of $1,663,000. In addition, PPK has applied for and been issued 2,000,000 convertible notes at a face value of $1.00 per note and subject to the payment of interest at the rate of 12.5% per annum. Each note converts to 5 ordinary shares and has 5 attaching options exercisable at 20 cents per share at any time during the next 3 years.

On 26 August 2009 the new shares in FRR were issued to PPK which has increased its holding to approximately 32% of the existing issued share capital of FRR. FRR will be considered an associate of the consolidated entity from this time and, consequently, PPK will be required to recognise its share of the post acquisition profits or losses of FRR in the profit and loss account of PPK.

No other matter or circumstance has arisen since the end of the financial year which is not otherwise dealt with in this report or in the 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.

Future Developments

The likely developments in the operations of the consolidated entity and the expected results of those operations in financial years subsequent to the year ended 30 June 2009 are included in the Chairman and Managing Director's Overview detailed in the 2009 PPK Annual Report and in the Review of Operations section of this Directors' Report.

Directors' Report (continued)

Environmental Issues

PPK remains committed to:

- the effective management of environmental issues having the potential to impact on its remaining business; and
- minimising the consumption of resources utilised by its operations.

The Company has otherwise complied with all government legislation and regulations with respect to disposal of waste and other materials and has not received any notices of breach of environmental laws and/or regulations.

The Group's approach to environmental sustainability is outlined in its Environmental Policy at *www.ppkgroup.com.au.*

Proceedings on behalf of Company

No person has applied for leave of the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Remuneration Report

Remuneration Report - Audited

This report details the nature and amount of remuneration, including prescribed details under the *Corporations Regulations 2001*, of each director and other *key management personnel* for the consolidated entity and the Company and:

- *relevant group executives* of the consolidated entity; and
- *Company executives* (as each these italicised terms are defined in the *Corporations Act 2001*)

receiving the highest remuneration for the year ended 30 June 2009.

PPK is a substantial shareholder of Cool or Cosy Limited (ASX Code: COS)

Remuneration Policy

The remuneration policy of the Company has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific short-term incentives based on key performance areas affecting the consolidated entity's financial results.

The PPK Board believes the remuneration policy to be appropriate and effective in its ability to attract, retain and motivate directors and executives of the highest possible quality and standard to manage the affairs of the consolidated entity, as well as, create goal congruence between directors, executives and shareholders.

The remuneration policy, setting the terms and conditions for directors, executives and management was developed by the Board. The policy for determining the nature and amount of remuneration for board members and senior executives of the consolidated entity is detailed in the paragraphs which follow.

Remuneration of non-executive directors is determined by the Board from the maximum amount available for distribution to the non-executive directors as approved by shareholders. Currently this amount is set at $275,000 per annum in aggregate as approved by shareholders at the 2003 Annual General Meeting.

Directors' Report (continued)

In determining the appropriate level of directors' fees, data from surveys undertaken of other public companies similar in size or market section to the Company is taken into account.

The Board has recently:

- considered the existing size, nature and extent of the Company's operations; and
- resolved to reduce the fees payable to non-executive directors with effect from 1 September 2009.

Non-executive directors are remunerated by means of cash benefits. They are not entitled to participate in performance based remuneration practices unless approved by shareholders. The Company will not generally use options as a means of remuneration for non-executive directors and will continue to remunerate those directors by means of cash benefits.

PPK does not provide retirement benefits for its non-executive directors.

Executive directors do not receive director's fees.

The Board of Directors is responsible for approving remuneration policies and packages applicable to senior executives of the Company. The broad remuneration policy is to ensure that the remuneration package properly reflects the person's duties and responsibilities and that the remuneration is competitive in attracting, retaining and motivating people of the highest possible quality and standard.

A review of the compensation arrangements for executive directors and senior executives is conducted by the full Board at a duly constituted Directors' Meeting.

The Board conducts its review annually based on established criteria which includes:

- the individual's performance;
- reference to market data for broadly comparable positions or skill sets in similar organisations or industry;
- the performance of the Company or consolidated entity during the relevant period; and
- the broad remuneration policy of the consolidated entity.

▲ Rambor Trussmaster

Senior executives and executive directors may receive bonuses based on the achievement of specific goals of the consolidated entity.

An executive incentive scheme approved by shareholders is in place, which provides the board with the discretion to grant options and provide loans to Eligible Executives for the purpose of acquiring Scheme Shares.

The Board exercises its discretion under the PPK Executive Incentive Scheme in a manner consistent with the broad remuneration policy objectives of the consolidated entity. The grant of options to executives is linked to significant performance hurdles including the exercise price of the options being subject to material improvement in Company performance (measured by its share price) during a restricted exercise period.

Directors' Report (continued)

Company performance, shareholder wealth and director and executive remuneration

The remuneration Policy has been designed to achieve goal congruence between shareholders, directors and executives.

The two methods employed in achieving this aim are:

- a performance based bonus for executives based on key performance indicators (KPI's) which include a combination of short-term financial and non-financial indicators; and/or
- the issue of options to executives as a means of long-term incentive to encourage the alignment of personal and shareholder interests.

There were no options issued to executives during the year.

The Board considers that the existing remuneration arrangements regarding executives are appropriate in the Company's prevailing circumstances to achieve the desired objectives of its remuneration policy.

These policy measures are chosen as they directly align the individual's reward to the KPI's of the consolidated entity and to its strategy and performance.

The Company considers this policy is an effective means of maintaining shareholder wealth and in retaining quality employees committed to the long term objectives of the Company.

Eligible executives may be entitled to receive incentive payments of between 10% and up to 15% of their base salary during each full year of employment in which they achieve pre-determined levels of productivity, goals and targets in consultation with the Board and Managing Director.

A significant proportion of eligible bonus payments to *key management personnel*, *group executives* and *Company executives* are linked to the earnings of either the:

- consolidated entity; or
- individual Company in which the *Company executive* performs his or her primary duties and responsibilities.

Advanced Fluid Systems Pty Limited, an entity related to P.R.Mastalir, Managing Director of Rambor Pty Limited ("Rambor") and King Cobra Mining Equipment Pty Limited ("King Cobra"), is to be paid a bonus payment relating to the achievement of performance targets in respect of the Company earnings of Rambor and King Cobra for the 2009 financial year.

No other bonus payments have been made to *key management personnel* for the consolidated entity and the Company and:

- *group executives* of the consolidated entity; and
- *Company executives*

in respect of objectives relating to the earnings of the Company or consolidated entity during the year or in respect of the preceding four (4) years.

The remaining proportion of eligible bonus payments relate to non-financial performance measures which may include, for example, people, safety, strategy and risk measures having overall benefits for the consolidated entity. Details of bonuses paid to executives in respect of the attainment of predetermined non-financial performance indicators (if any) are detailed within this report.

Consequences of Company performance on shareholder wealth

The following table outlines the impact of Company performance on shareholder wealth:

	2009	2008	2007	2006	2005
Earnings per share (cents)	0.9	1.0	15.9	6.3	4.6
Full year ordinary dividends (cents) per share	2.5	6.5	7.0	6.5	6.5
Special dividend (cents) per share	-	5.0	-	-	-
Year end share price	$0.28	$0.70	$0.78	$0.75	$0.90
Shareholder return (annual)	(51.4%)	5.3%	13.2%	(8.8%)	1.8%

The above table shows the annual returns to shareholders for the year calculated to include the dividend yield for the year (based on the average share price during the period) and the change in the price at which shares in the Company are traded between the beginning and the end of the relevant financial year.

In addition, the information provided in the table and this report highlights that the payment of bonuses to executives is closely aligned to Company performance.

In respect of the 2009 financial year, for example, no bonuses have been paid or accrued to *Company executives* relating to earnings performance conditions pertaining to the current reporting period while bonuses were paid to these executives in respect of the 2007 financial year based on the positive performance of the consolidated entity in that year.

Further, the bonus payment disclosed in respect of *relevant group executive* Peter Mastalir in respect of the 2009 financial year is based on the positive performance of the individual Company in which the *relevant group executive* performs his or her primary duties and responsibilities.

Details of remuneration for the year ended 30 June 2009

Director and executive officer remuneration

Details of the nature and amount of each major element of compensation of each director, relevant group executive and Company executive who receive the highest remuneration for the year ended 30 June 2009 are included in the table below:

	Short Term Incentives			Post Employment	Long term Incentives/Benefits				
	Salary & Fees ($)	Short Term Incentive Cash Bonus ($)	Non-Cash Benefits ($)	Superannuation ($)	Long Service Leave	Post Employment Benefits ($)	Share Based Payments ($)	Total ($)	Proportion of Remuneration Performance Related %
Directors									
Non –Executive									
C F Ryan	72,000	-	-	-	-	-	-	72,000	-
G R Molloy	48,000	-	-	-	-	-	-	48,000	-
R M Beath	48,000	-	-	-	-	-	-	48,000	-
J I Wowk	48,000	-	-	-	-	-	-	48,000	-
Executive									
D A Hoff	223,745	-	57,787	85,000	8,687	31,000	-	406,219	-
Total Directors								622,219	
Company Executive									
R J Nicholls	30,000	-	-	-	-	-	-	30,000	-
Total Company Executive								30,000	
Relevant Group Executive									
P R Mastalir	135,200	106,589	81,432	11,700	2,643	-	-	337,564	31.6%
Total Relevant Group Executive								337,564	

Directors' Report (continued)

PPK is a substantial Shareholder in Frigrite Limited (ASX Code: FRR)

The named Company executive and relevant group executive held the following positions during the period:

Company Executive	Position
R J Nicholls	Company Secretary
Relevant Group Executive	**Position**
P R Mastalir	Managing Director, Rambor Pty Ltd

There are no other Company or relevant group executives.

The names and positions held by *Key Management Personnel* (as defined by the *Corporations Act 2001* and Australian Accounting Standards) of the consolidated entity during the year are as follows:

Key Management Personnel	Position
C F Ryan	Non-Executive Director Chairman
D A Hoff	Managing Director
G R Molloy	Non-Executive Director
J I Wowk	Non-Executive Director
R M Beath	Non-Executive Director

R J Nicholls (formerly General Counsel & Company Secretary) ceased to be included as key management personnel for the consolidated entity on 1 July 2009.

Directors' Report (continued)

2008	Short Term Incentives			Post Employment	Long term Incentives/Benefits				
	Salary & Fees ($)	Short Term Incentive Cash Bonus ($)	Non-Cash Benefits ($)	Superannuation ($)	Long Service Leave	Termination Benefits ($)	Share Based payments ($)	Total ($)	Proportion Remuneration Performance Related %
Directors									
Non –Executive									
C F Ryan	72,000	-	-	-	-	-	-	72,000	-
G R Molloy	48,000	-	-	-	-	-	-	48,000	-
R M Beath	48,000	-	-	-	-	-	-	48,000	-
J I Wowk	48,000	-	-	-	-	-	-	48,000	-
Executive									
D A Hoff	198,309	25,000	69,786	85,128	4,664	84,000	-	466,887	5.4%
Total Directors								682,887	
Company Executives									
R J Nicholls	151,395	-	11,327	13,129	3,045	-	-	178,896	-
F J Hardiman*	105,030	-	9,167	3,465	641	-	-	118,303	-
Total Company Executives								297,199	
Relevant Group Executive									
P R Mastalir	208,299	-	-	11,700	3,747	-	-	223,746	-
Total Relevant Group Executive								223,746	

* Remuneration information for this Company Executive relates to the 3 month period ended 30 September 2007 after which the nominated employee ceased to be a Company Executive.

The named Company executives and relevant group executive held the following positions during the period:

Company Executive	Position
R J Nicholls	Group General Counsel & Company Secretary
F J Hardiman	Chief Financial Officer (to September 2007
Relevant Group Executive	**Position**
P R Mastalir	Managing Director, Rambor Pty Ltd

There are no other company or relevant group executives.

The names and positions held by *Key Management Personnel* (as defined by the *Corporations Act 2001* and Australian Accounting Standards) of the consolidated entity during the year are as follows:

Key Management Personnel	Position
C F Ryan	Non-Executive Director Chairman
D A Hoff	Managing Director
G R Molloy	Non-Executive Director
J I Wowk	Non-Executive Director
R M Beath	Non-Executive Director
R J Nicholls	Group General Counsel & Company Secretary
F J Hardiman	Chief Financial Officer (to September 2007)

Directors' Report (continued)

Performance income as a proportion of total remuneration

Performance based bonuses are based on proportions of salary and not on set monetary figures. This may result in the proportion of remuneration related to performance varying between individuals. The Board has set these bonuses to encourage achievement of specific goals that have been given a high level of importance in relation to growth and profitability of the consolidated entity.

Analysis of bonuses included in remuneration

The vesting profile of the short-term incentive cash bonus awarded as compensation to each director, Company executive and relevant group executive and which may have vested at the date of this report are detailed below:

The maximum potential value of the short term incentive is dependent upon the attainment of specified threshold earnings targets and the maximum potential value is dependant upon actual earnings achieved.

No bonuses were paid to *Company executives* in respect of the current period.

The performance conditions relating to D Hoff comprised designated earnings per share (EPS) targets for the consolidated entity. These targets were not achieved during the 2009 financial year and, therefore, the bonus was forfeited.

The Company's Secretary, Mr Nicholls:

- is engaged in a non-executive, consultative capacity; and
- is not remunerated by means of specified performance conditions and targets.

	Short term incentive cash bonus			
	Included in Remuneration ($)	**Vested in period (%)**	**Forfeited in period (A) (%)**	**Available for vesting in future years (C)**
Director D A Hoff	-	-	100%	-
Relevant Group Executive P R Mastalir	106,589(B)	100%	-	-

(A) The amounts forfeited are due to the performance of service criteria not being met in relation to the current financial reporting period.

(B) This amount vested in the 2009 financial year and will be paid to the executive on 15 October 2009 based on the achievement by the executive of pre-determined personal goals and satisfaction of performance criteria in respect of the 2009 financial year.

(C) This relates to the amount of short term bonus which may have accrued from the 2009 financial year and be payable in future financial years.

Analysis of prospective bonus payments for future years

The vesting profile of the short-term incentive cash bonus which may otherwise be payable in future financial years if the executive meets pre-determined service and performance criteria awarded as compensation to each director, Company executive and relevant group executive are detailed below:

		Short term incentive cash bonus	
		Value yet to vest or which may vest	
	Financial years in which bonus vests or may vest	Minimum	Maximum
Relevant Group Executive P R Mastalir	2010	0	(A)

(A) The maximum potential value of the short term incentive cash bonus for future financial years cannot be determined for this executive as vesting is dependent upon the attainment of specified threshold earnings targets and the maximum potential value is dependant upon actual earnings achieved.

The performance conditions included in the determination of the prospective bonus which may vest in future financial years and be payable to P R Mastalir includes specified Earnings Before Interest & Tax (EBIT) targets for Rambor Pty Limited.

These performance conditions were selected because each seeks to align the potential payment of bonuses to the creation of shareholder value and growth of the Company's operations. Achievement of these performance conditions are assessed by means of specifically defined targets and definitions of the key requirements detailed within the relevant service and consultancy agreements with the respective personnel. The main reason for applying these methods of assessment is that they are based on readily accepted measurements of shareholder value creation and Company earnings growth.

Options issued as part of remuneration for the year ended 30 June 2009

Options may be issued to executives as part of their remuneration. The options are issued to encourage goal alignment between executives, directors and shareholders.

No options were issued to, or exercised by, directors or specified executives during the year.

Employment Contracts

The Company's Managing Director, David Hoff, retired on 7 September 2009.

The remuneration and other terms of Mr Hoff's employment during the year were based on a previously executed written Service Agreement.

The key provisions of the Service Agreement were as follows:

- Term of agreement - 4 years commencing 1 July 2004.
- Base salary inclusive of superannuation to be reviewed annually by the Board of Directors.
- Provision of a fully maintained motor vehicle.
- Payment of a post employment benefit equal to 12 months of the current base salary and benefits in the event that either party does not renew the Service Agreement on expiry of the 4 year term.
- Payment of a termination benefit on early termination by the employer, other than in specified circumstances based on misconduct or non-performance, equal to the current base salary and benefits for 12 months or the remaining term of the agreement whichever is the greater.
- A notice period of 6 months in respect of early termination of the agreement.
- The payment of a performance related cash bonus based on the consolidated entity achieving specified earnings per share targets.

Glenn Molloy was appointed an Executive Director on 7 September 2009.

Directors' Report (continued)

The remuneration and other terms of Mr Molloy's employment have been approved by the Board and include payment in the amount of $3,500 per day worked for PPK plus reasonable out of pocket expenses and the provision of a mobile phone and laptop for business use.

Robert Nicholls and Prestige Corporate Services Pty Ltd, an entity related to Mr Nicholls, provide Company secretarial consultancy services to the consolidated entity pursuant to the terms of a Consultancy Agreement.

The key provisions of the Consultancy Agreement are as follows:

- Term of Agreement – initial period of 4 years commencing 8 July 2008 with an option to the Company to extend the agreement for a further 2 years at the end of the initial period;
- Base Consultancy Fee on commencement to be reviewed annually by the Board of Directors;
- Payment of a termination benefit on early termination by the employer, other than in specified circumstances based on misconduct or non-performance, equal to the prevailing remuneration amount for a 12 month period;
- A notice period of 6 months in respect of early termination of the agreement for non-performance or generally at the election of Mr Nicholls; and
- Immediate termination by the Company for specified misconduct.

A performance review was undertaken in August 2009 regarding the performance of Mr Nicholls and his related entity in respect of the year ended 30 June 2009.

P.R.Mastalir and Advanced Fluid Systems Pty Limited, an entity related to Mr Mastalir, provide consultancy services to Rambor Pty Limited ("Rambor") and King Cobra Mining Equipment Pty Limited ("King Cobra") pursuant to the terms of a Consultancy Agreement.

The key provisions of the Consultancy Agreement are as follows:

- Term of agreement - 5 years commencing 1 July 2007.
- Base Consultancy Fee upon commencement to be reviewed annually by the Board of Directors.
- Restraints on competition for specified time periods in certain geographical areas in respect of defined services and activities in the event of termination.
- Early termination provisions on the occurrence of specified events such as, for example, insolvency or the failure or inability to perform the contracted service.
- A notice period of 6 months in respect of early termination of the agreement.
- The payment of a performance related cash bonus based on Rambor and/or King Cobra achieving specified earnings before interest and taxation (EBIT) targets.

A performance review was undertaken in August 2009 regarding the performance of Mr Mastalir and his related entity in respect of the year ended 30 June 2009.

There are no formalised written contracts in place with any other specified executives.

Any termination payment entitlements would be as determined by general employment law.

End of Audited Remuneration Report

Options

There were no options outstanding as at the date of this report.

Directors' interests

Particulars of Directors' interests in shares as at the date of this report are as follows:

	Ordinary Shares	Options
Colin Francis Ryan	500,000	-
David Alfred Hoff (retired)	156,960	-
Glenn Robert Molloy	10,329,098	-
Jury Ivan Wowk	187,302	-
Raymond Michael Beath	42,821	-

Meetings of Directors

During the financial year, meetings of directors (including committee meetings) were held.

Attendances were:

	DIRECTORS' MEETINGS		COMMITTEE MEETINGS	
	Number Eligible to attend	Number Attended	Number Eligible to attend	Number Attended
Colin Francis Ryan	11	10	2	2
Glenn Robert Molloy	11	11	-	-
Jury Ivan Wowk	11	11	-	-
Raymond Michael Beath	11	10	2	2
David Alfred Hoff	11	11	-	2

Risk & Control Compliance Statement

Under ASX Listing Rules and the ASX Corporate Government Council's Principles of Good Corporate Governance and Best Practice Recommendations ("Recommendations"), the Company is required to disclose in its Annual Report the extent of its compliance with the Recommendations.

Throughout the reporting period, and as at the date of signing of this Directors' Report, the Company was in compliance with a majority of the Recommendations in all material respects as more fully detailed in the Statement of Corporate Governance Practices on pages 23 to 35 of the PPK 2009 Annual Report.

In accordance with the Recommendations, the Board has:

- received and considered reports from management regarding the effectiveness of the Company's management of its material business risks; and
- received assurance from the chief executive officer and the chief financial officer equivalent regarding the consolidated financial statements and the effective operation of risk management systems and internal controls in relation to financial reporting risks.

Material associates and joints ventures, which the Company does not control, are not dealt with for the purposes of this statement.

Audit Committee

The consolidated entity has an Audit Committee.

Details of the composition, role and Terms of Reference of the PPK Audit Committee are contained in the Statement of Corporate Governance Practices acCompanying this Report and are available on the Company's website at *www.ppkgroup.com.au*

The PPK Audit Committee currently comprises the following Non-Executive, Independent Directors:

R M Beath (Chairman)
C F Ryan

The Company's lead signing and review External Audit Partner and Managing Director attend meetings of the Audit Committee by standing invitation.

Directors' Report (continued)

Directors' and Auditor's Indemnification

During or since the end of the financial year the Company has given an indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums as detailed below.

The Company has paid premiums to insure all directors of the parent entity and officers of the consolidated entity against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium was $19,326.

Directors' Benefits

Since 30 June 2008, no director has received or become entitled to receive a benefit because of a contract made by the consolidated entity, or a related body corporate with a director, a firm of which a director is a member or an entity in which a director has a substantial financial interest except for:

- Mr Raymond Beath is a director of Holden & Bolster Avenir Pty Ltd which entity has provided tax and accounting services to the consolidated entity in the ordinary course of business.
- Mr Jury Wowk is a partner in HWL Ebsworth Lawyers which firm has provided legal services to the consolidated entity in the ordinary course of business.

This statement excludes a benefit included in the aggregate amount of remuneration received or due and receivable by directors and shown in the Company's accounts, or the fixed salary of a full-time employee of the parent entity, controlled entity, or related body corporate.

Non-Audit Services

There were no non-audit services performed by the external auditors, BDO Kendalls Audit & Assurance (NSW-VIC) Pty Ltd, during the year ended 30 June 2009.

Audit Independence

The lead auditor has provided the Auditor's Independence Declaration under section 307C of the *Corporations Act 2001* (Cth) for the year ended 30 June 2009 and a copy of this declaration is set out on page 92 and forms part of the Directors' Report.

Rounding of Accounts

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.

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

Colin Francis Ryan
Chairman
Sydney, 29 September 2009

PPK Group Limited ("PPK" or "the Company")

Approach to corporate governance and responsibility

The PPK Board of Directors is committed to the principles underpinning good corporate governance, applied in a manner which is most suited to PPK, and to best addressing the directors' accountability to shareholders and other stakeholders. This is supported by an overriding organisation-wide commitment to the highest standards of legislative compliance and financial and ethical behaviour.

The Company continues to address directors' accountability to stakeholders in a manner consistent with the Company's individual circumstances enhanced through the introduction of publicly available policies and procedures which are designed to foster a culture of transparency in the way PPK is directed and managed.

As a measure of its stated commitment to good corporate governance principles, the Board will continue to:

- review and continually improve its governance practices; and,
- monitor developments in good corporate governance.

Report on compliance with the ASX Best Practice Recommendations

Currently, the ASX Listing Rules require listed companies to include in their Annual Report a statement disclosing the extent to which they have followed the ASX Best Practice Recommendations ("Recommendations") in the reporting period.

Listed companies must identify the recommendations that have not been followed and provide reasons for the Company's decision. Where a recommendation has been followed for only part of the period the Company must state the period during which it had been followed.

As detailed within this Statement of Corporate Governance Practices, PPK considers its governance practices comply with:

- each of the ASX Corporate Governance Principles ("Principles"); and
- the Recommendations, except for those detailed, and for the reasons outlined, in this Report.

For the reasons expressed within this Statement, PPK has elected not to adopt Recommendations 2.4, 4.2 and 8.1.

PPK has posted copies of its relevant corporate governance policies and practices to its website consistent with the Recommendations.

PPK's Statement of Corporate Governance Practices and copies of its policies are available in the designated corporate governance area of its website at *www.ppkgroup.com.au.*

Date of this Statement

This statement outlines the:

- Principles and Recommendations identified by the ASX as underlying good corporate governance; and
- main corporate governance practices of PPK during the year to 30 June 2009, except where stated otherwise.

PRINCIPLE 1: Lay solid foundations for management and oversight

Companies should establish and disclose the respective roles and responsibilities of board and management.

Recommendation 1.1: Formalise and disclose the functions reserved to the board and those delegated to senior executives and disclose those functions.

Recommendation 1.2: Disclose the process for evaluating the performance of senior executives.

Recommendation 1.3: Provide the information indicated in the Guide to reporting on Principle 1.

Formalisation of board and management functions.

The Board has formalised its roles and responsibilities into a Charter. The Board Charter clearly defines the matters that are reserved for the Board and those that the Board has delegated to management.

Statement of Corporate Governance Practices - 2009 (continued)

In summary, the responsibilities of the PPK Board include:

- oversight of the Company, including its control and accountability systems;
- setting the Company's major goals including the strategies and financial objectives to be implemented by management;
- appointing, removing and controlling the Managing Director;
- ratifying the appointment and, where appropriate, the removal of the chief financial officer and/or Company secretary;
- input into and final approval of management's development of corporate strategy and performance objectives;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- monitoring senior management's performance and implementation of strategy, and ensuring that appropriate resources are available;
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- approving and monitoring financial and other reporting; and
- corporate governance.

The Board has delegated responsibility to the Managing Director for:

- developing and implementing corporate strategies and making recommendations on significant corporate strategic initiatives;
- maintaining an effective risk management framework and keeping the Board and market fully informed about material risks;
- developing PPK's annual budget, recommending it to the Board for approval and managing day-to-day operations within the budget;
- managing day-to-day operations in accordance with standards for social and ethical practices which have been set by the Board;
- making recommendations for the appointment of key management personnel, determining terms of appointment, evaluating performance, and developing and maintaining succession plans for key management roles; and
- approval of capital expenditure and business transactions within predetermined limits set by the Board.

Senior executive performance evaluation

The Board is responsible for approving the performance objectives and measures for the chief executive officer and assessing whether these objectives have been satisfied by the performance of the chief executive officer during the relevant period and in accordance with agreed terms of engagement.

The chief executive officer is responsible for approving the performance objectives and measures of other senior executives in consultation with the Board. The Board provides input into the evaluation of performance by senior executives against the established performance objectives.

The performance of senior executives is monitored by means of scrutiny by the Board of regular monthly reports provided by management regarding the group financial performance and forecasted results, presentations and operational reports, and the achievement of predetermined performance objectives.

Evaluations of the performance of senior executives for the 2009 financial year were conducted in August 2009. These evaluations were undertaken in accordance with the process outlined in this Statement.

Board Charter

The roles and responsibilities of the Board and management are detailed in the Board Charter which is available within the designated corporate governance area of the Company website at *www.ppkgroup.com.au*.

PRINCIPLE 2: Structure the board to add value.

Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

Recommendation 2.1: A majority of the board should be independent directors.

Recommendation 2.2: The chair should be an independent director.

Recommendation 2.3: The roles of chair and chief executive officer should not be exercised by the same individual.

Recommendation 2.4: The board should establish a nomination committee.

Recommendation 2.5: Disclose the process for evaluating the performance of the board, its committees and individual directors

Recommendation 2.6: Provide the information included in the Guide to reporting on Principle 2

Independence

A PPK director will be considered independent where he or she is:

- independent of management, that is, a non-executive director; and,
- free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of his or her unfettered and independent judgement.

Materiality is assessed on a case by case basis by reference to the director's individual circumstances rather than general materiality thresholds.

The PPK Board has made its own assessment to determine the independence of each director on the Board. It is the Board's view that three (3) of the non-executive directors are independent, namely: Mr C F Ryan, Mr J I Wowk and Mr R M Beath.

The remaining non-executive director, Mr G R Molloy, is not considered independent due to a substantial shareholding in the Company by or associated with this director.

In view of the size of the Company and the nature of its activities, the Board considers that the current mix of skills, qualifications and experience on the Board is consistent with the long-term interests of the Company. The Board will continue to monitor the requirement for independent directors in the context of the Company's communicated long term objectives.

The Board has established criteria for assessing independence of its directors and these can be found in the corporate governance section of the PPK website at www.ppkgroup.com.au.

Composition of the Board

During the reporting period, the PPK Board comprised four (4) non-executive directors and one (1) executive director.

The composition of the Board is set based on the following factors:

- the Company's Constitution provides for the number of directors to be not less than three (3) and not more than ten (10) as determined by the directors from time to time;
- the Board has adopted a policy that the position of Chairman will continue to be held by a non-executive director;
- consistent with the Company's objective that the Board should encompass a broad range of relevant expertise, the present Board consists of directors with a collective of diverse skills, qualifications and experience as more fully detailed in the Company's Annual Report and on its website at *www.ppkgroup.com.au.*

On 7 September 2009:

- Mr D A Hoff resigned as a director; and
- Mr G R Molloy commenced as an executive director, of the Company.

Statement of Corporate Governance Practices - 2009 (continued)

PPK's Constitution is available in the corporate governance area of its website at *www.ppkgroup.com.au*.

There is no shareholding requirement imposed upon directors under the Company's Constitution, however, all of the directors of PPK do hold shares in the Company.

Details of all holdings by directors in the Company is detailed within the Directors' Report.

Chairman

The Chairman is selected by the Board from the non-executive directors.

The current chairman, Mr C R Ryan, is a non-executive director appointed by the Board. Mr Ryan has been a director of PPK since November 1995 and Chairman since March 1999. He is considered an independent director.

Separation of roles of Chair and CEO

During the 2009 financial year, PPK's Chairman and Managing Director held separate roles. The roles and responsibilities of the Chairman and the Managing Director during this period are set out in the Board Charter which is available within the designated corporate governance area of the Company website at *www.ppkgroup.com.au*.

Establishment of nomination committee

PPK has elected not to adopt Recommendation 2.4 because it considers that its existing selection and appointment practices, detailed within this Statement, are an efficient means of meeting the needs of the Company, particularly having regard to the fact that PPK is a relatively small publicly listed Company by comparison to other listed entities which is reflected by the size of its operations, board structure and composition.

During the reporting period, the PPK Board consisted of only five (5) members. It is considered that further division of the Board for the purposes of establishing a formal committee structure would not achieve enhanced efficiency or enable the Board to add greater value to this process.

The small size of the PPK Board, and the nature of its business, means that PPK has the present capacity to consider director competencies, selection and nomination practices in the context of duly constituted meetings of the Board and as a part of its self-evaluation processes.

Board performance evaluation

The Board has adopted an on-going, self-evaluation process to measure its own performance and the performance of its committee during the reporting period.

The Chairman meets periodically with individual directors to discuss the performance of the Board and the director. In addition, an evaluation is undertaken by the Chairman of the contribution of directors retiring by rotation prior to the Board endorsing their candidature.

The review process involves consideration of all of the Board's key areas of responsibility and accountability and is based on an amalgamation of factors including capability, skill levels, understanding of industry complexities, risks and challenges, and value adding contribution to the overall management of the business.

A performance evaluation for the Board, its committee and directors took place during the reporting period in accordance with the process detailed within this Statement.

The outcomes of the self-assessment program are used to enhance the effectiveness of individual directors and the Board collectively.

Enhanced effectiveness of the Board and management is also addressed through:

Board Meetings

The frequency of Board meetings and director's attendance at those meetings is detailed within the Directors' Report. Directors are expected to prepare for meetings in a manner which will enable them to attend and participate at the meeting.

Directors are also required to make on-site visits and attend workshops as required.

Statement of Corporate Governance Practices - 2009 (continued)

Induction Program

Procedures for induction of new directors are in place to allow new directors to participate fully and actively in board decision making at the earliest opportunity.

All directors are offered an induction program appropriate to their experience upon appointment so as to familiarise them with matters relating to the business, strategy and any current issues under consideration by the Board. This program consists of written background material on the Company, its products, services and operations; scheduled meetings with the Chairman, Managing Director and key senior management executives of the Company.

There were no new directors appointed during the year.

Director education

The Board encourages directors to continue their education by participating in applicable workshops and seminars, attending relevant site visits and undertaking relevant external education.

The Company Secretary provides directors with on-going guidance on matters such as corporate governance, the Company's constitution and the law.

Board papers & agendas

Board agendas are structured throughout the year in order to ensure that each of the significant responsibilities of the Board is addressed.

Directors receive board packs prior to each meeting which detail financial, operational and strategy reports from senior management who are available to discuss reports with the Board.

Access to information

All directors have access to Company records and information, and receive regular detailed financial and operational reports from senior management.

The Company Secretary is available to all Directors and may be consulted regarding on-going issues of corporate governance, the PPK Constitution and the law. In addition, the Chairman and other independent non-executive directors regularly consult with the Managing Director and Group Accountant, and may confer and request additional information from any PPK employee. Management are available to discuss reports, and any issue arising, with the Board as required.

The Board collectively, each Board Committee and each individual Director has the right, following appropriate consultation, to seek independent professional advice at PPK's expense to help them carry out their responsibilities.

A copy of the process for performance evaluation of the board, its committees and individual directors, and key executives is available in the designated area for corporate governance on the Company website at *www.ppkgroup.com.au.*

Term of office, skills, experience and expertise of each director

The qualifications, experience and expertise of the directors, and the respective terms in the office held by individual directors, are set out in the Directors' Report on pages 5 and 6 of the PPK 2009 Annual Report.

Independent professional advice

PPK has in place a procedure whereby, after appropriate consultation, directors are entitled to seek independent professional advice, at the expense of PPK, to assist them to carry out their duties as directors. The policy of PPK provides that any such advice is made available to all directors.

Procedure for selection and appointment of new directors

The process for appointing a director within PPK is that, when a vacancy exists, the Board identifies candidates with the appropriate expertise and experience, using external consultants as appropriate. The most suitable candidate is appointed but must stand for election at the next annual general meeting following the appointment.

Consistent with the current law there is no retirement age for directors fixed by the *Corporations Act 2001 (Cth)* or ASX Listing Rules, although a person of or over the age of seventy-two (72)

Statement of Corporate Governance Practices - 2009 (continued)

years of age may not be appointed, or re-appointed as a director except pursuant to a resolution of the Company in accordance with the Company's Constitution.

The process for re-election of a director is in accordance with the Company's Constitution, which requires that each year, at least one-third of the non-executive directors retire from office at the Annual General Meeting. The retiring directors may be eligible for re-election.

PRINCIPLE 3: Promote ethical and responsible decision-making.

Companies should actively promote ethical and responsible decision-making.

Recommendation 3.1:

Establish a code of conduct and disclose the code or a summary of the code as to the:

- *practices necessary to maintain confidence in the Company's integrity;*
- *practices necessary to take into account their legal obligations and the reasonable expectations of shareholders; and*
- *responsibility and accountability of individuals for reporting and investigating reports of unethical practices.*

Recommendation 3.2: Establish a policy concerning trading in Company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.

Recommendation 3.3: Provide the information indicated in Guide to reporting on Principle 3.

Code of Conduct

PPK is committed to the operation of its business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of the Company and the industry in which it operates.

The Board has approved a *Code of Conduct and Ethics* which applies to all directors, executives, management and employees without exception. In addition, the conduct of directors and executives is also governed by *Code of Conduct for Directors and Executives.*

Each Code of Conduct is designed to ensure that:

- high standards of corporate and individual behaviour are observed by all PPK directors and executives in the context of their respective roles and the performance of their duties with PPK;
- directors and executives are aware of their responsibilities to PPK under the terms of their appointment or contract of employment; and
- all of the stakeholders of the Company can be guided by the stated values and policies of PPK.

In summary, the Codes provide that directors and senior executives must:

- act honestly, in good faith and in the best interests of the Company;
- use due care, skill and diligence in the fulfilling their duties;
- use the powers of their position for a proper purpose, in the interests of the Company;
- not make improper use of information acquired their position;
- not allow personal interests, or those of associates, conflict with the interests of the Company;
- exercise independent judgement and actions;
- maintain the confidentiality of Company information acquired by virtue of their position;
- not engage in conduct likely to bring discredit to the Company; and
- comply at all times with both the spirit and the letter of the law, as well as, policies of the Company.

Directors of the Company may act in a professional capacity for the Company or its controlled entities, other than as auditor of the Company. These arrangements are subject to the restrictions of the *Corporations* Act *2001 (Cth)*.

Disclosure of related party transactions is set out in Note 29 to the Financial Statements.

Under the Constitution of the Company, and the *Corporations Act 2001 (Cth)*, where the possibility of a conflict of interest exists and involves a director, directly or indirectly, the director must declare the fact, nature, character and extent of the conflict at the first meeting of directors held after the relevant facts come to the director's knowledge.

The director concerned does not receive copies of the relevant Board papers, if any, and withdraws from the Board meeting while such matters are considered by the remainder of the Board. Accordingly, the interested director takes no part in discussions nor exercises any influence over other members of the Board if a potential conflict of interest exists.

In addition, PPK has developed a series of policies designed to promote ethical and responsible decision making by directors, executives, employees and contractors of the Company, including:

- Trading Policy;
- Market Disclosure Policy;
- Privacy Policy;
- Occupational Health & Safety Policy;
- Code of Conduct and Ethics (General); and
- Code of Conduct for Directors' & Executives.

Employees are actively encouraged to report activities or behaviour to senior management, the Company Secretary or the Board, which are a breach of the Code of Conduct and Ethics, other PPK policies or regulatory requirements or laws.

The Company will investigate any concerns raised in a manner that is fair, objective and affords natural justice to all people involved. The Company is committed to making necessary changes to its processes and taking appropriate action in relation to employees found to have behaved contrary to legal and Company standard requirements.

Trading Policy

Directors, senior executives and employees are subject to the *Corporations Act 2001 (Cth)* relative to restrictions applying for, acquiring and disposing of securities in, or other relevant products of, the Company (or procuring another person to do so), if they are in possession of inside information.

Inside information is that information which is not generally available, and which if generally available, a reasonable person would expect it to have a material effect on the price or value of the securities in the Company.

Under the PPK *Trading Policy,* directors, senior executives and employees of the Company are restricted from trading in the Company's securities during the period of one (1) month preceding the making of an announcement to the market by the Company relating to the:

- Company's Annual results;
- Company's Half Year results; and
- Chairman's Address.

The Company notifies the ASX of any change in a director's interests in securities, and in contracts relevant to securities, as required by the ASX Listing Rules.

Policy Disclosure

Copies of the PPK *Code of Conduct & Ethics, Code of Conduct for Directors and Executives* and *Trading Policy* are available at *www.ppkgroup.com.au.*

Statement of Corporate Governance Practices - 2009 (continued)

PRINCIPLE 4: Safeguard integrity of financial reporting.

Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.

Recommendation 4.1: The Board should establish an audit committee.

Recommendation 4.2: Structure the audit committee so that it:

- *consists of only non-executive directors;*
- *consists of a majority of independent directors;*
- *is chaired by an independent chair, who is not chair of the board;*
- *has at least three (3) members.*

Recommendation 4.3: The audit committee should have a formal charter.

Recommendation 4.4: Provide the information indicated in Guide to reporting on Principle 4.

Establishment of Audit Committee

The PPK Board established the Audit Committee in 1994 which continues to provide assistance to the Board in accordance with its established Terms of Reference.

Audit Committee structure

PPK does not comply with Recommendation 4.2 regarding the desired number of members of the audit committee.

PPK is not presently required to comply with the requirement for at least three (3) members on its Audit Committee under the current ASX Listing Rules.

The Company, therefore, otherwise complies with Recommendation 4.2.

The current PPK Audit Committee comprises only two (2) non-executive directors and is chaired by Mr R M Beath who is not chairman of the Board.

The Board considers that the technical skills, qualifications and experience represented by the involvement of members Mr R M Beath and Mr C R Ryan are most suited to the effective discharge of the responsibilities of the committee.

PPK does not consider that any further value will be added by the inclusion of another member for the sake of satisfying this requirement, particularly given the small size and diversity of the PPK Board.

The Board will, however, continue to monitor the requirements of this recommendation in the context of the Company's prevailing position and circumstances.

Audit Committee – Terms of Reference

The PPK Audit Committee role and responsibilities, composition, structure and membership requirements are detailed in a formalised charter comprising the Audit Committee – Terms of Reference.

The principal functions of the PPK Audit Committee as detailed within the Terms of Reference are to:

- review of the annual and half yearly financial reporting carried out by PPK;
- review of the accounting policies of PPK;
- review the scope and audit programmes of the internal and external auditors and any material issues arising from these audits;
- oversee the independence of external auditors and determining procedures for the rotation of audit partners; and
- report to the Board on the effectiveness of PPK's systems of accounting and internal controls.

Reflecting the relative small size of the Company, the full Board remain responsible for:

- the sufficiency of, and compliance with, ethical guidelines and Company policies affecting corporate governance, financial reporting and corporate control together with compliance with laws and external regulations;

- identification of the full range of actual or potential risk exposures which are material to PPK; and
- the effectiveness of the group's risk management systems and strategies.

Meetings

The audit committee prepares and maintains a register of minutes of its meetings and these are included in the Board papers for the next full Board meeting after each audit committee meeting.

Reporting

The Chair of the Audit Committee reports to the Board as and when required on matters relevant to the committee's role and responsibilities.

Engagement & rotation of external auditor

The Audit Committee is responsible for nominating the external auditor to the Board for re-appointment. If the Audit Committee recommends a change in external auditor to the Board, the Board's nomination of external auditor requires the approval of shareholders. The Audit Committee recommends to the Board the compensation of the external auditor.

The Audit Committee meets with the external auditor throughout the year to review the adequacy of the existing external audit arrangements with particular emphasis on the scope, quality and independence of the audit.

It has been determined by the Audit Committee that the external auditor will not provide services to the Company where the auditor would:

- have a mutual or conflicting interest with the Company;
- be in a position where they audit their own work;
- function as management of the Company; or
- have their independence impaired or perceived to be impaired in any way.

Specifically, the external auditor will not normally provide the following types of services to the Company:

- bookkeeping or other services relating to the accounting records or financial statements of the Group;
- financial information or information technology systems design and implementation;
- appraisal and valuation services, fairness opinions or contributions-in-kind reports;
- actuarial services;
- internal audit outsourcing services;
- management functions, including temporary staff assignments or human resource services, including recruitment of senior management;
- broker or dealer services, investment advisor, corporate finance or investment banking services; and
- legal and litigation support services.

Procedures are in place governing approval of any non-audit work before the commencement of any engagement.

BDO Kendalls were appointed independent external auditors of PPK on listing of the former entity Plaspak Group Limited in 1994. In 2008, BDO Kendalls resigned as auditor and were replaced by BDO Kendalls Audit & Assurance (NSW-VIC) Pty Ltd ("BDO Kendalls Audit & Assurance") following receipt of consent from ASIC and shareholder approval at the Company's 2008 Annual General Meeting respectively. BDO Kendalls Audit & Assurance continue to act in this role in respect of the consolidated entity.

The Board has elected to adopt a policy which is consistent with the primary and secondary rotation obligations regarding auditors such that:

- the lead or review audit partner's responsibilities may not be performed by the same person for longer than five (5) successive years ("primary rotation obligation"); and
- the lead or review audit partner's responsibilities may not be performed by the same person for more than five (5) out of seven (7) successive years ("secondary rotation obligation").

Statement of Corporate Governance Practices - 2009 (continued)

In addition, the Board requires a minimum of two (2) consecutive years "cooling off" period before an auditor undergoing rotation can return to playing a significant role in the audit of the Company.

During the reporting period, the lead audit partner for PPK was Mr Wayne Basford.

Mr Basford has fulfilled this role in respect of the Company since the 2006 financial year.

Details of the members of the Audit Committee

The Board's Audit Committee consists of:

Mr R M Beath (Chairman)
Mr C F Ryan

During the 2009 financial year, the lead signing and review External Audit Partner and the Company's Managing Director attended committee meetings by standing invitation.

The qualifications of each member of the committee are set out in the Directors' Report on pages 5 to 6 of the PPK 2009 Annual Report.

Number of Meetings and Names of Attendees

The number of meetings held during the reporting period and the attendees at these meetings is detailed within the Directors' Report.

Audit Committee Charter

The PPK Audit Committee Charter is available at *www.ppkgroup.com.au.*

PRINCIPLE 5: Make timely and balanced disclosure

Companies should promote timely and balanced disclosure of all material matters concerning the Company.

Recommendation 5.1: Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

Recommendation 5.2: Provide the information indicated in Guide to reporting on Principle 5.

Policies & procedures regarding disclosure requirements

The PPK Board is committed to keeping its shareholders, and the market, fully informed of major developments having an impact on the Company.

Comprehensive procedures are in place to identify matters that are likely to have a material affect on the price, or value, of the PPK securities and to ensure those matters are notified to the ASX in accordance with ASX Listing Rule disclosure requirements.

Senior management and the Board are responsible for scrutinising events and information to determine whether the disclosure of the information is required in order to maintain the market integrity of the Company's shares listed on the ASX.

The Company Secretary is responsible for all communications with the ASX.

Compliance with Listing Rule Disclosure Requirements

The procedures relating to the notification of price sensitive information to the ASX and the subsequent posting of announcements on the PPK website are detailed within the PPK *Market Disclosure Policy* available at *www.ppkgroup.com.au.*

PRINCIPLE 6: Respect the rights of shareholders

Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.

Recommendation 6.1: Design and disclose a communications policy to promote effective communication with shareholders and encourage effective participation by them at general meetings.

Recommendation 6.2: Provide the information indicated in Guide to reporting on Principle 6.

Shareholder Communication Policy

PPK recognises the right of shareholders to be informed of matters, in addition to those prescribed by law, which affect their investments in the Company.

The PPK *Shareholder Communication Policy* demonstrates PPK's commitment to:

- dealing fairly, transparently and openly with both current and prospective shareholders;
- the use of available channels and cost effective technologies to reach shareholders who may be geographically dispersed and in order to communicate promptly with all shareholders; and
- facilitating participation in shareholders meetings and dealing promptly with shareholder enquiries.

PPK communicates information to shareholders through:

- the annual report;
- disclosures to the ASX and ASIC;
- notices and explanatory memoranda of annual general meetings and general meetings;
- occasional letters from the Managing Director and Chairman to inform shareholders of key matters of interest; and
- the Company's website on the internet at: *www.ppkgroup.com.au.*

The Board encourages active participation by shareholders at each Annual General Meeting, or other general meetings, to ensure a high level of accountability and understanding of PPK's strategy, performance and goals.

Consistent with best practice, important issues are presented to shareholders as single resolutions expressed in plain, unambiguous language. Proceedings are held in a locality, and at a readily accessible venue, conducive to maximising the number of shareholders present, and able to participate, at the meeting. Shareholders are provided with opportunities of asking the Board questions regarding the management of the Company.

Policy Disclosure

The ways in which PPK will communicate effectively with its shareholders are detailed within the Cool of Cosy *Shareholders Communications Policy* available at *www.ppkgroup.com.au.*

PRINCIPLE 7: Recognise and manage risk

Companies should establish a sound system of risk oversight and management and internal control.

Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Recommendation 7.2: The board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

Recommendation 7.3:The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management

Statement of Corporate Governance Practices - 2009 (continued)

and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Recommendation 7.4: Companies should provide the information indicated in the Guide to reporting on Principle 7.

Oversight and management of material business risks

The Board of PPK:

- recognise that effective management of risk is an integral part of good management and vital to the continued growth and success of PPK;
- is responsible for the oversight of the group's risk management and control framework including the development of risk profiles as a part of the overall business and strategic planning process; and
- has implemented a policy framework designed to ensure that the group's risks are identified, analysed, evaluated, monitored, and communicated within the organisation on an on-going basis, and that adequate controls are in place and functioning effectively.

The PPK risk management and control policy framework incorporates the maintenance of appropriate policies, procedures and guidelines which address the Company's unique operating environment and is utilised by the Board as a means of identifying opportunities and avoiding or mitigating losses in the context of its businesses.

The Audit Committee assists the Board in its risk management role by reviewing the financial and reporting aspects of the group's risk management and control practices.

The Managing Director has ultimate responsibility for control and management of operational risk and the implementation of avoidance or mitigation measures within the group and may delegate control of these risks to the appropriate level of management at each site.

The Board regularly monitors the operational and financial performance of the Company and the economic entity against budget and other key performance measures. The Board also receives and reviews advice on areas of operational and financial risk and develops strategies, in conjunction with management, to mitigate those risks.

Each month, a report is presented to the Board by the Managing Director. The reports encompass matters including actual financial performance against budgeted forecasts, workplace health and safety, legal compliance, corporate governance, strategy, quality assurance and standards, human resources, industry and market information, operational developments and environmental conformance. Reports are prepared and submitted on a monthly basis by the Group Accountant in relation to the overall financial position and performance of the Company. In addition to formalised written reporting procedures, the Board is regularly briefed by the Managing Director and senior management on emerging or developed trends in market and operational conditions having the potential to impact on the performance of the group.

Management has reported to the Board on the effectiveness of the Company's management of its material business risks in respect of the year ended 30 June 2009. This report was undertaken in accordance with the process outlined in this Statement.

CEO & CFO Assurance

The Managing Director and Group Accountant of PPK report annually in writing to the Board that:

- consolidated financial statements of PPK and its controlled entities for each subsequent half year and full financial year present a true and fair view, in all material respects, of the Group's financial condition and operational results and are in accordance with accounting standards; and
- declarations provided in accordance with section 295A of the Corporations Act are founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Board has received assurance from the chief executive officer and the chief financial officer equivalent under Recommendation 7.3 in respect of the year ended 30 June 2009. This assurance was provided in accordance with the process outlined in this Statement.

Policy Disclosure

PPK has made a description of its Risk Oversight & Management Framework comprising its internal compliance and control system policy publicly available and posted it to its website in the designated corporate governance area at *www.ppkgroup.com.au.*

PRINCIPLE 8: Remunerate fairly and responsibly

Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

Recommendation 8.1: The Board should establish a remuneration committee.

Recommendation 8.2: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Recommendation 8.3: Companies should provide the information indicated in the Guide to reporting on Principle 8.

Establishment of Remuneration Committee

PPK has elected not to adopt Recommendation 8.1 because it considers that its existing remuneration practices, detailed within this Statement, are an efficient means of meeting the needs of the Company, particularly having regard to the fact that PPK is a relatively small publicly listed Company by comparison to other listed entities which is reflected by the size of its operations, board and management structure and composition.

During the 2009 financial year, the PPK Board consisted of only five (5) members. It is considered that further division of the Board for the purposes of establishing a formal remuneration committee structure would not achieve enhanced efficiency or enable the Board to add greater value to this process.

The small size of the PPK Board, the nature of its business and its management structure, means that PPK has the present capacity of giving due consideration to the overall remuneration policies and strategies of the Company during the conduct of its regular board meetings and by appropriate recourse to relevant market data and, where applicable, to external executive remuneration consultants.

Director and senior executive remuneration

The aggregate remuneration of non-executive directors is approved by shareholders.

Individual directors' remuneration is determined by the board within the approved aggregate total. In determining the appropriate level of director's fees, data from surveys undertaken of other public companies similar in size or market section to PPK is taken into account.

Non-executive directors of PPK are:

- not entitled to participate in performance based remuneration practices unless approved by shareholders; and
- currently remunerated by means of the payment of cash benefits in the form of directors' fees.

PPK does not currently have in place a retirement benefit scheme or allowance for its non-executive directors.

Executive directors do not receive directors' fees.

A review of the compensation arrangements for the Managing Director and Senior Executives is conducted by the full Board at a duly constituted Directors' Meeting. The review is performed annually and is based on criteria including the individual's performance, market rates paid for similar positions and the results of the Company during the relevant period.

Statement of Corporate Governance Practices - 2009 (continued)

The broad remuneration policy objective of PPK is to ensure that the emoluments provided properly reflect the person's duties and responsibilities and is designed to attract, retain and motivate executives of the highest possible quality and standard to enable the organisation to succeed.

The PPK Executive Incentive Scheme (PEIS) has been approved by shareholders and provides the Board with the discretion to grant options and provide loans to Eligible Executives (as defined under the PEIS) for the purpose of acquiring Scheme Shares.

The Board ensures that the payment of equity-based executive remuneration is made in accordance with thresholds established by the PEIS and exercises its discretion under the Scheme in a manner consistent with the broad remuneration policy objectives of the Company.

There were no options granted or loans provided to Eligible Executives during the 2009 financial year.

PPK is committed to making timely disclosure of all relevant information relating to its remuneration practices and policies in the context of its reporting obligations in the corporate governance statement, in its annual report, and pursuant to continuous disclosure requirements.

Policy Disclosure

The Company's policies relating to the remuneration of Directors and Senior Executives and the level of their remuneration are detailed in the Directors' Report on pages 11 to 19 of the PPK 2009 Annual Report and Notes 5 to 33 to the 2009 Financial Statements.

A copy of the PPK *Remuneration Policy* is publicly available in the designated corporate governance area of its website at *www.ppkgroup.com.au*.

Rambor PDH shearer mounted rig in use at Angus Place Mine, Lithgow, New South Wales

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

		CONSOLIDATED ENTITY		PARENT ENTITY	
	Note	**2009 $000s**	**2008 $000s**	**2009 $000s**	**2008 $000s**
REVENUES					
Mining equipment manufacture		4,867	4,251	-	-
Investment properties		4,776	4,396	2,052	349
Investment activities		47	23	-	-
Interest Received		428	968	13	67
TOTAL REVENUE	2(a)	10,118	9,638	2,065	416
OTHER INCOME	2(b)	220	1,491	-	-
EXPENDITURE					
Mining equipment manufacture		(3,872)	(3,649)	-	-
Investment properties		(783)	(923)	-	-
Investment activities		(2,755)	(2,370)	-	(489)
Administrative expenses		(1,308)	(1,976)	(104)	(151)
Finance costs		(1,159)	(1,509)	(1,062)	(1,229)
TOTAL EXPENDITURE	2(d)	(9,877)	(10,427)	(1,166)	(1,869)
PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE		461	702	899	(1,453)
Income tax credit/(expense) attributable to profit	3	79	(95)	(245)	63
PROFIT/(LOSS) AFTER INCOME TAX		540	607	654	(1,390)
Overall Operations					
Basic earnings per share (cents per share)	7	0.9	1.0		
Diluted earnings per share (cents per share)	7	0.9	1.0		
Dividends per share		4.75	11.5		

The acCompanying notes form part of these financial statements

BALANCE SHEETS

AS AT 30 JUNE 2009

		CONSOLIDATED ENTITY		PARENT ENTITY	
	Note	2009 $000s	2008 $000s	2009 $000s	2008 $000s
CURRENT ASSETS					
Cash and cash equivalents	8	191	1,349	-	-
Trade and other receivables	9	2,261	3,263	34,351	31,443
Inventories	10	1,423	1,051	-	-
Other current assets	11	355	362	102	129
		4,230	6,025	34,453	31,572
Assets classified as held for sale	32	703	703	-	-
TOTAL CURRENT ASSETS		4,933	6,728	34,453	31,572
NON-CURRENT ASSETS					
Trade and other receivables	9	2,331	7,216	-	439
Financial assets	12	2,411	3,276	41,373	41,373
Investment Properties	13	35,137	40,466	-	-
Other Property, plant and equipment	14	2,027	2,149	-	-
Deferred tax assets	15	2,200	2,070	278	292
Intangible assets	16	857	892	-	-
Derivatives	17	288	1,347	-	-
TOTAL NON-CURRENT ASSETS		45,251	57,416	41,651	42,104
TOTAL ASSETS		50,184	64,144	76,104	73,676
CURRENT LIABILITIES					
Trade and other payables	18	692	1,027	27,285	15,932
Interest Bearing Liabilities	19	178	2,856	-	-
Current tax liabilities	15	730	866	730	866
Provisions	20	688	310	-	-
TOTAL CURRENT LIABILITIES		2,288	5,059	28,015	16,798
NON-CURRENT LIABILITIES					
Interest Bearing Liabilities	21	12,100	19,562	12,100	18,000
Deferred tax liabilities	15	318	876	179	179
Provisions	20	29	338	-	-
TOTAL NON-CURRENT LIABILITIES		12,447	20,776	12,279	18,179
TOTAL LIABILITIES		14,735	25,835	40,294	34,977
NET ASSETS		35,449	38,309	35,810	38,699
SHAREHOLDERS' EQUITY					
Contributed equity	22	31,249	32,033	31,249	32,033
Reserves	23	(9)	(152)	8	8
Retained earnings		4,209	6,428	4,553	6,658
TOTAL SHAREHOLDERS' EQUITY		35,449	38,309	35,810	38,699

The accompanying notes form part of these financial statements

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

	Note	CONSOLIDATED ENTITY 2009 $000s	CONSOLIDATED ENTITY 2008 $000s	PARENT ENTITY 2009 $000s	PARENT ENTITY 2008 $000s
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers		9,920	8,556	-	-
Cash payments to suppliers and employees		(6,363)	(6,434)	-	(369)
Other revenue		5	66	-	-
Dividends received		47	23	-	-
Interest received		397	898	-	67
Income tax paid		(806)	(3,210)	-	(2,201)
Other taxes paid		(234)	(199)	-	-
Net cash provided by/(used in) operating activities	30 (a)	2,966	(300)	-	(2,503)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of investment property,		4,920	-	-	-
Purchase of property, plant and equipment		(396)	(733)	-	-
Proceeds from sale of available-for-sale financial assets		401	3,772	-	-
Payments for available-for-sale financial assets		(896)	(2,439)	-	-
Payment for convertible notes		(303)	(1,928)	-	-
Payments for investment in derivatives		-	(340)	-	-
Payment for intangibles		(78)	(99)	-	-
Net cash provided by/(used in) investing activities		3,648	(1,767)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Loans advanced		(149)	-	-	-
Payment for buyback of shares		(784)	(1,540)	-	(1,540)
Borrowings from/(loans to) related companies		-	-	-	(208)
(Repayment of)/Proceeds from bank loans		(7,393)	11,498	-	12,000
Loans repaid		7,219	229	-	228
Repayment of borrowings		(392)	(397)	-	-
Dividends paid		(2,759)	(6,998)	-	(6,998)
Interest paid		(1,159)	(1,509)	-	(1,229)
Net cash (used in)/provided by financing activities		(5,417)	1,283	-	2,253
Net increase / (decrease) in cash held		1,197	(784)	-	(250)
Cash at the beginning of the financial year		(1,161)	(377)	-	250
Cash at the end of the financial year	30 (b)	36	(1,161)	-	-

The accompanying notes form part of these financial statements

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2009

	ISSUED CAPITAL $000s	RETAINED EARNINGS $000s	OTHER RESERVES $000s	TOTAL EQUITY $000s
CONSOLIDATED ENTITY				
At 1 July 2007	33,573	12,819	567	46,959
Fair value adjustment on available-for-sale financial assets	-	-	(579)	(579)
Realised gain on disposal of available-for-sale financial assets	-	-	(449)	(449)
less deferred tax impact	-	-	309	309
Total income and expense recognised directly in equity	-	-	(719)	(719)
Profit for the year	-	607	-	607
Total income and expense for the year	-	607	(719)	(112)
Dividends paid	-	(6,998)	-	(6,998)
Shares repurchased	(1,540)	-	-	(1,540)
Sale of subsidiaries	-	-	-	-
At 30 June 2008	32,033	6,428	(152)	38,309
Fair value adjustment on available-for-sale financial assets				
expensed on impairment	-	-	468	468
less deferred tax impact	-	-	(140)	(140)
Fair value adjustment on available-for-sale financial assets	-	-	(264)	(264)
less deferred tax impact	-	-	79	79
Total income and expense recognised directly in equity	-	-	143	143
Profit for the year	-	540	-	540
Total income and expense for the year	-	540	143	683
Dividends paid	-	(2,759)	-	(2,759)
Shares repurchased	(784)	-	-	(784)
At 30 June 2009	31,249	4,209	(9)	35,449
PARENT ENTITY				
At 1 July 2007	33,573	15,046	8	48,627
Loss for the year	-	(1,390)	-	(1,390)
Total income and expense for the year	-	(1,390)	-	(1,390)
Dividends paid	-	(6,998)	-	(6,998)
Shares repurchased	(1,540)	-	-	(1,540)
At 30 June 2008	32,033	6,658	8	38,699
Profit for the year	-	654	-	654
Total income and expense for the year	-	654	-	654
Dividends paid	-	(2,759)	-	(2,759)
Shares repurchased	(784)	-	-	(784)
At 30 June 2009	31,249	4,553	8	35,810

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial report includes separate financial statements for PPK Group Limited as an individual entity and the consolidated entity consisting of PPK Group Limited and its subsidiaries.

PPK Group Limited is a Company limited by shares, incorporated in Australia. Its shares are publicly traded on the Australian Stock Exchange.

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and other authorative pronouncements of the Australian Accounting Standards Board, and the *Corporations Act 2001.*

The financial statements have been prepared on an accruals basis and are based on historical costs, except for available-for-sale financial assets and derivatives which have been measured at fair value.

Compliance with Australian equivalents to International Financial Reporting Standards (AIFRS) ensures that the consolidated financial statements and notes comply with International Financial Reporting Standards (IFRS).

The accounting policies have been consistently applied to the entities of the consolidated entity unless otherwise stated.

The Financial Report is presented in Australian currency.

The financial report of PPK Group Limited for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of the directors on 29 September 2009.

(b) Principles of Consolidation

The consolidated financial statements of the consolidated entity include the accounts of the Company, being the parent entity, and its subsidiaries ("the Group"). Subsidiaries are entities over which the Group has the power to govern the financial and operating policies.

A list of all subsidiaries is contained in Note 12 to the accounts.

All interCompany balances and unrealised profits from transactions between subsidiaries have been eliminated. Where a subsidiary has been acquired or disposed of during the year, its operating results have been included from the date of acquisition or until the date control ceased. Minority interests in the equity and results of entities controlled by the Company are shown as a separate item in the consolidated accounts.

(c) Goodwill on Consolidation/Discount on Acquisition

Goodwill on consolidation is recorded initially at the amount by which the purchase price for a business or an ownership interest in a subsidiary exceeds the fair value of identifiable net assets acquired and contingent liabilities assumed. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

Goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Impairment losses on goodwill cannot be reversed.

AASB 3 Business Combinations prohibits goodwill from being amortised and instead requires an impairment test to be carried out.

(d) Revenue and Revenue Recognition

Sales revenue

Sales revenue comprises revenue earned (net of returns, discounts and allowances) from the provision of products to entities outside the consolidated entity. Sales revenue is recognised when the goods are provided (significant risks and rewards of ownership have passed).

Rental Income

Rental income on investment properties is accounted for on a straight-line basis over the lease term. Contingent rentals are recognised as income in the periods when they are earned.

Notes to and forming part of the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest income

Interest income is recognised as it accrues using the effective interest rate method.

Asset sales

Gains and losses on sale of assets is recognised on a net basis.

The gain or loss on disposal of assets is brought to account at the date an unconditional contract of sale is signed, or if a conditional contract is signed, the date it becomes unconditional. In the case of real estate sales under AASB 118 it becomes unconditional when title passes.

Dividends

Dividends are recognised when the right to receive payment is established.

(e) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost comprises all direct materials, direct labour and an appropriate portion of variable and fixed overheads.

Fixed overheads are allocated on the basis of normal operating capacity. Costs are assigned to inventory using a standard costing system. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling cost of completion and selling expenses.

(f) Trade Receivables

Trade receivables are recognised initially at original invoice amounts less an allowance for uncollectible amounts.

Trade receivables are due for settlement within 30 – 45 days and collectibility is assessed on an ongoing basis.

Debts which are known to be uncollectible are written off. An allowance is made for doubtful debts where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms.

Objective evidence of impairment include financial difficulties of the debtor, default of payment terms or debts more than 60 days past due. On confirmation that the trade receivable will not be collectible the gross carrying value of the asset is written off against the associated provision.

From time to time the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to a change in the timing of payments rather than changes to the amount owed and are not, in the view of the directors, sufficient to require the derecognition of the original instrument.

(g) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Exceptions are made for certain temporary differences arising on initial recognition of an asset or liability if they arose in a transaction other than a business combination that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and tax losses.

The amount of deferred tax assets which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation, and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

The consolidated entity and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the Tax Consolidation Regime.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

As a consequence the parent entity, as the head entity in the tax consolidated group is responsible for recognising the current tax assets and liabilities and deferred tax assets arising from unused tax losses for the tax consolidated group.

Deferred tax assets and liabilities are accounted for by each entity separately using the stand alone taxpayer approach with movements in deferred tax balances being accounted for through the income statement. The tax consolidated group has entered into a tax sharing agreement whereby each Company in the group contributes to the income tax payable in proportion to their individually calculated share of the taxable income.

The amounts receivable/payable under tax funding arrangements are due upon notification by the head entity. These amounts are recognised as current interCompany receivables or payables.

(h) Investment Property & Property, Plant and Equipment

Investment Properties

Investment properties are initially measured at cost including transaction costs. Subsequent to initial recognition, investment properties are carried at cost, less depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group.

Depreciation on investment properties is calculated on a straight-line basis over the estimated useful life of the asset of 50 years. Land is not depreciated.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in the income statement in the year that the item is derecognised.

Other Property, plant and equipment

Other Property, plant and equipment are brought to account at cost less, where applicable, any accumulated depreciation or amortisation.

The cost of fixed assets constructed within the consolidated entity includes the cost of materials used in construction, direct labour and an appropriate proportion of fixed and variable overheads.

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The gain or loss on disposal of all fixed assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal, and is included in profit before income tax of the consolidated entity in the year of disposal.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	**Depreciation Rate Straight Line**
Buildings	2 %
Leasehold Improvements	over the term of the lease
Plant & Equipment	3-50 %
Leased Plant & Equipment	3-33 %

Non-current assets classified as held for resale

Non-current assets classified as held for sale are those assets whose carrying amounts will be recovered principally through a sale transaction rather than through continuing use. These assets are stated at the lower of their carrying amount and fair value less costs to sell and are not depreciated or amortised.

Interest expense continues to be recognised on liabilities of a disposal group classified as an asset held for sale.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for subsequent increases in fair value less costs to sell of an asset but not exceeding any cumulative impairment losses previously recognised.

Notes to and forming part of the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A discontinued operation is a component of the group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the income statement.

(i) Investments and Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within time frames established by marketplace convention.

Financial instruments, are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire.

The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and subsequent measurement

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with a fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

The host debt contract of a convertible note is classified as loans and receivables. The host debt contract is measured initially at the residual amount after separating the embedded option derivative.

The host debt contract is subsequently at amortised cost using the effective interest rate method.

(ii) Held-to-maturity investments

Held to maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the group's intention to hold the investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iii) Available-for-sale financial assets

Available-for-sale financial assets comprise investments in listed and unlisted entities and any non-derivatives that are not classified as any other category, and are classified as non-current assets. Unlisted investments do not have a quoted market price in an active market and their fair value cannot be reliably measured, so they remain valued at their cost after initial recognition. Listed investments are valued subsequent to initial recognition at fair value based on current bid prices.

Changes in the value of listed investments available-for-sale financial assets are recognised in equity, unless assessment is made that there is objective evidence that a available-for-sale financial assets have been impaired. A prolonged or significant decline in the value of available-for-sale financial assets is considered to determine whether any impairment has arisen. Impairment losses are recognised in the income statement.

Dividend income from available-for-sale financial assets is recognised in the income statement as part of revenue from continuing operations when the Group's right to receive payments is established.

They are included in non-current assets unless management intends to dispose of the investment within 12 months.

(iv) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Derivatives

Share options embedded in a convertible note is not closely related to the debt host contract and are separated from the debt host contract and accounted for as a separate derivative. The share options are initially measured at fair value using the Black Scholes model or the listed market price if one exists. Other share options are classified as a derivative and initially measured at fair value net of transaction costs. Subsequent adjustments to fair value of the share options are taken to profit or loss.

The group does not use derivative financial instruments such as forward exchange contracts and interest rate swaps to mitigate risks associated with interest rate and foreign exchange fluctuations.

(vi) Subsidiaries

Investments in subsidiaries are accounted for in the consolidated financial statements as described in note 1(a) and in the parent entity financial statements at cost in accordance with the cost alternative permitted in separate financial statements under AASB 127 Consolidated and Separate Financial Statements.

(vii) Held for trading financial assets

Investments classified as Held for Trading are measured at fair value with gains or losses recognised in the income statement. A financial asset is classified Held for Trading if acquired principally for the purpose of selling in the short term or if it is a derivative that is not designated as a hedge.

(j) Leased Assets

For leases, a distinction is made between finance leases which effectively transfers from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased property, and operating leases under which the lessor retains all such risks and benefits. Where fixed assets are acquired by means of finance leases, the lower of the present value of lease payments or the fair value of the leased property is established as an asset at the beginning of the lease term and amortised on a straight line basis over its expected useful life.

A corresponding liability is also established and each lease payment is allocated between such liability and interest expense so as to achieve a constant rate of interest on the remaining balance of the liability.

Operating lease payments are charged to the income statement on a straight line basis over the period of the lease.

(k) Foreign Currency

Transactions and Balances

Foreign currency transactions during the period are converted to Australian currency at rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currency at balance date are converted at the rates of exchange ruling at year end.

The gains and losses from conversion of short term balances, whether realised or unrealised, are recognised in the income statement.

(l) Trade and Other payables

These amounts represent unpaid liabilities for goods received and services provided to the group and parent entity prior to the end of the financial year. The amounts are unsecured and are normally settled within 30 to 60 days, except for imported items for which 90 or 120 day payment terms are normally available.

(m) Bank Loans

All loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the loans and borrowings using the effective interest method. Bank loans are subject to set-off arrangements.

Notes to and forming part of the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Employee Benefits

Provision is made for the liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the future cash outflows to be made for those benefits, discounted using national government bond rates at balance date with terms to maturity and currency that match as closely as possible the estimated future cash outflows.

The Group makes payments to defined contribution superannuation funds in order to meet superannuation guarantee legislation requirements. Contributions are recognised as expenses as they become payable.

(o) Cash

For the purposes of the cash flow statement, cash includes cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts.

(p) Intangible assets

Acquired Brand names are recorded at cost and are classified as indefinite useful life intangible assets under AASB 138 "Intangible Assets" and will be subject to annual review for both impairment and the appropriatness of useful life and whether events or circumstances continue to support an indefinite useful life assessment.

Other Intangible assets such as Patents and Computer Software are recorded at cost and amortised on a straight line basis over the number of years of their expected benefit which ranges from 3 to 10 years.

(q) Impairment of Assets

At each reporting date the Group assesses whether there is an indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in the income statement where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash-generating unit to which the asset belongs.

(r) Finance costs

All interest costs are recognised in income in the period in which they are incurred.

(s) Share-Based Payments

The group recognises an expense for all share-based remuneration, including deferred shares and options, and amortises those expenses over the relevant vesting periods.

No expense has been recognised in respect of options granted before 7 November 2002. Shares are recognised when options are exercised and the proceeds received are allocated to share capital.

(t) Comparative Figures

Where required by Accounting standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(u) Rounding of Amounts

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.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Dividends

Provision is made for dividends declared, and no longer at the discretion of the Group, on or before the end of the financial year but not distributed at balance date.

(w) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to members of PPK Group Limited, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares during the year.

Diluted earnings per share

Earnings used to calculate diluted earnings per share are calculated by adjusting the basic earnings by the after-tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(x) GST

Revenues and expenses are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(y) New Accounting Standards and interpretations

The following standards, amendments to standards and interpretations have been identified as those that may impact the entity in the period of initial application. They are available for early adoption at 30 June 2009, but have not been applied in preparing this financial report:

AASB 8 Operating Segments, Revised AASB 101 Presentation of Financial Statements,

Revised AASB 3 Business Combinations, Revised AASB 127 Consolidated and Separate Financial Statements and AASB 2008-3

Amendments to Australian Accounting Standard - arising from AASB 3 and AASB 127

AASB 2009-2 Improving Disclosures about Financial Instruments.

The Group has determined that there will be no material change on the Group's financial reports following adoption of these standards in future years, as either their application is only required to be applied prospectively, they are disclosure standards only and there will be no material impact on amounts recognised in the financial statements or they are disclosure standards only that will require various additional disclosures.

Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key estimates - Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets.

Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Notes to and forming part of the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The continued down turn in the Australian share market had a significant impact on the fair value of listed investments.

The Group reviewed each of its listed investments to consider whether there was any indication that individual investments were impaired.

Based on all the information available to the Directors it was determined that the Group's investment in the following listed companies were impaired:

Allomak Limited	Industrea Limited
TSV Holdings Limited	Allied Brands Limited
ABC Learning Centres Limited	Frigrite Limited

As a result an impairment loss of $1,696,000 (2008 $2,122,000) was taken up in the income statement on these investment.

The Directors determined that no other listed investments were impaired at balance date.

No impairment has been recognised in respect of goodwill, brand names, investment properties, plant and equipment or convertible notes for the current financial year. Refer to note 16 for details of assumptions used in estimating the recoverable amount of intangible assets.

Key judgements - Classification as Held for Sale

The Group classifies assets as held for sale where an asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and the sale is highly probable. For the sale to be assessed as highly probable, management must be committed to a plan to sell the asset (or disposal group), and an active program to locate a buyer and complete the plan must have been initiated. Further, the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

The Group has land located at Arndel Park, New South Wales currently on the market for sale and consequently have classified this asset as Held for sale.

Although this property has been on the market for sale for more than 12 months, it is considered appropriate to still classify this property as Held for Sale, as it has continued to be actively marketed through a period of adverse economic conditions, which have impacted on the ability to achieve a sale.

2 REVENUE, OTHER INCOME & EXPENSES FROM OPERATIONS

		Note	CONSOLIDATED ENTITY		PARENT ENTITY	
			2009 $000s	2008 $000s	2009 $000s	2008 $000s
(a)	**REVENUE**					
	Sale of goods		4,867	4,251	-	-
	Rental income from investment properties		4,776	4,396	-	-
	Dividends received - other parties		47	23	-	-
	Distribution received from controlled trust		-	-	2,052	349
	Interest received	(c)	428	968	13	67
			10,118	9,638	2,065	416
(b)	**OTHER INCOME**					
	Net gain on disposal of investment properties		13	-	-	-
	Net gain on sale of available-for-sale financial assets		132	1,309	-	-
	Fair value adjustment on derivatives		-	116	-	-
	Foreign currency translation gains		70	-	-	-
	Sundry income		5	66	-	-
			220	1,491	-	-
(c)	**INTEREST INCOME**					
	Other persons		417	922	2	21
	Directors		11	44	11	44
	Key management personnel		-	2	-	2
			428	968	13	67
(d)	**EXPENSES**					
	Profit before income tax has been determined after:					
	Amortisation of intangibles		113	101	-	-
	Cost of sales - mining equipment manufacture		2,583	2,527	-	-
	Depreciation - investment properties		478	478	-	-
	- plant and equipment		410	380	-	-
	Total depreciation		888	858	-	-
	Fair value adjustment on derivatives		1,059	-	-	-
	Foreign currency translation losses		-	84	-	-
	Impairment of available-for-sale financial assets					
	- Listed investments		1,696	2,122	-	-
	- Unlisted Investments		-	248	-	-
	Total impairment		1,696	2,370	-	-

Notes to and forming part of the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

2 REVENUE, OTHER INCOME & EXPENSES FROM OPERATIONS (continued)

		CONSOLIDATED ENTITY		PARENT ENTITY	
		2009 $000s	2008 $000s	2009 $000s	2008 $000s
Interest paid	- other	1,159	1,509	1,062	1,229
Impairment	- trade receivables	12	-	-	-
	- other receivables	-	182		
Defined contribution superannuation expense		276	296	-	-
Employee benefit expenses		1,660	1,630		
Rental expense on operating leases		106	90	-	-

(e) INDIVIDUALLY SIGNIFICANT ITEMS - Gains or (losses)

	CONSOLIDATED 2009 $000s	CONSOLIDATED 2008 $000s	PARENT 2009 $000s	PARENT 2008 $000s
Foreign currency translation gains	70	(84)	-	-
Net Gain on Sale of rental property	13	-	-	-
Fair value adjustment on derivatives	(1,059)	116	-	-
Net gain on sale of Industrea Ltd shares	130	1,305	-	-
Impairment of available-for-sale financial assets	(1,696)	(2,122)	-	-
Impairment in investment of EZI Automation	-	(79)	-	-
Impairment in investment of Ventech Investments	-	(169)	-	-
InterCompany investment write-off following deregistration	-	-	-	(487)
	(2,542)	(1,033)	-	(487)

3 INCOME TAX EXPENSE/BENEFIT

(a) The prima facie tax payable/(benefit) on the profit before income tax is reconciled to the income tax as follows:

	CONSOLIDATED 2009 $000s	CONSOLIDATED 2008 $000s	PARENT 2009 $000s	PARENT 2008 $000s
Profit before tax	461	702	899	(1,453)
Prima facie tax payable at 30% (2008: 30%)	138	211	269	(436)
Fully franked dividend received	(14)	-	-	-
InterCompany loan forgiveness not deductible under tax consolidation regime	-	-	-	146
Difference between trust profit and distribution due to carried forward losses in trust	-	-	-	272
Research & Development concession	(26)	(21)	-	-
Building allowance	(78)	(78)	(24)	(24)
Difference between accounting and tax cost base of investment properties disposed of during the year	(55)	-	-	-
Sundry items	6	4	-	-
Over provision relating to prior year	(50)	(21)	-	(21)
Income tax (credit)/expense	(79)	95	245	(63)

3 INCOME TAX EXPENSE/BENEFIT (continued)

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2009 $000s	2008 $000s	2009 $000s	2008 $000s
The applicable weighted average effective tax rates are as follows:	-17%	14%	27%	4%
(b) The components of tax (credit)/ expense comprise:				
Current tax	721	924	231	(166)
Deferred tax	(750)	(808)	14	124
Under/(over) provision in respect of prior years	(50)	(21)	-	(21)
	(79)	95	245	(63)
(c) Deferred tax recognised (reversed) directly in equity through Available-for-sale Financial Asset Reserve relating to valuing investments at fair value	61	(170)	-	-

PPK Group Limited ("PPK") has formed a consolidated group for income tax purposes, effective on and from 1 July 2003, with each of its wholly owned Australian subsidiaries.

PPK, as the head entity, has recognised all current income tax assets and liabilities relating to the consolidated group.

The entities within the Group have entered into a tax sharing agreement where each subsidiary will compensate PPK for the amount of tax payable that would be calculated as if the subsidiary was a tax paying entity.

4 AUDITOR'S REMUNERATION

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2009 $	2008 $	2009 $	2008 $
Remuneration of the auditor of the group and parent entity for :				
- auditing or reviewing the financial report	76,835	74,700	-	-
- non audit services (accounting / technical advice)	-	2,200	-	2,200
	76,835	76,900	-	2,200

Notes to and forming part of the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

5 KEY MANAGEMENT PERSONNEL DISCLOSURES

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2009 $	2008 $	2009 $	2008 $
(a) Key management personnel disclosures				
Short-term benefits	497,532	786,014	-	-
Post-employment benefits	85,000	101,722	-	-
Other long-term benefits	8,687	8,350	-	-
Termination benefits	31,000	84,000	-	-
Share-based payments	-	-	-	-
	622,219	980,086		

Further information regarding the identity of key management personnel and their compensation can be found in the Audited Remuneration Report contained in the Directors' Report of this annual report.

(b) Equity Instruments

Details of options and rights held directly, indirectly or beneficially by key management personnel and their related parties are as follows:
There were no options and rights held directly, indirectly or beneficially by key management personnel and their related parties in the current financial year. All options and rights held expired in the 2008 financial year.

	Balance 1.7.07	Granted as Remuneration	Options Exercised	Lapsed	Balance 30.6.08	Total Vested 30.6.08	Total Exerciseable 30.6.08	Total Unexercisable 30.6.08
Parent Entity Directors								
Mr C.F. Ryan	300,000	-	-	300,000	-	-	-	-
Mr R.M.Beath	300,000	-	-	300,000	-	-	-	-
Mr J.I. Wowk	300,000	-	-	300,000	-	-	-	-
Mr D.A. Hoff	-	-	-	-	-	-	-	-
Other Key Management Personnel								
Mr.F.J. Hardiman	-	-	-	-	-	-	-	-
Mr R.J.Nicholls	-	-	-	-	-	-	-	-
Total	900,000	-	-	900,000	-	-	-	-

5 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(c) Shareholdings

Number of Shares held by Parent Entity Directors and other key management personnel

	Balance 1.7.08	Received as Remuneration	Options Exercised	Net Change Other	Balance 30.6.09
Parent Entity Directors					
Mr C.F. Ryan	500,000	-	-	-	500,000
Mr G.R. Molloy	8,752,400	-	-	1,492,958	10,245,358
Mr R.M.Beath	42,821	-	-	-	42,821
Mr J.I. Wowk	87,302	-	-	100,000	187,302
Mr D.A. Hoff	856,960	-	-	(700,000)	156,960
	10,239,483	-	-	892,958	11,132,441

	Balance 1.7.07	Received as Remuneration	Options Exercised	Net Change Other	Balance 30.6.08
Parent Entity Directors					
Mr C.F. Ryan	500,000	-	-	-	500,000
Mr G.R. Molloy	8,547,270	-	-	205,130	8,752,400
Mr R.M. Beath	42,821	-	-	-	42,821
Mr J.I. Wowk	87,302	-	-	-	87,302
Mr D.A. Hoff	856,960	-	-	-	856,960
Other key management personnel					
Mr.F.J. Hardiman	324,172	-	-	(314,172)	10,000
Mr R.J. Nicholls	70,625	-	-	(43,625)	27,000
	10,429,150	-	-	(152,667)	10,276,483

(d) Loans

Loans advanced to Parent Entity Directors and Key management personnel

2009	Balance 1.7.08 $	Net Change Other $	Balance 30.6.09 $	Interest Paid or Payable $	Highest Indebtedness During the Year $
Parent Entity Directors					
Mr D.A. Hoff	439,250	(439,250)	-	11,523	439,250
Executives					
Mr R.J.Nicholls	-	-	-	-	-
	439,250	(439,250)	-	11,523	439,250

Notes to and forming part of the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

5 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

2008	Balance 1.7.07	Net Change Other	Balance 30.6.08	Interest Paid or Payable	Highest Indebtedness During the Year
Parent Entity Directors	$	$	$	$	$
Mr D.A. Hoff	437,500	1,750	439,250	43,908	439,408
Other Key Management Personnel					
Mr.F.J. Hardiman	83,375	(83,375)	-	1,325	83,985
Mr R.J.Nicholls	16,467	(16,467)	-	260	16,727
	537,342	(98,092)	439,250	45,493	540,120

Loans to key management personnel excluding directors were made pursuant to the Plaspak Executive Incentive Scheme to assist in the exercise of option to acquire shares in the Parent Entity. Loans are limited to 70% of the current market value of the shares at the time of the loan. Loans are for a term of 5 years or immediately repayable on termination of employment.

Interest only is payable monthly in arrears at a rate which is 3.25% above the current Reserve Bank of Australia Cash Rate. Security for the loans is by way of a holding lock over the shares acquired with the loans. The loans are limited recourse, limited to the realisable value of the shares.
The lender has the right to sell or buy back the shares in the event that the value of the shares held as security falls below the purchase price of the shares or the amount lent to acquire the shares. During the year the shares were sold and the proceeds used to repay the loan to the Managing Director. The loans to key management personnel were repaid at the time employment ceased.

(e) Other transactions with directors

Refer to Note 29 for further details of transactions with directors and director related entities.

6 DIVIDENDS

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2009 $000s	2008 $000s	2009 $000s	2008 $000s
(a) Dividends paid				
Final ordinary dividend of 3.25c per share - 100% franked at 30% tax rate (prior year 3.25c per share)	1,889	1,987	1,889	1,987
Interim ordinary dividend of 1.50c per share for 2009 year - 100% franked at 30% tax rate (prior year 3.25c per share - 100% franked)	870	1,954	870	1,954
Special dividend of 5.00c per share - 100% franked at 30% tax rate	-	3,057	-	3,057
	2,759	6,998	2,759	6,998
(b) Dividends declared after balance date				
Final ordinary dividend of 1.00c per share - 100% franked and amounting to $580,000 not included as declared after balance date.				
(c) Franked dividends				
The franked portions of the final dividends recommended after 30th June 2009 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30th June 2009.				
Franking credits available for subsequent financial years based on a tax rate of 30% (2008 - 30%)	3,987	4,475	3,987	4,475

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

(a) franking credits that will arise from the payment of the current tax liability

(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date

(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date, and

(d) franking credits that may be prevented from being distributed in subsequent financial years.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

The impact on the franking account of dividends recommended after year end but before the financial report was authorised for issue and not recognised as a liability at year end will be a reduction on the franking account of $249,000 (2008: $825,000).

Under legislation that took effect on 1st July 2002, the amount recorded in the franking account is the amount of Australian income tax paid, rather than franking credits based on after tax profits, and amounts debited to that account in respect of dividends paid after 30 June 2002 are the franking credits attaching to those dividends rather than the gross amount of the dividends.

Notes to and forming part of the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

7 EARNINGS PER SHARE

	CONSOLIDATED ENTITY	
	2009	**2008**
Basic earnings per share (cents per share)		
Continuing operations	0.9	1.0
Diluted earnings per share (cents per share)		
Continuing operations	0.9	1.0
	2009 $000s	**2008 $000s**
(a) Reconciliation of Earnings to Net Profit		
Earnings used in calculating Basic EPS		
Continuing operations	540	607
Earnings used in calculating Diluted EPS		
Continuing operations	540	607
	No.	**No.**
(b) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	58,271,808	60,490,849
Potential ordinary shares assumed to have been issued for no consideration	-	-
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted EPS	58,271,808	60,490,849

8 CASH AND CASH EQUIVALENTS

	Note	CONSOLIDATED ENTITY 2009 $000s	CONSOLIDATED ENTITY 2008 $000s	PARENT ENTITY 2009 $000s	PARENT ENTITY 2008 $000s
Cash at bank and on hand		191	174	-	-
Short-term bank deposits		-	1,175	-	-
Cash at bank and on hand		191	1,349	-	-

Cash at bank consists of temporary surplus funds which are non interest bearing

The effective interest rate on short-term bank deposits was 7.5% in 2008. These deposits had an average maturity of 30 days.

Reconciliation of Cash

The above figures are reconciled to the cash at the end of the financial year as shown in the statement of cash flows as follows:

	Note	CONSOLIDATED ENTITY 2009 $000s	CONSOLIDATED ENTITY 2008 $000s	PARENT ENTITY 2009 $000s	PARENT ENTITY 2008 $000s
Cash and cash equivalents		191	1,349	-	-
Bank overdrafts	19	(155)	(2,510)	-	-
		36	(1,161)	-	-

9 TRADE AND OTHER RECEIVABLES

	Note	CONSOLIDATED ENTITY 2009 $000s	CONSOLIDATED ENTITY 2008 $000s	PARENT ENTITY 2009 $000s	PARENT ENTITY 2008 $000s
Current					
Trade receivables	(a)	954	1,138	-	-
Less: Provision for impairment of receivables		(32)	(145)	-	-
		922	993	-	-
Other Receivables	(b)	1,816	896	29	-
Less: Provision for impairment of receivables		(626)	(626)	-	-
		1,190	270	29	-
Loans and receivables					
- wholly owned subsidiaries	(c)	-	-	34,322	31,443
- other loans - secured	(d)	-	2,000	-	-
-trade finance facility - secured	(e)	149	-	-	-
		149	2,000	34,322	31,443
		2,261	3,263	34,351	31,443
Non-Current					
Loans and receivables					
- directors of parent entity - secured	(f)	-	439	-	439
- other loans - secured	(d)	-	4,780	-	-
- convertible notes	(g)	2,331	1,997	-	-
Other Non current Assets of continuing operations		2,331	7,216	-	439

Notes to and forming part of the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

9 TRADE AND OTHER RECEIVABLES (continued)

(a) Trade Receivables

Current trade receivables are non-interest bearing and are generally 30 day terms. A provision for impairment is raised when there is objective evidence that it is considered unlikely that any amounts will be recovered.

(b) Other Receivables

Other receivables are non-interest bearing and are generally 30 day terms. A provision for impairment has been raised for the full amount of two loans in other receivables where it is considered unlikely that any amounts will be recovered.

(c) Wholly owned subsidiaries

Loans to wholly owned subsidiaries are non-interest bearing and there are no fixed terms for the repayment of loans between parties.

(d) Other loans

Other loans are funds advanced to the purchaser of the customs packaging division on 29 June 2007. The amounts are secured over both property and fixed and floating charges.

Interest is charged on these loans at the rate of 2.75% above the Reserve Bank official cash rate. The average interest rate for the period of the loan was 10.00%.

These loans were repaid in full in August 2008.

(e) Trade finance facility

Trade finance facility is provided to Cool or Cosy Limited to finance the purchase of certain stock lines from approved suppliers. The facility is up to a maximum of $800,000 and interest is charged at the Reserve Bank cash rate plus 4.75%. Repayment of amounts advanced are required within 120 days of receipt of goods. Security is by way of a first ranking floating charge over the air-conditioning stock of Cool or Cosy Ltd, limited to the maximum value of the facility. The average interest rate for the year was 9.25%. The interest rate current for outstanding loans at balance date is 7.75%. The group received 4,000,000 options in Cool or Cosy Limited for providing this facility (refer Note 17 for further details).

(f) Loans to directors and key management personnel

Loans to key management personnel excluding directors were made pursuant to the Plaspak Executive Incentive Scheme to assist in the exercise of options to acquire shares in the Parent Entity. Loans are limited to 70% of the current market value of the shares at the time of the loan. Loans are for a term of 5 years or immediately repayable on termination of employment.

Interest only is payable monthly in arrears at a rate which is 3.25% above the current Reserve Bank of Australia Cash Rate. Security for the loans is by way of a holding lock over the shares acquired with the loans. The loans are limited recourse, limited to the realisable value of the shares. The lender has the right to sell or buy back the shares in the event that the value of the shares held as security falls below the purchase price of the shares or the amount lent to acquire the shares. The loan to the Managing Director, as approved by shareholders, is on identical terms. The average interest rate for the year was 10.5%. The loan was repaid on 30 September 2008 following the sale of the shares.

(g) Convertible notes

Convertible notes are funds invested in listed companies that can be converted to shares. The amounts are secured over a first or second ranking fixed and floating charge over the companies assets.

On acquisition the note is split into its loan component and is recorded at amortised cost and is classified as a receivable and its derivative element is recorded at its fair value and is classified as a derivative. The convertible notes maybe redeemed by the issuing Company, prior to conversion into shares, for 110% of their face value.

The discount to their face value is taken as interest received over the life of the note. In 2008 the discount to the redemption value was taken as interest received over the life of the note.

The effect of this change in policy is considered not to have had a material impact on the financial statements.

Interest is received on these notes at a fixed rate each quarter. The weighted average interest rate for the year on these notes was 11.6%

9 TRADE AND OTHER RECEIVABLES (CONTINUED)

	Note	CONSOLIDATED ENTITY 2009 $000s	CONSOLIDATED ENTITY 2008 $000s	PARENT ENTITY 2009 $000s	PARENT ENTITY 2008 $000s
Movement in balance of convertible notes in listed companies					
Opening Balance		1,997	-	-	-
Initial investment in convertible note		303	2,157	-	-
Less part of cost assigned to cost of embedded option		-	(230)	-	-
		2300	1,927	-	-
Interest revenue added to carrying value		31	70	-	-
		2,331	1,997	-	-

Provision for Impairment of Receivables

Current trade, term and other receivables and loans are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is an objective evidence that an individual trade or term receivable is impaired. These amounts have been included in the administrative expenses item.

Movements in the provision for impairment are as follows:

	Opening balance $000s	Charge for the year $000s	Amounts written off $000s	Closing balance $000s
Consolidated Group 2009				
Current				
Trade receivables	145	12	(125)	32
Other receivables	626	-		626
	771	12	(125)	658
Consolidated Group 2008				
Current				
Trade receivables	145	-	-	145
Other receivables	444	182	-	626
	589	182	-	771

The parent entity has no provisions for impairment of receivables, in the current year or the prior year. There are no provisions for impairment for Non-current Trade and other receivables for the current year or prior year for both the Group and the parent entity.

	Note	CONSOLIDATED ENTITY 2009 $000s	CONSOLIDATED ENTITY 2008 $000s	PARENT ENTITY 2009 $000s	PARENT ENTITY 2008 $000s
Trade receivables ageing analysis					
The ageing analysis of trade receivables for amounts not impaired for the Group and parent is as follows:					
Not past due		517	600	-	-
Past due 1 - 30 days		152	302	-	-
Past due 31 - 60 days		110	90	-	-
Past due over 60 days		143	1	-	-
		922	993	-	-

With respect to trade receivables that are neither impaired or past due, there are no indications as at reporting date that the debtors will not meet their obligations as they fall due.

Notes to and forming part of the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

9 TRADE AND OTHER RECEIVABLES (CONTINUED)

	Note	CONSOLIDATED ENTITY 2009 $000s	CONSOLIDATED ENTITY 2008 $000s	PARENT ENTITY 2009 $000s	PARENT ENTITY 2008 $000s
Other receivables ageing analysis					
The ageing analysis of other receivables for amounts not impaired for the Group and parent is as follows:					
Not past due		539	270	-	-
Past due 1 - 30 days		408	-	-	-
Past due 31 - 60 days		215	-	-	-
Past due over 60 days		28	-	-	-
		1,190	270	-	-

With respect to other receivables that are neither impaired or past due, there are no indications as at reporting date that the debtors will not meet their obligations as they fall due.

10 INVENTORIES

	Note	CONSOLIDATED ENTITY 2009 $000s	CONSOLIDATED ENTITY 2008 $000s	PARENT ENTITY 2009 $000s	PARENT ENTITY 2008 $000s
On hand					
Finished goods at cost		644	530	-	-
Provision for stock obsolescence		(10)	(10)	-	-
		634	520	-	-
Work in Progress		530	286	-	-
Raw materials		259	221	-	-
In transit		-	24	-	-
		1,423	1,051	-	-

Refer to Note 21 for details of inventory pledged as security

11 OTHER CURRENT ASSETS

	Note	CONSOLIDATED ENTITY 2009 $000s	CONSOLIDATED ENTITY 2008 $000s	PARENT ENTITY 2009 $000s	PARENT ENTITY 2008 $000s
Prepayments		355	362	102	129
		355	362	102	129

The carrying amount of prepayments approximates fair value.

12 FINANCIAL ASSETS

	COUNTRY OF INCORPORATION	BENEFICIAL PERCENTAGE OWNED BY CONSOLIDATED ENTITY		PARENT ENTITY	
(a) Investments (at cost) in subsidiary comprise:		**2009 %**	**2008 %**	**2009 $000s**	**2008 $000s**
Rutuba Pty Limited	Australia	100%	100%	-	-
Seven Hills Property Pty Ltd	Australia	100%	100%	8,051	8,051
PPK Property Trust	Australia	100%	100%	6,339	6,339
Dandenong South Property Pty Ltd	Australia	100%	100%	9,430	9,430
PPK Aust. Pty Ltd	Australia	100%	100%	5,497	5,497
Trigger Sprays Pty Ltd	Australia	100%	100%	-	-
PPK Investment Holdings Pty Ltd	Australia	100%	100%	-	-
PPK Properties Pty Ltd	Australia	100%	100%	-	-
Landmark Property Syndicate No 4	Australia	100%	100%	-	-
York Group Limited	Australia	100%	100%	12,056	12,056
Rambor Pty Ltd	Australia	100%	100%	-	-
King Cobra Mining Equipment Pty Ltd	Australia	100%	100%	-	-
				41,373	41,373

The proportion of ownership interest is equal to the proportion of voting power held.

The above investments in subsidiaries are all in ordinary class shares.

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2009 $000s	**2008 $000s**	**2009 $000s**	**2008 $000s**
(b) Available-for-sale financial assets				
(i) Listed Investments - at fair value				
- Shares in listed corporations				
Opening Balance	3,276	6,448	-	-
Additions at cost	896	2,441	-	-
Conversion of convertible notes (derivatives) into listed investments	-	-	-	-
Fair Value adjustments	204	(579)	-	-
Impairment	(1,696)	(2,122)	-	-
Disposals	(269)	(2,912)	-	-
	2,411	3,276	-	-

Listed investments are recorded at fair value based on the ASX closing price at the 30 June of the relevant financial period.

Notes to and forming part of the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

12 FINANCIAL ASSETS (CONTINUED)

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2009 $000s	2008 $000s	2009 $000s	2008 $000s
(ii) Unlisted Investments - at cost less impairment				
- Shares in other corporations				
Cost	249	249	-	-
Impairment	(249)	(249)	-	-
	-	-	-	-
Unlisted investments are recorded at cost less impairment which represents fair value at nil.				
(iii) Total Listed & Unlisted Investments	2,411	3,276	-	-

Gains or losses arising from changes in the fair value of available-for-sale financial assets are initially recognised directly in equity through a reserve, unless they are impaired.

When the available-for-sale financial asset is disposed of any gain or loss arising from the sale is taken out of the reserve and included in the profit or loss. A significant or prolonged decline in the fair value of a security below its cost is considered an indicator that the securities are impaired. If such evidence exists for available-for-sale financial assets, the value of the impairment is assessed and the difference between the cost and the impaired value, less any impairment loss on that financial asset previously recognised in the profit or loss, is removed from equity and recognised in the income statement. Any subsequent difference between the impaired value and the fair value will be recognised in equity through the reserve. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

13 INVESTMENT PROPERTIES

		CONSOLIDATED ENTITY		PARENT ENTITY	
	Note	2009 $000s	2008 $000s	2009 $000s	2008 $000s
Freehold land & buildings - at cost					
Land		16,272	20,562	-	-
Buildings		22,463	23,111	-	-
Less: Accumulated depreciation		(3,598)	(3,207)	-	-
		18,865	19,904	-	-
Total Investment Properties		35,137	40,466	-	-
Reconciliations					
Balance at the beginning of the year		41,169	41,256		
Transfers from other property, plant & equipment	14	17	-	-	-
Expenditure subsequent to acquisition		39	391	-	-
Disposals		(4,907)	-	-	-
Depreciation expense		(478)	(478)	-	-
		35,840	41,169	-	-
Less Classified as assets held for sale					
Land	32	(703)	(703)	-	-
Total investment properties of continuing operations		35,137	40,466	-	-
The following amounts have been recognised in the income statement					
Rental income		4,776	4,396	-	-
Direct operating expenses arising from investment property that generated rental income during the period		747	895	-	-
Direct operating expenses arising from investment property that did not generate rental income during the period		36	28	-	-

The Riverwood land & building was sold for $4.92 million resulting in profit on sale on sale over it's carrying value of $13,000.

A independent valuation of Land & Buildings was undertaken in July 2006 on properties to be leased to the new owners of the plastics packaging businesses.

The independent valuation carried out in July 2006 placed a value of $51.7 million on these properties.

Given the current economic climate the Director's have re-assessed the value of land and buildings at year end to be $48.5m.

This value is based on an capitalisation of current rentals at a yield of 9.6% together with independent advice as to the current value of vacant industrial land.

Capital gains tax that could be paid if the Land & Buildings were sold at balance date at the Director's valuation is $4.0million.
These valuations have not been reflected in the accounts.

Non-current assets pledged as security

Refer to Note 21(b) for information on non-current assets pledged as security by the parent entity or its subsidiaries.

The Group tests for impairment and measures recoverable amount based on value-in-use based on the discounted future cash flows derived from continued use of assets.

Impairment losses are included in the line item "Administrative expenses" in the income statement.

Notes to and forming part of the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

13 INVESTMENT PROPERTIES (CONTINUED)

	Note	CONSOLIDATED ENTITY 2009 $000s	CONSOLIDATED ENTITY 2008 $000s	PARENT ENTITY 2009 $000s	PARENT ENTITY 2008 $000s
Leases as Lessor					
The investments properties are leased to tenants under long term operating leases with rentals payable monthly. In relation to one of the properties there is a current dispute as to whether a valid lease is in place. It is expected that the Courts will determine the dispute in October 2009. If the Courts find in favour of the Group then minimum lease payment under non cancellable operating leases of the investment properties not recognised in the financial statements would be receivable as follows:					
- not later than 1 year		3,382	4,926	-	-
- later than 1 year but not later than 5 years		8,293	6,125	-	-
- later than 5 years		720	1,412	-	-
		12,395	12,463	-	-
If the Group is unsuccessful in the legal action then minimum lease payments under non cancellable operating leases of the investment properties not recognised in the financial statements would be receivable as follows:					
- not later than 1 year		2,288	4,926	-	-
- later than 1 year but not later than 5 years		4,137	6,125	-	-
- later than 5 years		720	1,412	-	-
		7,145	12,463	-	-

Refer to Subsequent Event Note 31 for further details as to the current position in relation to investment properties.

14 OTHER PROPERTY PLANT AND EQUIPMENT

		CONSOLIDATED ENTITY		PARENT ENTITY	
	Note	2009 $000s	2008 $000s	2009 $000s	2008 $000s
Leasehold improvements - at cost		398	394	-	-
Less: Accumulated depreciation		(148)	(109)	-	-
		250	285	-	-
Plant and equipment - at cost		2,921	2,665	-	-
Less: Accumulated depreciation		(1,168)	(829)	-	-
		1,753	1,836	-	-
Capital works in progress - at cost		24	28	-	-
Total property, plant and equipment of continuing operations		2,027	2,149	-	-

Reconciliations

Reconciliations of the carrying amounts of each class of plant & equipment are set out below.

	Leasehold Improvements $'000	Plant & Equipment $'000	Capital Works In Progress $'000	Total $'000
Consolidated - 2009				
Carrying amount at start of year	285	1,836	28	2,149
Additions	4	340	13	357
Disposals	-	-	-	-
Transfers to inventories	-	(52)	-	(52)
Transfers to Investment properties - Note 13	-	-	(17)	(17)
Depreciation & Amortisation expense	(39)	(371)	-	(410)
Carrying amount at end of year	250	1,753	24	2,027
Consolidated - 2008				
Carrying amount at start of year	301	1,869	17	2,187
Additions	21	311	11	343
Disposals	-	-	-	-
Depreciation & Amortisation expense	(37)	(344)	-	(381)
Carrying amount at end of year	285	1,836	28	2,149

Notes to and forming part of the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

15 TAX

	Note	CONSOLIDATED ENTITY 2009 $000s	CONSOLIDATED ENTITY 2008 $000s	PARENT ENTITY 2009 $000s	PARENT ENTITY 2008 $000s
(a) Assets					
Deferred tax assets comprise temporary differences attributable to:					
Amounts recognised in profit and loss					
Doubtful Debts		198	231	-	-
Employee benefits		215	194	-	-
Building depreciation		606	600	273	284
Depreciation of intangibles		28	56	-	-
Impairment of investments		1,122	777	-	-
Fair value adjustment of investments		-	138	-	-
Inventory		3	3	-	-
Deferred rent receivable		-	-	-	-
s40-880 Black hole expenses		5	16	5	8
Other		23	55	-	-
		2,200	2,070	278	292
Movements					
Opening balance		2,070	1,276	292	249
Credit/(charged) to the income statement		130	589	(14)	43
Credit/(charged) to equity		-	138	-	-
Prior year adjustment		-	67	-	-
		2,200	2,070	278	292

There are no unrecognised capital losses for which no deferred tax asset has been recognised.

	Note	CONSOLIDATED ENTITY 2009 $000s	CONSOLIDATED ENTITY 2008 $000s	PARENT ENTITY 2009 $000s	PARENT ENTITY 2008 $000s
(b) Liabilities					
CURRENT					
Income Tax provision of continuing operations		730	866	730	866
NON-CURRENT					
Deferred tax liability comprises temporary differences attributable to:					
Amounts recognised in profit and loss					
Rent receivable		61	-	-	-
Plant and equipment depreciation		32	34	6	6
Building depreciation		196	245	173	173
Fair value adjustment of derivatives		14	483	-	-
Fair value adjustment of Investments		(7)	70	-	-
Other		22	44	-	-
Deferred tax liability of continuing operations		318	876	179	179

15 TAX (CONTINUED)

		CONSOLIDATED ENTITY		PARENT ENTITY	
	Note	2009 $000s	2008 $000s	2009 $000s	2008 $000s
Movements					
Opening balance		876	1,117	179	12
(Credit)/charged to the income statement		(619)	(219)	-	167
(Credit)/charged to equity		61	(170)	-	-
Prior year tax refund relating to building depreciation		-	73	-	-
Prior year adjustment		-	75	-	-
		318	876	179	179

16 INTANGIBLE ASSETS

		CONSOLIDATED ENTITY		PARENT ENTITY	
	Note	2009 $000s	2008 $000s	2009 $000s	2008 $000s
Licences, software and patents - at cost		650	572	-	-
Less: Accumulated amortisation		(445)	(332)	-	-
		205	240	-	-
Goodwill - Mining equipment manufacturing		155	155	-	-
Brand names - at cost		497	497	-	-
Intangible Assets of continuing operations		857	892	-	-
Reconciliations					
Licences, software and patents - at cost					
Balance at the beginning of year		240	261	-	19
Additions - external purchases		78	99	-	-
Transfers from Plant and Equipment		-	-		
Impairment of costs brought forward		-	(19)	-	(19)
Disposals		-	-	-	-
Amortisation charge (Amortisation charges are included within Cost of Goods Sold and Administration expenses in the income statement.)		(113)	(101)	-	-
		205	240	-	-
Goodwill					
Balance at the beginning of year		155	155	-	-
Additions/Disposals/Impairment		-	-	-	-
		155	155	-	-
Brand Names					
Balance at the beginning of year		497	497	-	-
Additions/Disposals/Impairment		-	-	-	-
		497	497	-	-

Notes to and forming part of the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

16 INTANGIBLE ASSETS (CONTINUED)

Licences, software and patents have a finite useful life. They are recorded at cost and amortised on a straight line basis over the number of years of their expected life which ranges from 3 to 10 years.

Goodwill is assessed to have an indefinite life, it is tested annually for impairment with any impairment losses being charged to the income statement.

Brand names have been assessed to have an indefinite useful life. These brands are registered with the relevant agencies. The registrations are renewed at insignificant cost to the consolidated entity. This, combined with continued support for the brands by product development, advertising and marketing expenditure, has allowed the consolidated entity to determine that the assets have an indefinite useful life. They are recorded at cost and tested annually for impairment. Impairment losses are charged to the income statement.

Impairment disclosures

Intangible assets deemed to have indefinite lives are allocated to the Group's cash generating units identified according to business segment.

A segment level summary of the intangible assets deemed to have indefinite lives is as follows:

	Brand Names $'000	Goodwill $'000	Total $'000
Year ended 30 June 2009			
Mining Equipment Manufacturing	497	155	652
Year ended 30 June 2008			
Mining Equipment Manufacturing	497	155	652

The recoverable amount of intangibles in the mining equipment manufacturing cash-generating units are determined based on value-in-use calculations. Value-in-use is calculated based on the present value of 5 year discounted cash flow projections based on budgets approved by management. The growth rate used in these budgets does not exceed the long term average growth rate for the business in which cash-generating units operate.

The following assumptions were used in the value-in-use calculations:

	2009 Growth Rate	2009 Discount Rate	2008 Growth Rate	2008 Discount Rate
Mining Equipment Manufacturing	5.00%	12.00%	5.00%	12.00%

The budgets used by management use historical weighted average growth rates, adjusted for the current economic conditions to project revenue.

Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the period which are consistent with inflation rates applicable to the locations in which the segments operate. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular segment.

The estimated recoverable amount of intangible assets exceeds the carrying amount of these assets at 30 June 2009. If a discount rate of 19.25% was used instead of 12%, or if sales growth was limited to the inflation rate instead of 5%, the estimated recoverable amount of the intangible assets would equal the carrying value.

17 DERIVATIVES

	Note	CONSOLIDATED ENTITY 2009 $000s	CONSOLIDATED ENTITY 2008 $000s	PARENT ENTITY 2009 $000s	PARENT ENTITY 2008 $000s
Non-Current Assets					
Options in listed companies		288	1,347	-	-
Options in listed companies					
Opening Balance		1,347	890	-	-
Additions at cost		-	340	-	-
Fair Value adjustments		(1,059)	117	-	-
		288	1,347	-	-

Options consist of various listed and unlisted options in listed companies. They are initially recorded at cost with adjustments to fair value taken to profit and loss.

If options are unlisted the group uses the Black Scholes model to determine fair value.

The Directors have elected not to record the nominal values that Black Scholes model places on the unlisted options were the exercise price is significantly above the June share price of the underlying security.

For unlisted options there is no ready market on which they can be traded and the likelihood of sale and realising this value at 30 June is unlikely.

All options can be exercised at anytime up to their expiry date.

The group were issued 4,000,000 options in Cool or Cosy Ltd for providing a trade finance facility. At the time of trade facility was provided these options had a minimal value and no entries were recorded to reflect the minimal value of these options. Subsequent to receipt of these options 700,000 were sold for a nominal value.

Details of options held are as follows:

		Number	Exercise Price	Option Expiry date	Within 1 Year $000s	1 to 2 years $000s	2 to 5 years $000s	Total $000s
2009								
Company								
Industrea Ltd	Unlisted	2,875,000	0.15	28-Sep-09	288	-	-	288
Allied Brands Ltd	Unlisted	200,000	0.35	22-May-10	-	-	-	-
Allied Brands Ltd	Unlisted	300,000	0.45	14-Oct-09	-	-	-	-
Allied Brands Ltd	Listed	2,136,007	0.60	28-Dec-10	-	-	-	-
Cool or Cosy Ltd	Unlisted	6,250,000	0.15	16-Aug-10	-	-	-	-
Cool or Cosy Ltd	Unlisted	3,300,000	0.15	17-Dec-11	-	-	-	-
					288	-	-	288
2008								
Company								
Industrea Ltd	Unlisted	2,875,000	0.15	28-Sep-09	-	1,007	-	1,007
Allied Brands Ltd	Unlisted	200,000	0.35	22-May-10		-	33	33
Allied Brands Ltd	Unlisted	300,000	0.45	14-Oct-09	-	31	-	31
Allied Brands Ltd	Listed	2,136,007	0.60	28-Dec-10	-	-	235	235
Cool or Cosy Ltd	Unlisted	6,250,000	0.15	16-Aug-10	-	-	41	41
					-	1,038	309	1,347

Derivative Instruments used by the Group

The Group has elected not to hedge account. As a result the value of foreign currency liabilities is taken up at the spot rate at balance date and the value of all derivatives is taken up as a hedge asset or liability. Gains and losses resulting to fair value are taken to the income statement.

Notes to and forming part of the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

18 TRADE AND OTHER PAYABLES

	Note	CONSOLIDATED ENTITY 2009 $000s	CONSOLIDATED ENTITY 2008 $000s	PARENT ENTITY 2009 $000s	PARENT ENTITY 2008 $000s
CURRENT LIABILITIES					
Trade payables		508	617	-	9
Sundry payables and accruals		184	410	7	3
Loans from wholly owned subsidiaries		-	-	27,278	15,920
Payables of continuing operations		692	1,027	27,285	15,932

19 INTEREST BEARING LIABILITIES

	Note	CONSOLIDATED ENTITY 2009 $000s	CONSOLIDATED ENTITY 2008 $000s	PARENT ENTITY 2009 $000s	PARENT ENTITY 2008 $000s
CURRENT LIABILITIES					
Bank overdraft -secured	19(a)	155	2,510	-	-
Hire purchase liabilities - Secured	25	23	346	-	-
Interest bearing liabilities of continuing operations		178	2,856	-	-

(a) Bank overdraft and bank loans - secured

The bank overdraft, bank loans and certain hire purchase liabilities are secured by certain charges over the consolidated entity's freehold properties, assets and undertakings.

Bank overdrafts have been reflected after taking account of legal right of set-off which was established with the bank and whereby interest is charged on the net balance.

(b) Total secured liabilities - see note 21

20 PROVISIONS

	Note	CONSOLIDATED ENTITY 2009 $000s	CONSOLIDATED ENTITY 2008 $000s	PARENT ENTITY 2009 $000s	PARENT ENTITY 2008 $000s
Current					
Employee benefits		688	310	-	-
Non Current					
Employee benefits		29	338	-	-
Total Provisions		717	648	-	-

21 INTEREST BEARING LIABILITIES

	Note	CONSOLIDATED ENTITY 2009 $000s	CONSOLIDATED ENTITY 2008 $000s	PARENT ENTITY 2009 $000s	PARENT ENTITY 2008 $000s
NON CURRENT LIABILITIES					
Bank Loans - Secured	19(a)	12,100	19,493	12,100	18,000
Hire purchase liabilities -Secured		-	69	-	-
Interest bearing liabilities of continuing operations		12,100	19,562	12,100	18,000

(a) Secured liabilities

	CONSOLIDATED ENTITY 2009 $000s	CONSOLIDATED ENTITY 2008 $000s	PARENT ENTITY 2009 $000s	PARENT ENTITY 2008 $000s
Total secured liabilities (current and non-current) are:				
Bank overdrafts	155	2,510	-	-
Bank loans	12,100	19,493	12,100	18,000
Hire purchase liabilities	23	415	-	-
	12,278	22,418	12,100	18,000

Bank overdrafts and loans are secured as noted in note 19 above.
Lease and Hire Purchase liabilities are effectively secured as the rights to those assets revert to the lessor or hirer in the event of default.

(b) Assets pledged as security

The carrying amounts of non-current assets pledged as security are:

	Note	CONSOLIDATED ENTITY 2009 $000s	CONSOLIDATED ENTITY 2008 $000s	PARENT ENTITY 2009 $000s	PARENT ENTITY 2008 $000s
First mortgage					
Freehold investment properties	13	18,502	23,744	-	-
Assets classified as held for sale	32	703	703	-	-
Registered Mortgage Debentures over Company assets and cross guarantees & indemnities					
Freehold investment properties	13	16,635	16,722	-	-
Term receivables		2,331	4,780	-	-
Financial Assets		2,411	-	-	-
Plant & equipment		2,027	1,765	-	-
Intangible Assets		857	-	-	-
Derivatives		288	-	-	-
Total non-current assets pledged as security		43,754	47,714	-	-
The following current assets are also pledged as security under the registered mortgage and cross guarantees & indemnities					
Cash assets		191	170	-	-
Term receivables		149	2,000	-	-
Receivables - current		2,112	948	-	-
Inventories		1,423	1,051	-	-
Other current assets		355	47	-	-
Total current assets pledged as security		4,230	4,216	-	-
Total assets pledged as security		47,984	51,930	-	-

The total financial assets included in the above pledged as security for liabilities is $7,194,000 (2008 $7,898,000)

Notes to and forming part of the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

21 INTEREST BEARING LIABILITIES (CONTINUED)

	Note	CONSOLIDATED ENTITY 2009 $000s	CONSOLIDATED ENTITY 2008 $000s	PARENT ENTITY 2009 $000s	PARENT ENTITY 2008 $000s
(c) Unused credit facilities					
(i) The consolidated entity had access to the following lines of credit at balance date:					
Total facilities available					
Bank Overdraft		3,000	3,000	-	-
Bank Loans		23,080	37,700	22,080	30,000
		26,080	40,700	22,080	30,000
Not utilised at balance date					
Bank Overdraft		2,845	490	-	-
Bank Loans		10,980	18,200	9,980	12,000
		13,825	18,690	9,980	12,000
Utilised at balance date					
Bank Overdraft		155	2,510	-	-
Bank Loans		12,100	19,500	12,100	18,000
		12,255	22,010	12,100	18,000

The major facilities are summarised as follows:

Banking overdrafts

Bank overdraft facilities are arranged with the National Australia Bank with the general terms and conditions being set from time to time. Overdraft balances are subject to set-off arrangements whereby credit balances can be netted off against debit balances with the total facility and interest being applied to the net balance.

Commercial bill facilities

$23,080,000 variable interest rate facilities provided by the National Australia Bank Ltd

Banking facilities with the NAB are subject to annual review, in line with normal banking practice. There is no reason to believe that facilities will not be routinely renewed at this point. Interest rates on facilities range from 5.74% to 9.93% inclusive of bank margins.

22 SHAREHOLDERS' EQUITY

	Consolidated 2009 $000s	Consolidated 2008 $000s	Parent 2009 $000s	Parent 2008 $000s
CONTRIBUTED EQUITY				
PAID-UP CAPITAL				
58,006,650 ordinary shares fully paid	31,249	32,033	31,249	32,033
(2008 59,252,613 ordinary shares)				
Movements in ordinary share capital				
Balance at the beginning of the financial year	32,033	33,573	32,033	33,573
Shares repurchased under approved buy back scheme	(784)	(1,540)	(784)	(1,540)
	31,249	32,033	31,249	32,033

The shares have no par value. Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. Each ordinary share is entitled to one vote at shareholder meetings.

22 SHAREHOLDERS' EQUITY (CONTINUED)

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2009	2008	2009	2008
	No.	No.	No.	No.
Movements in number of ordinary shares				
Balance at the beginning of the financial year	59,252,613	61,186,197	59,252,613	61,186,197
Shares repurchased under approved buy back scheme	(1,245,963)	(1,933,584)	(1,245,963)	(1,933,584)
	58,006,650	59,252,613	58,006,650	59,252,613

Capital Risk Management

The Group considers its capital to comprise its ordinary share capital, share premium and accumulated retained earnings.

In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and distributions and through the payment of annual dividends to its shareholders. In order to achieve this objective, the Group seeks to maintain a gearing ratio that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through altering its dividend policy, new share issues, share buy-backs, or the reduction of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives .

It is the Group's policy to maintain its gearing ratio within the range of 20% - 50% (2008: 20% - 50%). The Group's gearing ratio at the balance sheet date is shown below :

		CONSOLIDATED ENTITY		PARENT ENTITY	
	Note	2009 $000s	2008 $000s	2009 $000s	2008 $000s
Gearing ratios					
Total borrowings		12,278	22,418	12,100	18,000
less Cash and cash equivalents		(191)	(1,349)	-	-
Net debt		12,087	21,069	12,100	18,000
Total equity		35,458	38,461	35,802	38,691
Total capital		47,545	59,530	47,902	56,691
Gearing Ratio		25%	35%	25%	32%

The decrease in gearing has been bought about by the repayment of borrowings following the sale of an investment property and repayment of loans and receivables during the year; the Group intends to increase these gearing levels going forward in order to facilitate future investing activities (refer Note 31 Subsequent Events for further details). There have been no other significant changes to the Group's capital management objectives, policies and processes in the year nor has there been any change in what the Group considers to be its capital.

Notes to and forming part of the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

23 RESERVES

	Note	CONSOLIDATED ENTITY 2009 $000s	CONSOLIDATED ENTITY 2008 $000s	PARENT ENTITY 2009 $000s	PARENT ENTITY 2008 $000s
Available-for-sale financial assets		(17)	(160)	-	-
Share options		8	8	8	8
		(9)	(152)	8	8
Movement in reserves					
Share options					
Opening balance		8	8	8	8
Closing balance		8	8	8	8
Available-for-sale financial assets					
Opening balance		(160)	559	-	-
Revaluation		(264)	(449)	-	-
Deferred tax impact		79	135	-	-
Transfer to net (profit) / loss		468	(578)	-	-
Deferred tax impact		(140)	173	-	-
Closing balance		(17)	(160)	-	-

24 FINANCIAL RISK MANAGEMENT

The Group's financial instruments include investments in deposits with banks, receivables, equities, derivatives, payables and interest bearing liabilities. The accounting classifications of each category of financial instruments as defined in note 1(i) and their carrying amounts are set out below.

	Weighted Average Interest Rate	Note	Floating Interest Rate $000s	Fixed Interest Rate Maturing Within 1 Year $000s	Fixed Interest Rate Maturing 1 to 5 Years $000s	Non-Interest Bearing $000s	Total $000s
Consolidated 2009							
Financial Assets							
Receivables	0.0%	9	-	-	-	2,112	2,112
Loans receivable	9.3%	9	149	-	-	-	149
Convertible notes	11.6%	9	-	-	2,331	-	2,331
Loans and receivables			149	-	2,331	2,112	4,592
Cash and cash equivalents	0.0%	8	-	-	-	191	191
Available-for-sale financial assets	0.0%	12b	-	-	-	2,411	2,411
Financial assets at fair value through profit or loss - held for trading (derivatives)	0.0%	17	-	-	-	288	288
Total financial assets			149	-	2,331	5,002	7,482
Financial Liabilities							
Bank Overdrafts	10.7%	19	155	-	-	-	155
Bank Loans	6.8%	21(a)	12,100	-	-	-	12,100
Trade & Other Payables	0.0%	18	-	-	-	692	692
Lease & Hire Purchase Liabilities	7.0%	19 & 21	-	23	-	-	23
Total financial liabilities at amortised cost			12,255	23	-	692	12,970

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

	Weighted Average Interest Rate	Note	Floating Interest Rate $000s	Fixed Interest Rate Maturing Within 1 Year $000s	1 to 5 Years $000s	Non-Interest Bearing $000s	Total $000s
Consolidated 2008							
Financial Assets							
Receivables	0.0%	9	-	-	-	1,263	1,263
Loans receivable	9.6%	9	7,219	-	-	-	7,219
Convertible notes	13.6%	9	-	-	1,997	-	1,997
Loans and receivables			7,219	-	1,997	1,263	10,479
Cash	7.4%	8	1,345	-	-	4	1,349
Available-for-sale financial assets	0.0%	12b	-	-	-	3,276	3,276
Financial assets at fair value through profit or loss - held for trading (derivatives)	0.0%	17	-	-	-	1,347	1,347
Total financial assets			8,564	-	1,997	5,890	16,451
Financial Liabilities							
Bank Overdrafts	10.6%	19	2,510	-	-	-	2,510
Bank Loans	8.6%	21(a)	19,493	-	-	-	19,493
Trade & Other Payables	0.0%	18	-	-	-	1,027	1,027
Lease & Hire Purchase Liabilities	7.0%	19 & 21	-	346	69	-	415
Total financial liabilities at amortised cost			22,003	346	69	1,027	23,445
Parent Entity 2009							
Financial Assets							
Loans receivable	0.0%	9	-	-	-	34,322	34,322
Investments in subsidiaries	0.0%	12a	-	-	-	41,373	41,373
Total financial assets			-	-	-	75,695	75,695
Financial Liabilities							
Bank Loans	6.8%	21(a)	12,100	-	-	-	12,100
Other Loans	0.0%	18	-	-	-	27,278	27,278
Trade & Other Payables	0.0%	18	-	-	-	7	7
Total financial liabilities at amortised cost			12,100	-	-	27,285	39,385
Parent Entity 2008							
Financial Assets							
Loans receivable	10.1%	9	439	-	-	31,443	31,882
Investments in subsidiaries	0.0%	12a	-	-	-	41,373	41,373
Total financial assets			439	-	-	72,816	73,255
Financial Liabilities							
Bank Loans	8.6%	21(a)	18,000	-	-	-	18,000
Other Loans	0.0%	18	-	-	-	15,920	15,920
Trade & Other Payables	0.0%	18	-	-	-	12	12
Total financial liabilities at amortised cost			18,000	-	-	15,932	33,932

Notes to and forming part of the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair Value

The carrying values of financial assets and liabilities listed above approximate their fair value except for Convertible notes which have a fair value of $2,375,000 (2008 $2,047,000) at balance date.

Estimated discounted cash flows were used to measure fair value, except for fair values of financial assets that were traded in active markets that are based on quoted market prices.

The Group's and parent's investments and obligations expose it to market, liquidity and credit risks. The nature of the risks and the policies the Group and parent has for controlling them and any concentrations of exposure are discussed as follows:

Financial risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the financial risk management framework. PPK Group's activities expose it to a range of financial risks including market risk, credit risk and liquidity risk. The Group's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks

on the results of the Group where such impacts may be material. The Board receives monthly reports, which it reviews and regularly discuss the effectiveness of the processes put in place and the appropriateness of the objectives and policies to support the delivery of the Group's financial targets while protecting future financial security.

The Board also has in place informal policies over the use of derivatives and does not permit their use for speculative purposes.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of the Group's and parent entity's financial instruments will fluctuate because of changes in market prices.

Market risk comprises three types of risk: interest rate risk, equity price risk and currency risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a security, will fluctuate due to changes in interest rates. Exposure to interest rate risk arises due to holding floating rate interest bearing liabilities, investments in cash and cash equivalents and loans to related parties and other persons.

Although a change in the current market interest rate may impact the fair value of the Group's and parent's fixed interest financial liabilities and other receivables, it does not impact the Group and parent's profit after tax or equity as these financial liabilities are carried at amortised cost and not at fair value through profit or loss.

Floating interest rates attached to the Group's and parent's financial assets and liabilities give rise to cash flow interest rate risk. Any changes in the current market rate will affect the cash flows payable on floating rate interest bearing liabilities and hence impact the Group's and parent's profit after tax.

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Sensitivity disclosure analysis

The Group's and parent's exposure to its floating interest rate financial assets and liabilities is as follows:

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2009 $000s	2008 $000s	2009 $000s	2008 $000s
Financial Assets				
Cash	-	1,345	-	-
Receivables	149	7,219	-	439
	149	8,564	-	439
Financial Liabilities				
Bank overdraft	155	2,510	-	-
Bank Loans	12,100	19,493	12,100	18,000
	12,255	22,003	12,100	18,000
Net Exposure	(12,106)	(13,439)	(12,100)	(17,561)

The group has performed sensitivity analysis relating to its interest rate risk based on the Group's year end exposure. This sensitivity demonstrates the effect on after tax results and equity which could result from a movement in interest rates of +/- 1%.

Change in after tax profit				
- increase in interest rate by 1%	(85)	(94)	(85)	(123)
- decrease in interest rate by 1%	85	94	85	123

(ii) Equity Price risk

Equity securities price risk is the risk that changes in market prices will affect the fair value of future cash flows of the Group's and parent entity's financial instruments.

The group is exposed to equity price risk through the movement in share prices of the companies in which it is invested. These are determined by market forces and are outside control of the group. The risk of loss is limited to the capital invested in relation to shares and options held.

The market value of listed companies fluctuate and the fair value of the available-for-sale financial assets and derivatives of the group changes continuously.

Changes in fair value of available-for-sale financial assets are recognised through the asset revaluation reserve unless the there is objective evidence that available-for-sale financial assets have been impaired. Impairment losses are recognised in the income statement.

Unlisted investments do not have a quoted price in an active market and their fair value cannot be reliably measured, so they remain valued at cost after their initial recognition.

However when there is objective evidence of impairment of these unlisted investments, such impairment losses are recognised in the income statement.

The value of unlisted investments at balance date was nil as the group considers that there is little or no likelihood of any return from these investments.

The group also has investments by way of derivates in listed companies, these are held as options. Any gains or losses in the fair values of these derivatives are taken directly to profit or loss for the year.

Notes to and forming part of the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

The group's portfolio of investments in listed companies is concentrated in 4 companies. The individual performances of these companies exposes the group to a greater concentration of risk than just that of general market forces if a more wide-spread portfolio were held. However, because of this concentration of holdings the Directors are able to regularly monitor the performance of the companies within its portfolio and had board representation in , Cool or Cosy Ltd and Frigrite Ltd, throughout the year.

Sensitivity disclosure analysis

The Group's and parent's exposure to equity price fluctuations on the fair value of its available-for-sale financial assets and derivatives is as follows:

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2009 $000s	**2008 $000s**	**2009 $000s**	**2008 $000s**
Financial Assets				
Available-for-sale financial assets				
Investments in listed companies	2,411	3,276	-	-
Derivatives				
Options in listed companies	288	1,347	-	-
	2,699	4,623	-	-

The Group has performed sensitivity analysis relating to its exposure to equity price risk based on its year end asset holdings. This sensitivity demonstrates the effect on after tax results and equity which could result from a movement in equity prices at year end of +/- 10%.

Change in after tax profit				
- increase in equity price by 10%	73	134	-	-
- decrease in equity price by 10%	(73)	(133)	-	-
Change in equity				
- increase in equity price by 10%	219	228	-	-
- decrease in equity price by 10%	(219)	(228)	-	-

(iii) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial item will fluctuate as a result of movements in international exchange rates. The Group is exposed to exchange rate

transaction risk on foreign currency sales and purchases primarily with respect to the United States dollar (USD).

Of the total sales revenue for the Group some 40% (2008 54%) is in export sales, all sales from 1 January 2009 are designated in AUD thus limiting the currency risk exposure. The trade receivables that were invoiced in USD up to 31 December 2008 represented 23% (2008 10%) of the groups total sales. The group does not take forward cover or hedge and was therefore at risk in relation to foreign currency movements during the year. The group has maintained a USD bank account for receiving payments from trade receivables and making payment to trade payables.

The account is held with a major Australian Bank, which limits the group's exposure to credit risk associated with this deposit.

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Sensitivity disclosure analysis

The Group's and parent's exposure to currency fluctuations on its USD assets and liabilities at year end is as follows:

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2009 $000s	2008 $000s	2009 $000s	2008 $000s
Financial Assets				
Cash and cash equivalents	188	170	-	-
Trade receivables	-	197	-	-
	188	367	-	-
Financial Liabilities				
Other payables	-	154	-	-
Net exposure	188	213	-	-

The group has performed sensitivity analysis relating to its foreign currency exposure on year end amounts that are not hedged. This sensitivity demonstrates the effect on after tax results and equity which could result from a movement in AUS against the USD at year end of +/- 10%.

Change in after tax profit				
- AUD strengthens against USD by 10%	(12)	(14)	-	-
- AUD weakens against USD by 10%	15	17	-	-

(b) Credit Risk

The group and parent's maximum exposure to credit risk is generally the carrying amount net of any provisions for doubtful debts. The group's exposure is minimised by the fact that the majority of the trade receivables balance is with a diverse range of Australian and Multi-national customers. The group has in place informal policies for establishing credit approval and limits so as to manage this risk.

The group also has a credit risk exposure in relation to cash at bank. The group's policy is ensure funds are placed only with major Australian banks which are currently covered by the Australian Government guarantee in relation to deposit of up to $1m, thus minimising the group's exposure to this credit risk.

The group's credit risk relating to tenants is primarily the risk that they will fail to honour their lease agreements. The lease agreements with the purchaser of the plastics packaging business are secured by a guarantee from the head entity, Visy Industrial Plastics Pty Ltd, and the lease in relation to the Seven Hills property is supported by a personal guarantee by the lessee company's director.

Loans receivable from the purchaser of the customs packaging business were secured by a fixed and floating charges and guarantees and were repaid in full during the year.

Loans receivable from directors were repaid in full during the year.

Convertible notes in listed companies have a first or second ranking fixed and floating charge over all the assets of the issuing companies and their subsidiaries.

Refer to note 9 for detail the Groups and parent entities trade and other receivables.

The group's exposure to credit risk at balance date by country of loans and receivables is as follows:

Notes to and forming part of the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2009 $000s	2008 $000s	2009 $000s	2008 $000s
Loans and receivables by country				
Australia	4,453	10,015	34,322	31,443
United States of America	101	226	-	-
United Kingdom	35	136	-	-
Germany	-	100	-	-
New Zealand	3	2	-	-
	4,592	10,479	34,322	31,443

The groups exposure to credit risk at balance date by industry of loans and receivables is as follows:

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2009 $000s	2008 $000s	2009 $000s	2008 $000s
Loans and receivables by industry				
Customs Plastics	-	6,780	-	-
Plastic Packaging	637	315	-	-
Mining Equipment	922	948	-	-
Insulation and air-conditioning	1,366	1,186	-	-
Retail franchising	1,172	811	-	-
Manufacturing	245	-	-	-
Property and investing	250	439	34,322	31,443
	4,592	10,479	34,322	31,443

(c) Liquidity risk

Liquidity risk is the risk that the Group and parent will encounter difficulty in meeting obligations associated with financial liabilities.

The Group's objective to mitigate liquidity risk is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and hire purchase contracts.

The Group and parents exposure to liquidity risk is not significant based on available funding facilities and cash flow forecasts.

Details of the groups financing facilities are set-out in note 21.

Financial Liabilities maturity analysis

The tables below reflect the undiscounted contractual settlement terms for the groups financial liabilities of a fixed period of maturity, as well as the earliest possible settlement period for all other financial liabilities. As such the amounts may not reconcile to the balance sheet. Bank loans provided by the NAB are subject to an annual review with the next review date being 30 November 2009, with the facilities requiring renewal on 30 November 2010 and 30 November 2011.

Bank overdraft facility is also provided by the NAB with the current facility expiring on 30 November 2009.

These renewal dates have been used for disclosure of maturity dates of bank overdraft and loans, even though they are subject to an annual review as there is no reason to believe that the facilities will be altered by the bank at the time of annual review.

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

	Carrying amount	< 6 months	6 - 12 months	1 - 3 years	> 3 years	Contractual Cash flows
Consolidated 2009						
Financial Liabilities (current & non-current)						
Trade & Other Payables	692	692	-	-	-	692
Bank Loans & overdrafts	12,255	487	325	12,371	-	13,183
Hire Purchase Liabilities	23	23	-	-	-	23
Total Financial Liabilities	12,970	1,202	325	12,371	-	13,898
Consolidated 2008						
Financial Liabilities (current & non-current)						
Trade & Other Payables	1,027	1,027	-	-	-	1,027
Bank Loans & overdrafts	22,003	20,168	2,395	-	-	22,563
Hire Purchase Liabilities	415	366	72	-	-	438
Total Financial Liabilities	23,445	21,561	2,467	-	-	24,028
Parent Entity 2009						
Financial Liabilities (current & non-current)						
Trade & Other Payables	7	7	-	-	-	7
Loans from wholly owned subsidiaries	27,278	27,278	-	-	-	27,278
Bank Loans & overdrafts	12,100	325	325	12,371	-	13,021
Total Financial Liabilities	39,385	27,610	325	12,371	-	40,306
Parent Entity 2008						
Financial Liabilities (current & non-current)						
Trade & Other Payables	12	12	-	-	-	12
Loans from wholly owned subsidiaries	15,920	15,920	-	-	-	15,920
Bank Loans & overdrafts	18,000	18,385	-	-	-	18,385
Total Financial Liabilities	33,932	34,317	-	-	-	34,317

Notes to and forming part of the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

25 HIRE PURCHASE AND LEASE COMMITMENTS

	Note	CONSOLIDATED ENTITY 2009 $000s	CONSOLIDATED ENTITY 2008 $000s	PARENT ENTITY 2009 $000s	PARENT ENTITY 2008 $000s
(a) Hire Purchase commitments					
payable:					
- not later than 1 year		23	366	-	-
- later than 1 year but not later than 5 years		-	72	-	-
		23	438	-	-
Minimum hire purchase payments					
Less: Future finance charges not provided in the financial statements		-	(23)	-	-
		23	415	-	-
Total hire purchase liability					
Provided in the financial statements as:					
Current liabilities		23	346	-	-
Non-current liabilities		-	69	-	-
		23	415	-	-
(b) Operating lease commitments					
Operating lease rentals contracted for but not capitalised in the financial statements payable:					
- not later than 1 year		51	98	-	-
- later than 1 year but not later than 5 years		-	50	-	-
- later than 5 years		-	-	-	-
		51	148	-	-

The Group leases premises in Nowra under non cancellable operating lease. The terminating date of the lease is 31 January 2010, however the Group has an option to renew this lease for a further period of 5 years.

There are no contingent rentals as part of finance lease arrangements and no restrictions on the ability of PPK Group Ltd and its subsidiaries from borrowing further funds or paying dividends.

26 SUPERANNUATION COMMITMENTS

Contributions are made to by the consolidated entity to employee defined contribution superannuation funds.

All funds were accumulation plans whereby the Company contributed various percentages of employee gross incomes, the majority of which were as determined by the superannuation guarantee legislation. Benefits provided under the plan are based on accumulated contributions and earnings for each employee. There is no legally enforceable obligation on entities in the consolidated entity to contribute to the superannuation plans other than requirements under the superannuation guarantee legislation.

27 CONTINGENT LIABILITIES

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2009 $000s	2008 $000s	2009 $000s	2008 $000s
(a) Group				
Cross guarantees of the Groups banking and finance facilities totalling $26,080,000 of which $12,255,000 was drawn at balance date.				
(b) subsidiaries				
Bank guarantees	-	200	-	-

28 SEGMENT INFORMATION

(a) Year ended 30 June 2009 — **Continuing Operations**

Business Segments	Investment Properties $000s	Investing $000s	Mining Equipment Manufacturing $000s	Total of Continuing Operations $000s
Primary Segment				
Sales revenue	-	-	4,867	4,867
Rental income	4,776	-	-	4,776
Other income	13	434	1	448
Total Revenue	4,789	434	4,868	10,091
Segment result	4,006	(2,330)	1,062	2,738
Unallocated corporate income and expenses				(1,306)
Unallocated interest income and expense				(971)
Consolidated operating profit before income tax				461
Income tax benefit / (expense)				79
Net profit after tax attributable to members				540
Assets				
Segment Assets	35,840	5,030	5,226	46,096
Unallocated Assets				4,088
				50,184
Liabilities				
Segment Liabilities (note e)	23	-	474	497
Unallocated Liabilities				14,238
				14,735
Other segment information				
Depreciation	478	-	349	827
Amortisation of other intangibles	-	-	107	107
Impairment of available-for-sale financial assets	-	1,696	-	1,696
Fair value adjustment on derivatives	-	1,059	-	1,059
Acquisition of non-current Segment assets	58	1,197	414	1,669

Notes to and forming part of the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

28 SEGMENT INFORMATION (CONTINUED)

(b) Year ended 30 June 2008 — Continuing Operations

Business Segments	Investment Properties $000s	Investing $000s	Mining Equipment Manufacturing $000s	Total of Continuing Operations $000s
Primary Segment				
Sales revenue	-	-	4,251	4,251
Rental income	4,396	-	-	4,396
Other income	55	1,650	48	1,753
Total Revenue	4,451	1,650	4,299	10,400
Segment result	3,528	(720)	650	3,458
Unallocated corporate expenses				(1,975)
Unallocated interest				(781)
Consolidated operating profit before income tax				702
Income tax (expense) / benefit				(95)
Net profit after tax attributable to members				607
Assets				
Segment Assets	41,169	6,620	4,747	52,536
Unallocated Assets				11,608
				64,144
Liabilities				
Segment Liabilities	285	-	667	952
Unallocated Liabilities				24,883
				25,835
Other segment information				
Depreciation	478	-	315	793
Amortisation of other intangibles	-	-	95	95
Impairment of available for-sale financial assets	-	2,370	-	2,370
Acquisition of non-current Segment assets	402	4,709	328	5,439

28 SEGMENT INFORMATION (CONTINUED)

(c) Geographic location of Customers

Although the group operates in Australia the mining equipment manufacturing segment has sales revenue from customers located overseas.

Additional disclosure of sales revenue by geographical location of external customers that represent 10% or more of total entity sales revenue is as follows:

	2009 $000s	2008 $000s
Australia	2,899	1,954
China	842	-
Germany	507	1,038
United States of America	418	444
United Kingdom	113	645
Other countries	88	170
	4,867	4,251

The geographical location of receivables, relating to these sales, is disclosed in Note 24 of these accounts.

(d) The consolidated entity had the following business segments

- The Investment Property segment owns the properties from which the Group previously carried out its manufacturing operations.

- The Investment segment owns primarily listed and some unlisted investments and also has made loans from which it earns income and capital growth.

- The Mining equipment segment manufactures portable underground mining equipment.

(e) Segment information is prepared in conformity with the accounting policies described in note 1.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment and goodwill and other intangible assets. While most of these assets can be directly attributed to individual segments, the carrying amounts of certain assets used jointly by segments are shown as unallocated assets. Segment liabilities consist primarily of trade and other creditors, employee benefits and provisions for service warranties. Segment assets and liabilities do not include income taxes.

Notes to and forming part of the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

29 RELATED PARTIES

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2009 $000s	2008 $000s	2009 $000s	2008 $000s
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.				
Transactions are inclusive of GST.				
Transactions with related parties:				
(a) Subsidiaries :				
(i) Provision of interest free unsecured loans				
- current receivables (wholly-owned subsidiaries)	-	-	34,322	31,443
- current payables (wholly-owned subsidiaries)	-	-	27,278	15,920
(ii) Trust Distribution from controlled trust	-	-	2,052	349
(b) Share transactions of directors:				
Directors and director-related entities have acquired or disposed of ordinary shares in the Parent entity during the financial year as follows :				
	No. 000s	**No. 000s**	**No. 000s**	**No. 000s**
PPK Group Limited - acquired	1,593	205	1,593	205
PPK Group Limited - disposed	(700)	-	(700)	-
Net movement	893	205	893	205
Directors and director-related entities hold directly, indirectly or beneficially as at the reporting date the following equity interests in members of the consolidated entity:				
PPK Group Limited - ordinary shares	11,132	10,239	11,132	10,239

30 CASH FLOW INFORMATION

	Note	CONSOLIDATED ENTITY		PARENT ENTITY	
		2009 $000s	2008 $000s	2009 $000s	2008 $000s
(a) Reconciliation of profit after income tax to the cash provided by operating activities					
Profit after income tax		540	607	654	(1,390)
Cash flows in operating result attributable to non-operating activities:					
Interest paid		1,159	1,509	-	1,229
Cash flows in operating activities but not attributable to operating result:					
Payments from employee provisions		(145)	(338)	-	-
Non-cash flows in operating profit:					
Amortisation		113	101	-	-
Depreciation		888	858	-	-
Deferred expenses		-	-	-	-
Interest received on convertible notes		(31)	(70)	-	-
Recognition of income from rent free periods deferred on acquisition		(55)	(402)	-	-
Impairment of available-for-sale-assets		1,696	2,370	-	487
Transfers to provisions		226	340	-	-
Trust distributions		-	-	-	(349)
(Profits) on sale of available for sale assets		(132)	(1,309)		
Fair value adjustments on derivatives		1,059	(116)	-	-
Loss/(Profits) on sale of property, plant & equipment		(13)	19	-	19
(decrease)/increase in tax payable		(136)	(2,388)	-	(2,388)
(increase)/decrease in deferred tax assets		(130)	(794)	-	(43)
(decrease)/increase in deferred tax liabilities		(619)	67	-	167
Changes in assets and liabilities:					
(increase)/decrease in trade and other debtors		(793)	(320)	-	56
decrease/(increase) in prepayments		7	-	-	(91)
(increase)/decrease in inventories		(320)	(310)	-	-
net movement in interCompany loan accounts		-	-	(654)	-
(decrease)/increase in trade creditors and accruals		(348)	(124)	-	(200)
Net cash provided in / (used by) operating activities		2,966	(300)	-	(2,503)

30 CASH FLOW INFORMATION (CONTINUED)

Notes to and forming part of the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2009

	Note	CONSOLIDATED ENTITY 2009 $000s	CONSOLIDATED ENTITY 2008 $000s	PARENT ENTITY 2009 $000s	PARENT ENTITY 2008 $000s
(b) Reconciliation of Cash					
For the purposes of the cash flow statement, cash includes:					
Cash on hand		3	4	-	-
Call deposits with financial institutions		188	1,345	-	-
Bank overdrafts - secured		(155)	(2,510)	-	-
		36	(1,161)	-	-
(c) Non-cash Financing and Investing Activities					
During the financial year, the consolidated entity had the following non cash adjustments, expense/(income);					
Fair value adjustment on derivatives		1,059	(116)	-	-
Impairment of available-for-sale financial assets		1,696	2,370		
These related to shares and options held in listed Company investments.				-	-
		2,755	2,254	-	-

31 EVENTS SUBSEQUENT TO REPORTING DATE

Directors

David Hoff retired as Managing Director, and as a Director of PPK Group Limited and its subsidiaries on 7 September 2009. Glenn Molloy was appointed to the role of Executive Director on the same date.

Investment Properties

The tenant of two (2) industrial properties owned by PPK as not exercised options to lease these properties. The initial lease of these properties expired on 31 August 2009. Each property is being marketed for re-lease and the Board expects these properties will be realeased in the 2010 financial year.

PPK is also involved in litigation with the tenant of its Arndell Park property regarding the validity of the registered lease on this property. The matter is presently before the Court.

Investing Activities

PPK has been a party to an Underwriting Agreement in respect of the issue of new shares in and by Frigrite Limited (ASX:FRR) pursuant to a rights issue. The new share offer closed on 19th August 2009. In accordance with the underwriting arrangements and PPK's rights issue entitlement, the Company has subscribed for 13,862,864 shares in FRR at a cost of $1,663,000. In addition, PPK has applied for and been issued 2,000,000 convertible notes at a face value of $1.00 per note and subject to the payment of interest at the rate of 12.5% per annum. Each note converts to 5 ordinary shares and has 5 attaching options exercisable at 20 cents per share at any time during the next 3 years.

On 26 August 2009 the new shares in FRR were issued to PPK which has increased its holding to approximately 32% of the existing issued share capital of FRR. FRR will be considered an associate of the consolidated entity from this time and, consequently, PPK will be required to recognise its share of the post acquisition profits or losses of FRR in the profit and loss account of PPK.

No other matter or circumstance has arisen since the end of the financial year which is not otherwise dealt with in this report or in the 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.

32 HELD FOR SALE ASSETS

		CONSOLIDATED ENTITY		PARENT ENTITY	
	Note	2009 $000s	2008 $000s	2009 $000s	2008 $000s
Property		703	703	-	-

Land located at Arndel Park is actively being marketed for sale.

33 SHARE BASED PAYMENTS

Director and Employee Share Option Arrangements

(i) PPK eligible executive employees may be granted options under the PPK Executive Incentive Scheme. Options granted under the scheme are for a maximum of 5 years.

Options under the scheme may only be exercised after 2 years from the date of issue and expire 30 days after the employee ceases to be an employee.

(ii) Options that were granted to directors required shareholder approval and vested immediately. These options expired on 12 August 2007.

(iii) Options hold no voting or dividend rights and are not transferable without Board of Directors approval.

The closing price of an ordinary share of PPK Group Limited on the Australian Stock Exchange at 30 June 2009 was $0.28 (30 June 2008 $0.70).

	CONSOLIDATED ENTITY 2009 No.	Weighted Ave Exercise Price 2009 $	CONSOLIDATED ENTITY 2008 No.	Weighted Ave Exercise Price 2008 $	PARENT ENTITY 2009 No.	PARENT ENTITY 2008 No.
(a) Movement in the number of share options held by Directors are as follows :						
Opening Balance	-	-	900,000	$1.65	-	900,000
Lapsed during the year	-	-	(900,000)	$1.65	-	(900,000)
Closing Balance	-	-	-	$1.65	-	-

weighted average exercise prices are the same for the parent entity as for the consolidated entity

DIRECTOR'S DECLARATION

FOR THE YEAR ENDED 30 JUNE 2009

The Directors of PPK Group Limited declare that in the opinion of the directors:

(a) the financial statements and notes set out on pages 36 to 88 are in accordance with the *Corporations Act 2001* (Cth) including:

(i) complying with Accounting Standards in Australia and the *Corporations Regulations 2001*; and

(ii) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of its performance as represented by the results of their operations, changes in equity and their cash flows, for the financial year ended on that date; and

(b) there are reasonable grounds to believe the company will be able to pay its debt when they become due and payable.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the board of directors.

Colin Ryan
Chairman

Sydney, 29 September 2009

BDO Kendalls

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ABN 17 114 673 540

INDEPENDENT AUDITOR'S REPORT

To the members of PPK Group Limited

We have audited the accompanying financial report of PPK Group Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independent Audit Report (continued)

BDO Kendalls

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

Auditor's Opinion

In our opinion:

(a) the financial report of PPK Group Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 19 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of PPK Group Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

BDO Kendalls

BDO Kendalls Audit & Assurance (NSW-VIC) Pty Ltd

Wayne Basford
Director

Dated Sydney this 29th day of September 2009

AUDITOR'S INDEPENDENCE DECLARATION

BDO Kendalls

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DECLARATION OF INDEPENDENCE BY WAYNE BASFORD
TO THE DIRECTORS OF PPK GROUP LIMITED

As lead auditor of PPK Group Limited for the year ended 30 June 2009, 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 audit; and
- any applicable code of professional conduct in relation to the audit.

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

Wayne Basford
Director

BDO Kendalls Audit & Assurance (NSW-VIC) Pty Limited

Dated Sydney this 29th day of September 2009

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

1. Shareholding

(a) Distribution of shareholders at 21st August 2009

Category (size of holding)	Number of Shareholders 2009 000's	Number of Shareholders 2008 000's
1 - 1,000	138	139
1,001 - 5,000	456	473
5,001 - 10,000	368	404
10,001 - 100,000	492	517
100,001 and over	49	52
	1,503	1,585

(b) The number of shareholdings held in less than marketable parcels is 179

(c) The names of the substantial shareholders listed in the holding Company's register at the 21st August 2009

	Number of shares 2009 000's	Number of shares 2008 000's
Corso Investments Pty Ltd	10,289	8,752
ANZ Nominees Ltd	8,664	8,664
Equipment Co of Australia Pty Ltd	6,618	6,618
Applied Colour Pty Limited	2,200	2,200
John E Gill Operations Pty Ltd	1,569	1,569

(d) Voting rights

The consolidated entity has one class of ordinary shares with equal voting rights attached to them.

(e) Twenty largest shareholders

		Number of ordinary fully paid shares held 000's	Percentage held of listed ordinary capital %
1	Corso Investments Pty Ltd	10,289	17.74
2	ANZ Nominees Ltd	8,664	14.94
3	Equipment Co of Australia Pty Ltd	6,618	11.41
4	Applied Colour Pty Limited	2,200	3.79
5	John E Gill Operations Pty Ltd	1,569	2.71
6	Metal Industries Pty Ltd	1,059	1.83
7	Citicorp Nominees Pty Limited	660	1.14
8	Mr Colin Francis Ryan & Mrs Jose Maureen Ryan	500	0.86
9	Flagstaff Superannuation Pty Ltd	470	0.81
10	Contemplator Pty Ltd	452	0.78
11	Mr Robert Joseph Faulks & Mrs Patricia Baynton Faulks	440	0.76
12	Mr Ian Macdonald	425	0.73
13	Ms Alison Irving	342	0.59
14	Poets Pty Ltd	301	0.52
15	Mr Charles Peter Taylor	300	0.52
16	Chandos Nursing Home Pty Ltd	300	0.52
17	Mrs Patricia Baynton Faulks	255	0.44
18	Ruminator Pty Ltd	243	0.42
19	WRG Investments Pty Ltd	221	0.38
20	Di Iulio Homes Pty Ltd	200	0.35
		35,508	61.22

2. The name of the Company secretary is

Mr Robert Nicholls.

3. The address of the principal registered office in Australia is

25-27 Waratah Street, Kirrawee, NSW 2232
Telephone (02) 9521 8444
Fax (02) 9521 4561
Email info@ppkgroup.com.au

4. Registers of securities are held at the following addresses:

New South Wales
Registries Limited
Level 2
28 Margaret Street, Sydney NSW 2000
P.O. Box P67, Royal Exchange, Sydney NSW 1223

5. Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Stock Exchange Ltd.

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CORORATE DIRECTORY

as at 29 September 2009

DIRECTORS

Colin Ryan
B.Com.,Dip.Ed.,CA
DIRECTOR AND CHAIRMAN (non-executive)

Glenn Molloy
DIRECTOR (executive)

Raymond Beath
B.Com.,F.C.A
DIRECTOR (non-executive)

Jury Wowk
B.A., LL.B
DIRECTOR (non-executive)

COMPANY SECRETARY

Robert Nicholls
MBA (Distinction), LL.B (Hons)
Grad Dip Leg Prac., Grad Dip CSP, FCIS, GAICD

HEAD OFFICE & REGISTERED OFFICE

PPK Group Limited
25-27 Waratah Street
Kirrawee NSW 2232
Telephone 02 9521 8444
Facsimile 02 9521 4561
www.ppkgroup.com.au

SHARE REGISTRY

Registries Limited
Level 7, 201 Kent Street
Sydney NSW 2000
Telephone 02 9290 9600
Facsimile 02 9279 0664
www.registries.com.au

AUDITORS

BDO Kendalls
Allianz Centre
2 Market Street
Sydney NSW 2000
Telephone 02 9286 5555
Facsimile 02 9286 5599

PPK GROUP PROPERTIES

New South Wales
8 Contaplas Street
Arndell Park NSW 2148

14 Contaplas Street
Arndell Park NSW 2148

13A Station Road
Seven Hills NSW 2147

25-27 Waratah Street
Kirrawee NSW 2232

Victoria
36-42 Hydrive Close
Remington Industrial Estate
Dandenong South VIC 3175

Queensland
72 Pritchard Road
Virginia QLD 4014

PPK GROUP BUSINESSES

New South Wales
Rambor Pty Limited
108 Albatross Road
South Nowra NSW 2541
Telephone 02 4422 6323
Facsimile 02 4422 5423
www.rambor.com.au

GROUP LIMITED