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## Results for Announcement to the Market

### Summary of Financial Information:

Extracts from this report for announcement to the market:

	Six months ended 31.12.16 \$A'000	Six months ended 31.12.15 \$A'000	Movement \$A'000	Movement
Revenue from ordinary activities	18,805	22,964	(4,159)	(18.11%)
Profit/(loss) after tax from ordinary activities attributable to members	1,281	1,756	(475)	(27.05%)
Net profit/(loss) attributable to members	1,281	1,756	(475)	(27.05%)

### Dividends:

Financial Year	Nature	Date paid/Proposed to be paid	Amount per security Cents	Franked amount per security at 30% tax
30-Jun-17	Interim	No dividend has been declared.	N/A	N/A
30-Jun-16	Final	No dividend was declared, paid or payable.	N/A	N/A
30-Jun-16	Interim – declared and paid	24 June 2016	5 cents	Fully Franked

### NTA Backing:

	Six months ended 31.12.16 (Cents)	Six months ended 31.12.15 (Cents)
Net tangible asset backing per ordinary security (cents)	69	77

## Details of entities over which control has been gained or lost during the period:

PTB Group Ltd sold its shares in the dormant UK company, Aircraft Maintenance Services Ltd, to an external party for nominal consideration on 30 September 2016.

## Details of associates and joint venture entities:

Nil

## Accounting Standards used for Foreign Entities in compiling the report:

IFRS has been used in the preparation of the financial statements of all entities.

## Audit/Review Status:

**This report is based on accounts to which one of the following applies:**

(Tick one)

The accounts have been audited	<input type="checkbox"/>	The accounts have been subject to review	<input checked="" type="checkbox"/>
The accounts are in the process of being audited or subject to review	<input type="checkbox"/>	The accounts have not yet been audited or reviewed	<input type="checkbox"/>

**If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:**


n/a

**If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:**

n/a

## Attachments Forming Part of Appendix 4D:

Attachment #	Details
1	Chairman's & Managing Director's Review
2	Interim Financial Report

<b>Signed By (Director)</b>	
<b>Print Name</b>	Craig Baker
<b>Date</b>	24 February 2017

## **CHAIRMAN'S AND MANAGING DIRECTOR'S REVIEW**

### **Overview of Current Period Results**

PTB Group Limited is pleased to report a strong result for the December 2016 half year with profit before tax of \$1.833 million (Dec 2015: \$2.509 million). After adjusting for net foreign exchange losses, the operating profit before tax (OPBT) was \$1.907 million.

The company has been focussed on the growth of the Pacific Turbine USA business while continuing to build on the productivity and efficiency of the established businesses. This has been rewarded with profitability across all areas. Great focus has also been on streamlining the businesses to simplify accounting, reporting and transparency so it becomes easier for management (and investors) to objectively assess the various components of the company and implement effective strategies.

Operating results for the half year by business:

- Pacific Turbine Brisbane continues to perform well, with an OPBT of \$1.127 million.
- Pacific Turbine USA has grown ahead of expectations, contributing an OPBT of \$0.474 million.
- Pacific Turbine Leasing produced an OPBT of \$0.521 million.
- International Air Parts has returned another solid result with an OPBT of \$0.452 million.
- Group overheads remained steady at (\$0.667 million).

The net foreign exchange loss for the year was \$0.074 million. PTB Group does not generally hedge against currency risks as foreign currency denominated revenues are matched with foreign currency denominated expenditures with very little remaining risk. Accounting gains and losses are mostly driven by balance sheet adjustments.

As at 31 December 2016 net assets are \$40.946 million (Jun 2016: \$37.686 million). Net tangible asset backing per share is 69 cents (Jun 2016: 70 cents).

No dividend has been declared or paid in the current financial year. A fully franked 5 cents per share dividend was paid in June 2016.

### **Commentary on Operations for the Half Year**

#### **Pacific Turbine Brisbane (PTB)**

The PTB business is built around an aircraft engine maintenance, repair and overhaul (MRO) facility located at Pinkenba in Brisbane. The business has a number of long-term engine maintenance and management contracts in place with aircraft operators in the Australian, Pacific and Asian regions that underwrite the business's ongoing consistent results. These contracts provide the business with consistent aircraft parts and engine sales and regular cash flows. It also provides consistent workloads for the workshops that enable improved scheduling and efficiency.

PTB had a successful 1H17 with an OPBT of \$1.127 million. Revenues and returns from contract customers remained strong and underpinned the results.

PTB's current focus is on continual improvement of efficiency and productivity and extension of internal capabilities. PTB also continues to develop customer relationships that lead to engine and parts sales and future engine maintenance contracts for both PTB and Pacific Turbine USA.

## **Pacific Turbine USA (PT USA)**

PT USA is a new business that commenced trading in February 2016. This business is similar to, and an extension to the PTB business. PT USA utilises strategic arrangements with MRO facilities in the USA to produce aircraft engines and parts that are available to be sold to customers around the world. This enables a significant expansion in the engine overhaul capacity for the Group with no fixed capital outlay and very little overhead in the initial phase. Bank and equity funding have been secured to support the working capital requirements of this venture.

PT USA commenced trading in February 2016 and returned an OPBT of \$0.084 million for 2H16. This has grown to \$0.474 million for 1H17. Bank funding was received in January 2017 to further boost production.

This business is a significant growth strategy for the business as it allows the Group to increase its production capacity very quickly while also significantly extending its potential customer base.

## **Pacific Turbine Leasing (PTL)**

PTL is the Group's aircraft and engine leasing and finance provider. This business has previously been reported under the name of Emerald Assets. Along with the change of name, the activities have also been extended to include all leased aircraft and engines for the Group. Current year and comparative results have been restated to reflect this change.

The pool of aircraft and engines includes:

- Three British Aerospace Jetstream 32 aircraft on lease in Australia and the Pacific
- One British Aerospace ATP aircraft on lease in Asia
- Two Fairchild Metro 23 aircraft available for sale or lease
- Numerous PT6A and TPE331 engines leased in Australia, New Zealand and the Pacific
- Numerous PT6A and TPE331 engines for short-term rental, supporting engine management customers and the workshops

The business also has finance receivables related to sales of aircraft and engines on credit terms.

PTL provides consistent results from the pool of leased engines and aircraft. OPBT for 1H17 was \$0.521 million.

## **International Air Parts (IAP)**

IAP is an aircraft spare parts business. The business operates out of two large warehouses in Warriewood, New South Wales. The business sells a large variety of airframe parts, aircraft engines and engine repair and overhaul services from its own stockholding and a comprehensive supplier network. The business also supports PTL by providing ongoing technical and parts support for leased aircraft. This business also provides risk mitigation for leased aircraft through its ability to recover and maximise the returns from aircraft at the end of leases.

IAP's OPBT of \$0.452 million for 1H17 was in line with management expectations. The business's ongoing focus will be on extracting maximum value from the existing stockholding while supporting leased aircraft and the established customer base.

## **Balance Sheet and Net Assets**

Net assets at 31 December 2016 were \$40.946 million (Jun 2016: \$37.686 million). Borrowings totalled \$13.344 million (Jun 2016: \$13.687 million). The Group's bank debt facilities are due to mature in the second half of the 2017 calendar year. As a result, these facilities have been reclassified as current in the Statement of Financial Position. These are expected to revert to non-current borrowings following the anticipated refinancing.

Note that a further US\$3 million of debt was taken up in January 2017. The company is comfortable with level of debt relative to both asset value and income.

## Cash Flows

Operating: Cash flows from operating activities were -\$1.624 million (December 2015: \$0.827 million). The negative operating cash flows are in line with the ramp up of production for PT USA. This is mainly reflected in the increase in inventories of \$2.278 million since June 2016.

Financing: \$1.979 million of shares were placed during September 2016 to help fund the PT USA ramp up. A further US\$3 million loan was taken up in January 2017. This loan is not included in the half year results.

The broad sources and applications of funds are set out below:

	<b>1H 2017</b>
	<b>\$'000</b>
<b>Sources</b>	
Net operating (excluding inventory increase)	654
Share placement	1,979
<b>Applications</b>	
Inventory increase	2,278
Capital spend (mainly rental/leased engines)	1,050
Net loan repayments	528
<b>Net Movement in Cash</b>	<b>(1,223)</b>

## PTB Group's Outlook

The Group has successfully realigned the businesses, obtained funding and continued growth over the past 6 months. The business is now well placed to focus on growth and improvement initiatives going forward.

The Group is focussing on:

- Using funding obtained to ramp up Pacific Turbine USA production
- Continuing to grow engines under lease and engine management contracts in the wider market
- Deploying capital into the most effective growth opportunities
- Continuing to increase productivity and efficiency in PTB
- Extracting maximum value from IAP inventory

## Full Year Profit Forecast

As announced to the market on 23 January 2017, the full year forecast remains unchanged, with full year profit before tax (excluding foreign exchange gains and losses) to be between \$4.0m and \$4.3m.

ATTACHMENT 2



**ABN 99 098 390 991**

**INTERIM FINANCIAL REPORT**  
**FOR THE HALF YEAR ENDED**  
**31 DECEMBER 2016**

# PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES

## DIRECTORS' REPORT

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Your Directors present their report on the consolidated entity consisting of PTB Group Limited ("the Company") and the entities it controlled at the end of, or during, the half year ended 31 December 2016.

### Directors

The names of Directors in office at any time during the half year and up to the date of this report are:

Name	Position
H Parker	Director (non-executive), Chairman
CL Baker	Managing Director
RS Ferris	Director (executive)
APS Kemp	Director (non-executive)
SG Smith	Director (executive)
A Sormann	Director (non-executive) - resigned 13 October 2016

### Review and Results of Operations

PTB Group Limited's profit after tax for the period to 31 December 2016 was \$1.281 million (Dec 2015: \$1.756 million). Total revenue was \$18.805 million (Dec 2015: \$22.964 million).

At period end, net assets for the group were \$40.946 million (Jun 2015: \$37.686 million).

The operating performance of the business for the half year to 31 December 2016 is detailed in the Chairman's and Managing Director's Review included in this interim report.

### Dividends

No dividend has been declared or paid since the 30 June 2016 year end. A dividend of 5 cents per share was paid during the June 2016 year.

### Auditor's Independence Declaration

A copy of the auditor's signed independence declaration as required under section 307C of the *Corporations Act 2001* is attached to this report.

### Rounding

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that legislative instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of the Board of Directors.



**C Baker**  
Managing Director

Brisbane  
24 February 2017



**Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of PTB Group Limited**

I declare that, to the best of my knowledge and belief, during the half year ended 31 December 2016 there have been no contraventions of:

- i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- ii) any applicable code of professional conduct in relation to the review.



Geoffrey Stephens  
Director

HALL CHADWICK QLD AUDIT

Dated this 24<sup>th</sup> day of February 2017

**PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

	<b>Note</b>	<b>31.12.16 \$'000</b>	<b>31.12.15 \$'000</b>
Revenue	2	18,805	22,964
<b>Total revenue</b>		<b>18,805</b>	<b>22,964</b>
Changes in inventories of finished goods and work in progress		2,278	(791)
Raw materials and consumables used and finished goods purchased for resale		(13,312)	(13,501)
Employee benefits		(2,834)	(2,868)
Depreciation and amortisation		(1,013)	(962)
Repairs and maintenance		(36)	(49)
Bad and doubtful debts		246	253
Finance costs		(424)	(522)
Net foreign exchange gain / (loss)		(74)	(399)
Net gain / (loss) on sale of property, plant and equipment		-	-
Other expenses		(1,803)	(1,616)
<b>Total expenses</b>		<b>(16,972)</b>	<b>(20,455)</b>
<b>Profit/(Loss) before income tax</b>		<b>1,833</b>	<b>2,509</b>
Income tax (expense)/ benefit		(552)	(753)
<b>Profit/(Loss) for the half year attributable to the owners of the parent entity</b>		<b>1,281</b>	<b>1,756</b>
Other comprehensive income net of income tax		-	-
<b>Total comprehensive income/(loss) for the period attributable to the owners of the parent entity</b>		<b>1,281</b>	<b>1,756</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	6	2.52	4.18
Diluted earnings per share	6	2.52	4.18

**PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2016**

	Note	<b>31.12.16</b> <b>\$'000</b>	<b>30.06.16</b> <b>\$'000</b>
<b>Current Assets</b>			
Cash and cash equivalents	4	759	1,982
Trade and other receivables		9,973	7,707
Inventories		23,718	21,440
Other current assets		748	212
<b>Total Current Assets</b>		<b>35,198</b>	<b>31,341</b>
<b>Non-Current Assets</b>			
Trade and other receivables		2,132	2,779
Property, plant and equipment		19,382	20,260
Deferred tax assets	8	4,111	4,918
Intangible assets		4,334	4,334
<b>Total Non-Current Assets</b>		<b>29,959</b>	<b>32,291</b>
<b>Total Assets</b>		<b>65,157</b>	<b>63,632</b>
<b>Current Liabilities</b>			
Trade and other payables		4,706	6,328
Borrowings	3	13,065	1,798
Provisions		702	713
Other current liabilities		1,659	1,217
<b>Total Current Liabilities</b>		<b>20,132</b>	<b>10,056</b>
<b>Non-Current Liabilities</b>			
Borrowings	3	279	11,889
Deferred tax liabilities		3,183	3,438
Provisions		445	449
Other non-current liabilities		172	114
<b>Total Non-Current Liabilities</b>		<b>4,079</b>	<b>15,890</b>
<b>Total Liabilities</b>		<b>24,211</b>	<b>25,946</b>
<b>Net Assets</b>		<b>40,946</b>	<b>37,686</b>
<b>Equity</b>			
Contributed equity	5	35,875	33,896
Reserves		15,237	13,956
Retained profits		(10,166)	(10,166)
<b>Total Equity</b>		<b>40,946</b>	<b>37,686</b>

**PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

	<b>Issued Capital</b>	<b>Other Equity Securities</b>	<b>Total Contributed Equity</b>	<b>Dividend Appropriation Reserve</b>	<b>Retained Earnings</b>	<b>Total Equity</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Balance at 1 July 2015</b>	31,595	183	31,778	13,956	(10,633)	35,101
<b>Total comprehensive income:</b>						
Profit/(loss) for the half year	-	-	-	-	1,756	1,756
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income for the half year</b>	-	-	-	-	<b>1,756</b>	<b>1,756</b>
Transfer from reserves	-	-	-	-	-	-
<b>Balance at 31 December 2015</b>	<b>31,595</b>	<b>183</b>	<b>31,778</b>	<b>13,956</b>	<b>(8,877)</b>	<b>36,857</b>
<b>Balance at 1 July 2016</b>	33,713	183	33,896	13,956	(10,166)	37,686
<b>Total comprehensive income:</b>						
Profit/(loss) for the half year	-	-	-	-	1,281	1,281
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income for the half year</b>	-	-	-	-	<b>1,281</b>	<b>1,281</b>
Contributions of equity net of transaction cost	1,979	-	1,979			1,979
Transfer to reserves	-	-	-	1,281	(1,281)	-
<b>Balance at 31 December 2016</b>	<b>35,692</b>	<b>183</b>	<b>35,875</b>	<b>15,237</b>	<b>(10,166)</b>	<b>40,946</b>

The accompanying notes form part of these financial statements.

**PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

	<b>Note</b>	<b>31.12.16 \$'000</b>	<b>31.12.15 \$'000</b>
<b>Cash Flows from Operating Activities</b>			
Cash receipts from customers		18,358	20,139
Cash payments to suppliers and employees		(19,625)	(18,876)
Interest received		67	86
Finance costs		(424)	(522)
Income tax (paid)/refund		-	-
Net cash provided by/(used in) operating activities		(1,624)	827
<b>Cash Flows From Investing Activities</b>			
Payments for property, plant and equipment		(1,050)	(1,068)
Proceeds on disposal of property, plant and equipment		-	1
Net cash provided by/(used in) investing activities		(1,050)	(1,067)
<b>Cash Flows From Financing Activities</b>			
Proceeds from borrowings raised		447	169
Proceeds from issue of shares		1,979	-
Repayment of borrowings		(975)	(1,282)
Net cash provided by/(used in) financing activities		1,451	(1,113)
Net increase/(decrease) in cash and cash equivalents held		(1,223)	(1,353)
Cash and cash equivalents at the beginning of the half year		1,982	3,354
Cash and cash equivalents at the end of the half year	<b>4</b>	759	2,001

# **PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES**

## **NOTES TO THE CONSOLIDATED FINANCIAL REPORT**

### **FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

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#### **1. Basis of Preparation of Half Year Report**

This general purpose consolidated interim financial report for the half year reporting period ended 31 December 2016 has been prepared in accordance with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report is intended to provide users with an update on the latest annual financial statements of PTB Group Limited and its controlled entities (referred to as the “Consolidated Group” or “Group”). As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2016, together with any public announcements made during the half year.

The interim financial report was authorised for issue on 24 February 2017.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated under the option available in ASIC Corporations (Rounding in Financial/Directors’ Reports) instrument 2016/191.

The accounting policies have been consistently applied by the Group and are consistent with those applied in the 30 June 2016 Annual Financial Report.

The Group has considered the implications of new or amended Accounting Standards, but determined that their application to the financial statements is either not relevant or not material.

**PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL REPORT (Continued)**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

<b>2. Revenue</b>	<b>31.12.16</b>	<b>31.12.15</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Sales revenue</b>		
Sale of goods	13,350	16,746
Services	3,717	3,681
Rental of engines/aircraft	1,445	1,797
	18,512	22,224
<b>Other revenue</b>		
Interest		
- Extended credit receivables (hire purchase agreements)	66	86
Other revenue	227	654
Total revenue	18,805	22,964

<b>3. Borrowings</b>	<b>31.12.16</b>	<b>30.06.16</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
<i>Secured</i>		
Bank overdraft	-	-
Bank loans	13,065	1,798
Lease liabilities	-	-
	13,065	1,798
<i>Unsecured</i>		
Other loans – related parties	-	-
	13,065	1,798
<b>Non-Current</b>		
<i>Secured</i>		
Bank loans	-	11,889
Lease liabilities	279	-
	279	11,889
<i>Unsecured</i>		
Other loans – related parties	-	-
	279	11,889

**PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL REPORT (Continued)**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

<b>4. Reconciliation of cash and cash equivalents</b>	<b>31.12.16</b>	<b>30.06.16</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash and cash equivalents		
- cash at bank and on hand	759	1,982
Bank overdraft included in short term borrowings	-	-
	<u>759</u>	<u>1,982</u>

<b>5. Contributed Equity</b>	<b>31.12.16</b>	<b>30.06.16</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Share Capital</b>		
52,838,995 ordinary shares fully paid	35,692	33,713
(30 June 2016: 47,891,495 ordinary shares fully paid)		
<b>Other equity securities</b>		
Value of conversion rights (net of tax)	183	183
	<u>35,875</u>	<u>33,896</u>

<b>Movements in ordinary share capital</b>	<b>No of Shares</b>	<b>\$'000</b>
Opening balance 1 January 2016	42,007,656	31,595
Options exercised	-	-
Shares issued	5,883,839	2,118
Closing balance 30 June 2016	<u>47,891,495</u>	<u>33,713</u>

<b>Movements in ordinary share capital</b>		
Opening balance 1 July 2016	47,891,495	33,713
Options exercised	-	-
Shares issued	4,947,500	1,979
Closing balance 31 December 2016	<u>52,838,995</u>	<u>35,692</u>

### Options

As at balance date there are no outstanding options to purchase ordinary shares in the parent entity.



# PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES

## NOTES TO THE CONSOLIDATED FINANCIAL REPORT (Continued)

### FOR THE HALF YEAR ENDED 31 DECEMBER 2016

#### 6. Earnings Per Share

	31.12.16	31.12.15
	cents	cents
Basic earnings per share	2.52	4.18
Diluted earnings per share	2.52	4.18
Weighted average number of shares used in calculating basic earnings per share	50,795,462	42,007,656
Effect of dilutive securities:		
• Options	-	-
Weighted average number of ordinary shares and potential ordinary shares used in calculating diluted earnings per share	50,795,462	42,007,656

#### 7. Controlled Entities

The consolidated financial report incorporates the assets, liabilities and results of the following subsidiaries:

Name	Country of Incorporation	Equity Holding	
		31.12.16	30.06.16
PTB Finance Limited <sup>(1)</sup>	Australia	100%	100%
Pacific Turbine USA Pty Ltd <sup>(2)</sup>	Australia	100%	100%
Pacific Turbine, Inc. <sup>(3)</sup>	USA	100%	100%
Pacific Turbine Leasing Pty Ltd <sup>(4)</sup>	Australia	100%	100%
IAP Group Australia Pty Ltd <sup>(5)</sup>	Australia	100%	100%
International Air Parts UK Limited <sup>(6)</sup>	United Kingdom	100%	100%
PTB Emerald Limited <sup>(7)</sup>	United Kingdom	100%	100%
748 Cargo Pty Ltd <sup>(8)</sup>	Australia	100%	100%
Aircraft Maintenance Services Limited <sup>(9)</sup>	United Kingdom	0%	100%

<sup>(1)</sup> Incorporated 14 October 2005

<sup>(2)</sup> Incorporated 14 October 2005 (previously PTB Rentals Australia Pty Ltd)

<sup>(3)</sup> Incorporated 29 September 2005

<sup>(4)</sup> Incorporated 4 October 2006 (previously PTB (Emerald) Pty Ltd)

<sup>(5)</sup> Purchased as part of business combination on 21 September 2006.

<sup>(6)</sup> Incorporated 18 October 2006

<sup>(7)</sup> Incorporated 13 October 2006

<sup>(8)</sup> Incorporated 21 June 2007 (previously PTB Asset Management Pty Ltd)

<sup>(9)</sup> Incorporated 6 November 2006 (Sold 30 September 2016)

All subsidiaries are 100% owned by PTB Group Limited except Aircraft Maintenance Services Limited, for which all shares were sold on 30 September 2016. PTB Group Limited is incorporated in Australia. All share capital consists of ordinary shares in each company and the proportion of ownership interest is equal to the proportion of voting power held.

All subsidiaries were established by the parent except International Air Parts UK Limited and PTB Emerald Limited which were established by IAP Group Australia Pty Ltd, a subsidiary of the parent entity.

All subsidiaries except for PTB Finance Limited and Pacific Turbine, Inc. have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission.

**PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL REPORT (Continued)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

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**8. Deferred Tax Assets**

A deferred tax asset of \$4.111 million (30 June 2016: \$4.918 million) has been recognised at 31 December 2016. This includes \$2.678 million attributable to prior years' income tax losses carried forward (30 June 2016: \$3.475 million). Based on management forecast of expected future taxable profits and the reversal of the temporary differences, it is considered probable that these deferred tax assets will be recovered in the future.

**9. Segment Information**

**a) Description of Segments**

The Group has four reportable segments:

- **PTB:** Covering the operations of the holding company PTB Group Limited, specialising in PT6 and TPE331 Turboprop engines. The business repairs and sells PT6 and TPE331 engines, maintains related engines under contract, and trades in related engine and airframe parts.
- **PT USA:** This covers the operations of Pacific Turbine USA Pty Ltd specialising in PT6 Turboprop engines. The business repairs and sells PT6 engines, maintains related engines under contract, and trades in related engine parts.
- **PT Leasing:** Covers the operation of Pacific Turbine Leasing Pty Ltd (formerly named PTB (Emerald) Pty Ltd). This business is an aircraft and engine owner and leases aircraft and engines to operators under both operating and finance leases.
- **IAP:** Covering the operations of IAP Group Australia Pty Ltd, trading in aircraft, jet aircraft engines, airframes and related parts.

**b) Geographical Segments (Secondary Reporting)**

The Group's management and operations are based in Brisbane and Sydney, Australia. Its customers, however, are located in six main geographical markets – Australia/PNG/New Zealand, Pacific Islands, America, Asia, Africa and Europe.

Segment assets include rental engines and aircraft which are attributed either to the geographic market in which the customer who rents the engine or aircraft at year-end is based or, for non-rented engines and aircraft, where they are physically located.

The following tables outline the distribution of the Group's sales, adjusted EBITDA, assets and liabilities by those geographical markets by business segment.

**PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL REPORT (Continued)**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

**9. Segment Information (continued)**

Half year 31 December 2016	Australia PNG & NZ \$'000	Pacific \$'000	America North & South \$'000	Asia \$'000	Africa \$'000	Europe \$'000	Unallocated \$'000	Total \$'000
<b>i) Revenue</b>								
<b>PTB</b>								
Total Segment Revenue	4,109	806	1,307	6,591	-	13	-	12,826
Inter-segment Revenue	(1,134)	-	-	-	-	-	-	(1,134)
<b>Revenue from External customers</b>	<b>2,975</b>	<b>806</b>	<b>1,307</b>	<b>6,591</b>	<b>-</b>	<b>13</b>	<b>-</b>	<b>11,692</b>
<b>PT USA</b>								
Total Segment Revenue	1,848	-	557	430	826	-	-	3,661
Inter-segment Revenue	(1,281)	-	-	-	-	-	-	(1,281)
<b>Revenue from External customers</b>	<b>567</b>	<b>-</b>	<b>557</b>	<b>430</b>	<b>826</b>	<b>-</b>	<b>-</b>	<b>2,380</b>
<b>PT Leasing</b>								
Total Segment Revenue	770	276	96	462	-	-	-	1,604
Inter-segment Revenue	-	-	-	-	-	-	-	-
<b>Revenue from External customers</b>	<b>770</b>	<b>276</b>	<b>96</b>	<b>462</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,604</b>
<b>IAP</b>								
Total Segment Revenue	1,242	57	597	1,082	226	655	-	3,859
Inter-segment Revenue	(730)	-	-	-	-	-	-	(730)
<b>Revenue from external customers</b>	<b>512</b>	<b>57</b>	<b>597</b>	<b>1,082</b>	<b>226</b>	<b>655</b>	<b>-</b>	<b>3,129</b>
<b>Unallocated</b>								
Total Unallocated Revenue	-	-	-	-	-	-	-	-
<b>Total Revenue from External Customers</b>	<b>4,824</b>	<b>1,139</b>	<b>2,557</b>	<b>8,565</b>	<b>1,052</b>	<b>668</b>	<b>-</b>	<b>18,805</b>
<b>ii) Adjusted EBITDA</b>								
PTB	218	59	93	468	-	1	-	839
PT USA	117	-	106	82	158	-	-	463
PT Leasing	743	270	66	318	-	-	-	1,397
IAP	126	36	70	126	26	76	-	460
Unallocated	-	-	-	-	-	-	-	-
<b>Adjusted EBITDA</b>	<b>1,206</b>	<b>365</b>	<b>335</b>	<b>994</b>	<b>184</b>	<b>77</b>	<b>-</b>	<b>3,159</b>
<b>iii) Segment Disclosure Items</b>								
<b>Depreciation &amp; Amortisation</b>								
PTB	92	-	-	-	-	-	-	92
PT USA	-	-	-	-	-	-	-	-
PT Leasing	483	92	-	311	-	-	-	886
IAP	35	-	-	-	-	-	-	35
<b>Total</b>	<b>610</b>	<b>92</b>	<b>-</b>	<b>311</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,013</b>
<b>Unrealised (Gain)/Loss on Foreign Currency</b>								
PTB	-	5	9	44	-	-	-	58
PT USA	-	-	(9)	(7)	(13)	-	-	(29)
PT Leasing	-	-	(7)	(32)	-	-	-	(39)
IAP	-	(11)	(21)	(38)	(8)	(23)	-	(101)
<b>Total</b>	<b>-</b>	<b>(6)</b>	<b>(28)</b>	<b>(33)</b>	<b>(21)</b>	<b>(23)</b>	<b>-</b>	<b>(111)</b>

**PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL REPORT (Continued)**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

**9. Segment Information (continued)**

31 December 2016	Australia PNG & NZ \$'000	Pacific \$'000	America North & South \$'000	Asia \$'000	Africa \$'000	Europe \$'000	Unallocated \$'000	Total \$'000
<b>Total Segment Assets</b>								
PTB	25,224	1,455	248	4,230	74	15	23,040	54,286
PT USA	108	-	2,731	342	125	-	(2,437)	869
PT Leasing	7,715	1,569	-	4,640	-	3	(17,037)	(3,110)
IAP	10,891	43	269	1,314	5	45	(3,566)	9,001
Unallocated	-	-	-	-	-	-	-	-
<b>Total</b>	<b>43,938</b>	<b>3,067</b>	<b>3,248</b>	<b>10,526</b>	<b>204</b>	<b>63</b>	<b>-</b>	<b>61,046</b>
<b>Total assets includes:</b>								
Non-current Assets (other than financial assets and deferred tax)								
PTB	8,576	55	-	446	-	-	23,040	32,117
PT USA	-	-	-	-	-	-	(2,437)	(2,437)
PT Leasing	7,405	1,390	-	4,160	-	-	(17,037)	(4,082)
IAP	3,816	-	-	-	-	-	(3,566)	250
<b>Total</b>	<b>19,797</b>	<b>1,445</b>	<b>-</b>	<b>4,606</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,848</b>
<b>Total Segment Liabilities</b>								
PTB	2,167	257	2,013	529	-	8	-	4,974
PT USA	26	-	437	-	-	-	-	463
PT Leasing	258	123	12	146	35	-	-	574
IAP	757	-	79	798	-	39	-	1,673
<b>Total</b>	<b>3,208</b>	<b>380</b>	<b>2,541</b>	<b>1,473</b>	<b>35</b>	<b>47</b>	<b>-</b>	<b>7,684</b>

**PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL REPORT (Continued)**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

**9. Segment Information (continued)**

<b>Half year 31 December 2015 (Restated <sup>1</sup>)</b>	<b>Australia PNG &amp; NZ \$'000</b>	<b>Pacific \$'000</b>	<b>America North &amp; South \$'000</b>	<b>Asia \$'000</b>	<b>Africa \$'000</b>	<b>Europe \$'000</b>	<b>Unallocat ed \$'000</b>	<b>Total \$'000</b>
<b>i) Revenue</b>								
<b>PTB</b>								
Total Segment Revenue	3,953	3,193	1,634	8,330	5	81	-	17,196
Inter-segment Revenue	(328)	-	-	-	-	-	-	(328)
<b>Revenue from External customers</b>	<b>3,625</b>	<b>3,193</b>	<b>1,634</b>	<b>8,330</b>	<b>5</b>	<b>81</b>	<b>-</b>	<b>16,868</b>
<b>PT USA</b>								
Total Segment Revenue	-	-	-	-	-	-	-	-
Inter-segment Revenue	-	-	-	-	-	-	-	-
<b>Revenue from External customers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PT Leasing</b>								
Total Segment Revenue	837	588	-	458	-	-	-	1,883
Inter-segment Revenue	-	-	-	-	-	-	-	-
<b>Revenue from External customers</b>	<b>837</b>	<b>588</b>	<b>-</b>	<b>458</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,883</b>
<b>IAP</b>								
Total Segment Revenue	828	54	1,578	953	43	815	-	4,271
Inter-segment Revenue	(58)	-	-	-	-	-	-	(58)
<b>Revenue from external customers</b>	<b>770</b>	<b>54</b>	<b>1,578</b>	<b>953</b>	<b>43</b>	<b>815</b>	<b>-</b>	<b>4,213</b>
<b>Unallocated</b>								
Total Unallocated Revenue	-	-	-	-	-	-	-	-
<b>Total Revenue from External Customers</b>	<b>5,232</b>	<b>3,835</b>	<b>3,212</b>	<b>9,741</b>	<b>48</b>	<b>896</b>	<b>-</b>	<b>22,964</b>
<b>ii) Adjusted EBITDA</b>								
PTB	338	252	129	656	-	6	-	1,381
PT USA	-	-	-	-	-	-	-	-
PT Leasing	780	569	-	338	-	-	-	1,687
IAP	183	100	246	149	7	127	-	812
Unallocated	-	-	-	-	-	-	-	-
<b>Adjusted EBITDA</b>	<b>1,301</b>	<b>921</b>	<b>375</b>	<b>1,143</b>	<b>7</b>	<b>133</b>	<b>-</b>	<b>3,880</b>
<b>iii) Segment Disclosure Items</b>								
<b>Depreciation &amp; Amortisation</b>								
PTB	87	-	-	-	-	-	-	87
PT USA	-	-	-	-	-	-	-	-
PT Leasing	517	200	-	119	-	-	-	836
IAP	39	-	-	-	-	-	-	39
<b>Total</b>	<b>643</b>	<b>200</b>	<b>-</b>	<b>119</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>962</b>
<b>Unrealised (Gain)/Loss on Foreign Currency</b>								
PTB	-	(18)	(9)	(49)	-	-	-	(76)
PT USA	-	-	-	-	-	-	-	-
PT Leasing	-	-	-	(40)	-	-	-	(40)
IAP	-	-	1	1	-	1	-	3
<b>Total</b>	<b>-</b>	<b>(18)</b>	<b>(8)</b>	<b>(88)</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>(113)</b>

**PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL REPORT (Continued)**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

**9. Segment Information (continued)**

30 June 2016 (Restated <sup>1</sup> )	Australia PNG & NZ \$'000	Pacific \$'000	America North & South \$'000	Asia \$'000	Africa \$'000	Europe \$'000	Unallocated \$'000	Total \$'000
<b>Total Segment Assets</b>								
PTB	22,136	2,464	456	3,372	194	-	23,942	52,564
PT USA	22	-	2,505	-	-	-	(2,147)	380
PT Leasing	8,309	1,573	400	4,821	-	7	(17,652)	(2,542)
IAP	10,859	83	78	1,331	59	45	(4,143)	8,312
Unallocated	-	-	-	-	-	-	-	-
<b>Total</b>	<b>41,326</b>	<b>4,120</b>	<b>3,439</b>	<b>9,524</b>	<b>253</b>	<b>52</b>	<b>-</b>	<b>58,714</b>
<b>Total assets includes:</b>								
Non-current Assets (other than financial assets and deferred tax)								
PTB	8,446	284	-	1,001	-	-	23,942	33,673
PT USA	-	-	-	-	-	-	(2,147)	(2,147)
PT Leasing	7,977	1,481	-	4,283	-	-	(17,652)	(3,911)
IAP	3,901	-	-	-	-	-	(4,143)	(242)
<b>Total</b>	<b>20,324</b>	<b>1,765</b>	<b>-</b>	<b>5,284</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,373</b>
<b>Total Segment Liabilities</b>								
PTB	2,298	152	3,688	18	-	1	-	6,157
PT USA	-	-	330	-	-	-	-	330
PT Leasing	227	108	627	(213)	34	-	-	783
IAP	644	1	125	725	-	56	-	1,551
<b>Total</b>	<b>3,169</b>	<b>261</b>	<b>4,770</b>	<b>530</b>	<b>34</b>	<b>57</b>	<b>-</b>	<b>8,821</b>

1. This segment note has been restated for the change in PTB Group Ltd's segmental reporting structure whereby all of the company's leased assets have been combined and reported under the PT Leasing segment.

**Other segment information**

**(i) Segment revenue**

Sales between segments are carried out at cost and are eliminated on consolidation. The revenue from external parties reported to the Board is measured in a manner consistent with that in the income statement.

Revenues from external customers of PTB and PT USA are derived from repairing, selling, leasing and maintaining PT6 and TPE331 turbo prop aircraft engines under contract and trading in related engine and airframe parts. For IAP revenue is derived from trading in aircraft, aircraft engines, airframes and related parts, as well as leasing aircraft under operating and finance leases. PT Leasing's revenue is interest income from finance leases and revenue from leases and sale of aircraft.

A breakdown of revenue and results for the half year is provided in the preceding tables.

	31.12.16 \$'000	31.12.15 \$'000
<b>Total Segment revenue</b>	21,950	23,350
Intersegment eliminations	(3,145)	(386)
Interest revenue	-	-
<b>Total revenue from continuing operations (note 2)</b>	<b>18,805</b>	<b>22,964</b>

# PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES

## NOTES TO THE CONSOLIDATED FINANCIAL REPORT (Continued)

### FOR THE HALF YEAR ENDED 31 DECEMBER 2016

#### 9. Segment Information (continued)

##### (i) Segment revenue (continued)

The Group is domiciled in Australia. The amount of its revenue from external customers in Australia is \$4.824 million (2015: \$5.232 million) and the total revenue from external customers in other countries is \$13.981 million (2015: \$17.732 million). Segment revenues are allocated based on the country in which the customer is located.

##### (ii) Adjusted EBITDA

This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as, unrealised gains / (losses) on foreign currency movements, impairments of aircraft, inventory and extended credit receivables. Interest income and interest income on long term HP receivables is allocated to segments whereas finance costs and depreciation and amortisation expenses are not allocated to segments.

A reconciliation of adjusted EBITDA to operating profit before income tax for the half year is provided as follows:

	31.12.16 \$'000	31.12.15 \$'000
<b>Adjusted EBITDA</b>	3,159	3,880
Unrealised gain/(loss) on foreign Currency	111	113
Depreciation and amortisation	(1,013)	(962)
Finance Costs	(424)	(522)
<b>Profit / (loss) before income tax from continuing operations</b>	1,833	2,509

##### (iii) Segment assets

The amounts provided to the Board with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Reportable segments' assets are reconciled to total assets as follows:

	31.12.16 \$'000	30.06.16 \$'000
<b>Segment Assets</b>	61,046	58,714
<i>Unallocated:</i>		
Deferred tax assets	4,111	4,918
Derivative financial instruments	-	-
<b>Total assets as per the statement of financial position</b>	65,157	63,632

The total of non-current assets other than financial instruments and deferred tax assets located in Australia is \$19.797 million (30.6.16: \$20.324 million), and the total of these non-current assets located in other countries is \$6.051 million (30.6.16: \$7.049 million). Segment assets are allocated to countries based on where the assets are located.

**PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONSOLIDATED FINANCIAL REPORT (Continued)**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

**9. Segment Information (continued)**

(iv) Segment liabilities

The amounts provided to the board with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

The Group's borrowings and derivative financial instruments are not considered to be segment liabilities but rather managed by the treasury function. Reportable segments' liabilities are reconciled to total liabilities as follows:

	<b>31.12.16</b>	<b>30.06.16</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Segment Liabilities</b>	7,684	8,821
<i>Unallocated:</i>		
Derivative financial instruments	-	-
Deferred tax liabilities	3,183	3,438
Current borrowings	13,065	1,798
Non-current borrowings	279	11,889
<b>Total liabilities as per the statement of financial position</b>	<b>24,211</b>	<b>25,946</b>

**10. Dividends**

No dividends were declared or paid during the interim reporting period (2015: \$nil).

**11. Contingent liabilities**

The Group had the following bank guarantees as at 31 December 2015:

			<b>31.12.16</b>	<b>30.06.16</b>
Favouree	Bank	Date	<b>\$'000</b>	<b>\$'000</b>
Bankstown Airport Limited	CBA	27/03/2007	18	18
			18	18

**12. Events after the Balance Date**

On the 6th January 2017, PTB Group announced that it has secured a facility of US\$3 million, to be used to expand Pacific Turbine USA's partnership with the engine overhaul facility in the US. The facility is provided by the Group's long term banking partner, The Commonwealth Bank of Australia.

No other matters or circumstances have arisen since the end of the interim reporting period which have 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 future years.



**PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES**

**DIRECTORS' DECLARATION**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

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In the opinion of the directors:

- (a) the attached financial report and notes are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standard AASB134 Interim Financial Reporting; and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half year ended on that date; and
- (b) there are reasonable grounds to believe that PTB Group Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



**C Baker**  
Managing Director

Brisbane  
24 February 2017

## **Independent Auditor's Review Report**

To the members of PTB Group Limited

### **Report on the Interim Financial Report**

We have reviewed the accompanying Interim Financial Report of PTB Group Limited, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

### **Directors' Responsibility for the Interim Financial Report**

The directors of the company are responsible for the preparation of the Interim Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of PTB Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of PTB Group Ltd, would be in the same terms if given to the directors as at the time of this auditor's review report.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of PTB Group Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.



Geoffrey Stephens  
Director

HALL CHADWICK QLD AUDIT

Dated this 24<sup>th</sup> day of February 2017