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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 31.12.18 \$A'000	Six months ended 31.12.17 \$A'000	Movement \$A'000	Movement
Revenue from ordinary activities	23,767	18,882	4,885	25.9%
Profit/(loss) after tax from ordinary activities attributable to members	2,266	1,307	959	73.4%
Net profit/(loss) attributable to members	2,266	1,307	959	73.4%

Dividends:

Financial Year	Nature	Date paid/Proposed to be paid	Amount per security Cents	Franked amount per security at 30% tax
30-Jun-19	Interim	No dividend has been declared.	N/A	N/A
30-Jun-18	Final	No dividend was declared, paid or payable.	N/A	N/A
30-Jun-18	Interim – declared and paid	29 June 2018	5 cents	Fully Franked

NTA Backing:

	Six months ended 31.12.18 (Cents)	Six months ended 31.12.17 (Cents)
Net tangible asset backing per ordinary security (cents)	67	66

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

Nil

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.
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Audit/Review Status:

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited		The accounts have been subject to review	√
The accounts are in the process of being audited or subject to review		The accounts have not yet been audited or reviewed	
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

Signed By (Managing Director)	
Print Name	Stephen Smith
Date	27 February 2019



ABN 99 098 390 991

INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2018

PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

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 2018.

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
SG Smith	Managing Director
CL Baker	Director (non-executive), Chairman
APS Kemp	Director (non-executive)
RQ Cole	Director (non-executive)
PP Gunasekara	Director (non-executive)

Review and Results of Operations

PTB Group Limited's profit after tax for the period to 31 December 2018 was \$2.266 million (Dec 2017: \$1.307 million). Total revenue was \$23.767 million (Dec 2017: \$18.882 million).

At period end, net assets for the group were \$50.551 million (Jun 2018: \$47.315 million).

Dividends

No dividend has been declared or paid since the 30 June 2018 year end. A dividend of 5 cents per share was paid during the June 2018 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.



Stephen Smith
Managing Director

Brisbane
27 February 2019

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 2018 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
Hall Chadwick QLD
Chartered Accountants

Signed this 27th day of February 2019

PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES

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

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Note	31.12.18 \$'000	31.12.17 \$'000
Revenue	2	23,767	18,882
Total revenue		23,767	18,882
Changes in inventories of finished goods and work in progress		1,201	1,952
Raw materials and consumables used and finished goods purchased for resale		(15,136)	(12,579)
Employee benefits		(3,132)	(2,836)
Depreciation and amortisation		(1,062)	(864)
Repairs and maintenance		(69)	(76)
Bad and doubtful debts		18	(68)
Finance costs		(436)	(470)
Net foreign exchange gain / (loss)		257	(10)
Net gain / (loss) on sale of property, plant and equipment		-	-
Other expenses		(2,211)	(2,026)
Total expenses		(20,570)	(16,977)
Profit/(Loss) before income tax		3,197	1,906
Income tax (expense)/ benefit		(927)	(599)
Profit/(Loss) for the half year attributable to the owners of the parent entity		2,270	1,306
Other comprehensive income net of income tax:			
Exchange differences on translation of foreign operations		(4)	1
Total comprehensive income/(loss) for the period attributable to the owners of the parent entity		2,266	1,307
		Cents	Cents
Basic earnings per share	6	3.28	2.08
Diluted earnings per share	6	3.28	2.08

The accompanying notes form part of these financial statements.

PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	31.12.18 \$'000	30.06.18 \$'000
Current Assets			
Cash and cash equivalents	4	4,210	4,184
Trade and other receivables		12,740	10,119
Inventories		23,438	24,403
Other current assets		834	585
Total Current Assets		41,222	39,291
Non-Current Assets			
Trade and other receivables		10,120	7,133
Inventories		2,505	2,543
Property, plant and equipment		19,782	19,385
Deferred tax assets	8	1,707	2,472
Intangible assets		4,334	4,334
Total Non-Current Assets		38,448	35,867
Total Assets		79,670	75,158
Current Liabilities			
Trade and other payables		4,084	4,249
Borrowings	3	9,791	1,776
Current tax liabilities		23	-
Provisions		726	735
Other current liabilities		2,667	1,871
Total Current Liabilities		17,291	8,631
Non-Current Liabilities			
Borrowings	3	6,971	14,563
Deferred tax liabilities		3,770	3,630
Provisions		453	438
Other non-current liabilities		634	581
Total Non-Current Liabilities		11,828	19,212
Total Liabilities		29,119	27,843
Net Assets		50,551	47,315
Equity			
Contributed equity	5	44,091	43,121
Reserves		16,629	14,360
Retained profits		(10,169)	(10,166)
Total Equity		50,551	47,315

The accompanying notes form part of these financial statements.

PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Issued Capital	Other Equity Securities	Total Contributed Equity	Dividend Appropriation Reserve	Foreign Currency Translation Reserve	Retained Earnings	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2017	40,474	183	40,657	14,262	-	(10,166)	44,753
Total comprehensive income:							
Profit/(loss) for the half year	-	-	-	-	-	1,306	1,306
Other comprehensive income	-	-	-	-	1	-	1
Total comprehensive income for the half year	-	-	-	-	1	1,306	1,307
Contributions of equity net of transaction cost	-	-	-	-	-	-	-
Transfer to reserves	-	-	-	1,306	-	(1,306)	-
Balance at 31 December 2017	40,474	183	40,657	15,568	1	(10,166)	46,060
Balance at 1 July 2018	42,938	183	43,121	14,367	(7)	(10,166)	47,315
Total comprehensive income:							
Profit/(loss) for the half year	-	-	-	-	-	2,270	2,270
Other comprehensive income	-	-	-	-	(4)	-	(4)
Total comprehensive income for the half year	-	-	-	-	(4)	2,270	2,266
Contributions of equity net of transaction cost	970	-	970	-	-	-	970
Transfer to reserves	-	-	-	2,273	-	(2,273)	-
Balance at 31 December 2018	43,908	183	44,091	16,640	(11)	(10,169)	50,551

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 2018

	Note	31.12.18 \$'000	31.12.17 \$'000
Cash Flows from Operating Activities			
Cash receipts from customers		19,739	24,618
Cash payments to suppliers and employees		(17,796)	(21,946)
Interest received		249	106
Finance costs		(436)	(470)
Income tax (paid)/refund		-	-
Net cash provided by/(used in) operating activities		1,756	2,308
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(1,757)	(1,922)
Proceeds on disposal of property, plant and equipment		-	-
Net cash provided by/(used in) investing activities		(1,757)	(1,922)
Cash Flows From Financing Activities			
Proceeds from borrowings raised		938	1,588
Proceeds from issue of shares		-	-
Repayment of borrowings		(911)	(1,316)
Net cash provided by/(used in) financing activities		27	272
Net increase/(decrease) in cash and cash equivalents held		26	658
Cash and cash equivalents at the beginning of the half year		4,184	2,427
Cash and cash equivalents at the end of the half year	4	4,210	3,085

PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

1. Basis of Preparation of Half Year Report

This general purpose consolidated interim financial report for the half year reporting period ended 31 December 2018 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 2018, together with any public announcements made during the half year.

The interim financial report was authorised for issue on 27 February 2019.

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.

Significant accounting policies adopted in the preparation of these financial statements are consistent with prior reporting periods unless otherwise stated.

a) New and Amended Standards Adopted by the Group

The Group has applied, for the first time, AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments. Neither standard has had a material impact on the transactions and balances recognised in the financial statements and do not have any impact on the disclosures included in these interim financial statements.

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced AASB 118 Revenue and related interpretations. It requires identification of discrete performance obligations within a transaction and an associated transaction price allocation to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur when control of the goods or services are transferred to the customer.

The Group has adopted AASB 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (1 January 2018). Accordingly, the information presented for 2017 has not been restated.

Under AASB 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

Based on the Group’s assessment of revenue streams, there is no impact on the Group’s consolidated interim financial statements upon adoption and no transition adjustment has been made to opening retained earnings. The application of the requirements of AASB 15 are broadly consistent with the Group’s current accounting policies.

AASB 9 Financial Instruments

AASB 9 sets out requirements for recognising and measuring financial assets and financial liabilities. This standard replaces AASB 139 Financial Instruments: Recognition and Measurement.

There was no material impact on the Group’s consolidated interim financial statements for the half-year ended 31 December 2018.

PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL REPORT (Continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

2. Revenue	31.12.18	31.12.17
	\$'000	\$'000
Sales revenue		
Sale of goods	17,706	12,893
Services	4,318	3,745
Rental of engines/aircraft	1,467	1,113
	23,491	17,751
Other revenue		
Interest		
- Extended credit receivables (hire purchase agreements)	210	103
- Other	39	4
Other revenue	27	1,024
Total revenue	23,767	18,882

3. Borrowings	31.12.18	30.06.18
	\$'000	\$'000
Current		
<i>Secured</i>		
Bank overdraft	-	-
Bank loans	9,449	1,602
Test cell loans	342	174
Lease liabilities	-	-
	9,791	1,776
Non-Current		
<i>Secured</i>		
Bank loans	4,261	12,453
Test cell loans	2,425	1,837
Lease liabilities	285	273
	6,971	14,563

PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL REPORT (Continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

4. Reconciliation of cash and cash equivalents

	31.12.18	30.06.18
	\$'000	\$'000
Cash and cash equivalents		
- cash at bank and on hand	4,210	4,184
Bank overdraft included in short term borrowings	-	-
	<u>4,210</u>	<u>4,184</u>

5. Contributed Equity

	31.12.18	30.06.18
	\$'000	\$'000
Share Capital		
69,163,705 ordinary shares fully paid		
(30 June 2018: 67,311,853 ordinary shares fully paid)	43,908	42,938
Other equity securities		
Value of conversion rights (net of tax)	183	183
	<u>44,091</u>	<u>43,121</u>

Movements in ordinary share capital

	No of Shares	\$'000
Opening balance 1 January 2018	62,749,389	40,474
Share issues:		
- under dividend reinvestment plan	4,284,685	2,314
- share placement	277,779	150
Closing balance 30 June 2018	<u>67,311,853</u>	<u>42,938</u>

Movements in ordinary share capital

	No of Shares	\$'000
Opening balance 1 July 2018	67,311,853	42,938
Share issues:		
- share placement	1,851,852	970
Closing balance 31 December 2018	<u>69,163,705</u>	<u>43,908</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 2018

6. Earnings Per Share

	31.12.18	31.12.17
	cents	cents
Basic earnings per share	3.28	2.08
Diluted earnings per share	3.28	2.08
Weighted average number of shares used in calculating basic earnings per share	69,153,641	62,749,389
Effect of dilutive securities:		
• Options	-	-
Weighted average number of ordinary shares and potential ordinary shares used in calculating diluted earnings per share	69,153,641	62,749,389

7. Controlled Entities

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

Name	Country of Incorporation	Equity Holding	
		31.12.18	30.06.18
PTB Finance Limited ⁽¹⁾	Australia	100%	100%
Pacific Turbine USA Pty Ltd ⁽¹⁾⁽⁸⁾	Australia	100%	100%
Pacific Turbine, Inc. ⁽²⁾	USA	100%	100%
Pacific Turbine Leasing Pty Ltd ⁽³⁾	Australia	100%	100%
IAP Group Australia Pty Ltd ⁽⁴⁾	Australia	100%	100%
International Air Parts UK Limited ⁽⁵⁾	United Kingdom	100%	100%
PTB Emerald Limited ⁽⁶⁾	United Kingdom	100%	100%
748 Cargo Pty Ltd ⁽⁷⁾	Australia	100%	100%
Pacific Turbine USA, LLC ⁽⁹⁾	USA	100%	100%

⁽¹⁾ Incorporated 14 October 2005

⁽²⁾ Incorporated 29 September 2005

⁽³⁾ Incorporated 4 October 2006 (previously PTB (Emerald) Pty Ltd)

⁽⁴⁾ Purchased as part of business combination on 21 September 2006. Aeropelican Air Services disposed on 30 September 2008

⁽⁵⁾ Incorporated 18 October 2006

⁽⁶⁾ Incorporated 13 October 2006

⁽⁷⁾ Incorporated 21 June 2007 (previously PTB Asset Management Pty Ltd)

⁽⁸⁾ Change of name on 1 February 2016 (Previously PTB Rentals Australia Pty Ltd)

⁽⁹⁾ Incorporated 27 March 2017

All subsidiaries are 100% owned by PTB Group Limited. 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 for those acquired as part of the business combination in prior years.

There are no significant restrictions over the Group's ability to access these assets, and settle liabilities, of the Group.

PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL REPORT (Continued)
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

7. Controlled Entities (continued)

On 29 June 2007, PTB Group Limited and all of its subsidiaries, excluding PTB Finance Limited and Pacific Turbine Inc, entered into an arrangement as parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly owned entities have been relieved from the requirements to prepare a financial report and Directors' Report under ASIC legislative instrument 2016/785 (as amended) issued by the Australian Securities and Investments Commission.

8. Deferred Tax Assets

A deferred tax asset of \$1.707 million (30 June 2018: \$2.472 million) has been recognised at 31 December 2018. This includes \$0.196 million attributable to prior years' income tax losses carried forward (30 June 2018: \$1.007 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, LLC 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. 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, Australia for PTB and PT Leasing; Sydney, Australia for IAP; and Miami, Florida, USA for PT USA. 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 2018

9. Segment Information (continued)

Half year 31 December 2018	Australia PNG & NZ \$'000	Pacific \$'000	America North & South \$'000	Asia \$'000	Africa \$'000	Europe \$'000	Unallocated \$'000	Total \$'000
i) Revenue								
PTB								
Total Segment Revenue	8,171	3,875	978	7,275	2	1,179	-	21,480
Inter-segment Revenue	(5,638)	-	(438)	-	-	-	-	(6,076)
Revenue from External customers	2,533	3,875	540	7,275	2	1,179	-	15,404
PT USA								
Total Segment Revenue	4,021	-	1,872	39	4	24	-	5,960
Inter-segment Revenue	(3,565)	-	-	-	-	-	-	(3,565)
Revenue from External customers	456	-	1,872	39	4	24	-	2,395
PT Leasing								
Total Segment Revenue	1,192	206	(8)	390	20	-	-	1,800
Inter-segment Revenue	(247)	-	-	-	-	-	-	(247)
Revenue from External customers	945	206	(8)	390	20	-	-	1,553
IAP								
Total Segment Revenue	693	16	1,260	1,393	28	1,077	-	4,467
Inter-segment Revenue	(52)	-	-	-	-	-	-	(52)
Revenue from external customers	641	16	1,260	1,393	28	1,077	-	4,415
Unallocated								
Total Unallocated Revenue	-	-	-	-	-	-	-	-
Total Revenue from External Customers	4,575	4,097	3,664	9,097	54	2,280	-	23,767
ii) Adjusted EBITDA								
PTB	308	384	54	721	-	117	-	1,584
PT USA	74	-	274	6	1	4	-	359
PT Leasing	720	195	(8)	370	19	-	-	1,296
IAP	182	4	351	387	8	300	-	1,232
Unallocated	-	-	-	-	-	-	-	-
Adjusted EBITDA	1,284	583	671	1,484	28	421	-	4,471
iii) Segment Disclosure Items								
Depreciation & Amortisation								
PTB	86	-	-	-	-	-	-	86
PT USA	-	-	16	-	-	-	-	16
PT Leasing	506	42	20	354	2	-	-	924
IAP	36	-	-	-	-	-	-	36
Total	628	42	36	354	2	-	-	1,062
Unrealised (Gain)/Loss on Foreign Currency								
PTB	-	(87)	(13)	(162)	-	(26)	-	(288)
PT USA	-	-	(28)	-	-	-	-	(28)
PT Leasing	-	38	(2)	72	4	-	-	112
IAP	-	-	(7)	(7)	-	(6)	-	(20)
Total	-	(49)	(50)	(97)	4	(32)	-	(224)

PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL REPORT (Continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

9. Segment Information (continued)

31 December 2018	Australia PNG & NZ \$'000	Pacific \$'000	America North & South \$'000	Asia \$'000	Africa \$'000	Europe \$'000	Unallocated \$'000	Total \$'000
Total Segment Assets								
PTB	30,406	3,553	464	6,822	17	21	13,052	54,335
PT USA	403	-	6,854	828	321	1	(6,949)	1,458
PT Leasing	11,463	458	333	2,492	246	-	(3,970)	11,022
IAP	11,467	-	464	1,083	1	266	(2,133)	11,148
Unallocated	-	-	-	-	-	-	-	-
Total	53,739	4,011	8,115	11,225	585	288	-	77,963
Total assets includes:								
Non-current Assets (other than financial assets and deferred tax)								
PTB	13,567	1,184	-	3,482	-	-	13,052	31,285
PT USA	-	-	95	-	-	-	(6,949)	(6,854)
PT Leasing	9,397	354	332	1,943	229	-	(3,970)	8,285
IAP	6,158	-	-	-	-	-	(2,133)	4,025
Total	29,122	1,538	427	5,425	229	-	-	36,741
Total Segment Liabilities								
PTB	2,092	724	881	355	117	18	-	4,187
PT USA	365	-	820	-	-	10	-	1,195
PT Leasing	613	-	-	1,322	73	7	-	2,015
IAP	861	-	203	18	-	85	-	1,167
Total	3,931	724	1,904	1,695	190	120	-	8,564

PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL REPORT (Continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

9. Segment Information (continued)

Half year 31 December 2017	Australia PNG & NZ \$'000	Pacific \$'000	America North & South \$'000	Asia \$'000	Africa \$'000	Europe \$'000	Unallocated \$'000	Total \$'000
i) Revenue								
PTB								
Total Segment Revenue	5,536	954	1,135	6,745	58	111	-	14,539
Inter-segment Revenue	(573)	-	(879)	-	-	-	-	(1,452)
Revenue from External customers	4,963	954	256	6,745	58	111	-	13,087
PT USA								
Total Segment Revenue	2,038	-	1,540	-	-	46	-	3,624
Inter-segment Revenue	(2,038)	-	-	-	-	-	-	(2,038)
Revenue from External customers	-	-	1,540	-	-	46	-	1,586
PT Leasing								
Total Segment Revenue	1,436	46	53	343	17	-	-	1,895
Inter-segment Revenue	(753)	-	-	-	-	-	-	(753)
Revenue from External customers	683	46	53	343	17	-	-	1,142
IAP								
Total Segment Revenue	832	24	830	1,405	63	165	-	3,319
Inter-segment Revenue	(198)	-	(54)	-	-	-	-	(252)
Revenue from external customers	634	24	776	1,405	63	165	-	3,067
Unallocated								
Total Unallocated Revenue	-	-	-	-	-	-	-	-
Total Revenue from External Customers	6,280	1,024	2,625	8,493	138	322	-	18,882
ii) Adjusted EBITDA								
PTB	651	121	32	852	7	14	-	1,677
PT USA	-	-	(33)	-	-	(2)	-	(35)
PT Leasing	611	30	34	225	11	-	-	911
IAP	117	4	146	263	12	31	-	573
Unallocated	-	-	-	-	-	-	-	-
Adjusted EBITDA	1,379	155	179	1,340	30	43	-	3,126
iii) Segment Disclosure Items								
Depreciation & Amortisation								
PTB	85	-	-	-	-	-	-	85
PT USA	-	-	12	-	-	-	-	12
PT Leasing	432	10	-	291	1	-	-	734
IAP	33	-	-	-	-	-	-	33
Total	550	10	12	291	1	-	-	864
Unrealised (Gain)/Loss on Foreign Currency								
PTB	-	(4)	(1)	(31)	-	(1)	-	(37)
PT USA	-	-	24	-	-	-	-	24
PT Leasing	-	(11)	(13)	(82)	(4)	-	-	(110)
IAP	-	-	3	5	-	1	-	9
Total	-	(15)	13	(108)	(4)	-	-	(114)

PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL REPORT (Continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

9. Segment Information (continued)

31 December 2017	Australia PNG & NZ \$'000	Pacific \$'000	America North & South \$'000	Asia \$'000	Africa \$'000	Europe \$'000	Unallocated \$'000	Total \$'000
Total Segment Assets								
PTB	30,204	512	368	6,310	35	4	20,608	58,041
PT USA	95	-	5,817	456	290	5	(5,243)	1,420
PT Leasing	7,855	413	24	3,735	237	-	(13,543)	(1,279)
IAP	11,106	8	528	1,396	36	31	(1,822)	11,283
Unallocated	-	-	-	-	-	-	-	-
Total	49,260	933	6,737	11,897	598	40	-	69,465
Total assets includes:								
Non-current Assets (other than financial assets and deferred tax)								
PTB	11,364	-	-	-	-	-	20,608	31,972
PT USA	-	-	115	-	290	-	(5,243)	(4,838)
PT Leasing	6,859	405	-	3,062	233	-	(13,543)	(2,984)
IAP	6,317	-	-	-	-	-	(1,822)	4,495
Total	24,540	405	115	3,062	523	-	-	28,645
Total Segment Liabilities								
PTB	1,428	1,064	1,023	98	102	100	-	3,815
PT USA	-	-	1,025	-	-	-	-	1,025
PT Leasing	234	-	-	1,087	8	-	-	1,329
IAP	686	1	48	15	-	8	-	758
Total	2,348	1,065	2,096	1,200	110	108	-	6,927

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 statement of profit or loss and other comprehensive income.

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.

	31.12.18 \$'000	31.12.17 \$'000
Total Segment revenue	33,707	23,377
Intersegment eliminations	(9,940)	(4,495)
Interest revenue	-	-
Total revenue from continuing operations (note 2)	23,767	18,882

The Group is primarily domiciled in Australia. The amount of its revenue from external customers in Australia is \$4.575 million (2017: \$6.280 million) and the total revenue from external customers in other countries is \$19.192 million (2017: \$12.602 million). Segment revenues are allocated based on the country in which the customer is located.

PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL REPORT (Continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

9. Segment Information (continued)

(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:

	31.12.18	31.12.17
	\$'000	\$'000
Adjusted EBITDA	4,471	3,126
Unrealised gain/(loss) on foreign Currency	224	114
Depreciation and amortisation	(1,062)	(864)
Finance Costs	(436)	(470)
Profit / (loss) before income tax from continuing operations	3,197	1,906

(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:

	31.12.18	30.06.18
	\$'000	\$'000
Segment Assets	77,963	72,686
<i>Unallocated:</i>		
Deferred tax assets	1,707	2,472
Derivative financial instruments	-	-
Total assets as per the statement of financial position	79,670	75,158

The total of non-current assets other than financial instruments and deferred tax assets located in Australia is \$29.122 million (30.6.18: \$25.239 million), and the total of these non-current assets located in other countries is \$7.619 million (30.6.18: \$8.156 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 2018

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:

	31.12.18 \$'000	30.06.18 \$'000
Segment Liabilities	8,564	7,874
<i>Unallocated:</i>		
Derivative financial instruments	-	-
Current tax liabilities	23	-
Deferred tax liabilities	3,770	3,630
Current borrowings	9,791	1,776
Non-current borrowings	6,971	14,563
Total liabilities as per the statement of financial position	29,119	27,843

10. Dividends

No dividends were declared or paid during the interim reporting period (2017: \$nil).

11. Contingent liabilities

The Group had the following bank guarantees as at 31 December 2018:

Favouree	Bank	Date	31.12.18 \$'000	30.06.18 \$'000
Bankstown Airport Limited	CBA	27/03/2007	18	18
			18	18

12. Events after the Balance Date

No 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 2018

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 2018 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.



Stephen Smith
Managing Director

Brisbane
27 February 2019

Independent Auditor's Review Report

To the members of PTB Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of PTB Group Limited, which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year 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 half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the 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 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of 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 a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. 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 half-year 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 2018 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*.

A handwritten signature in black ink, appearing to read 'G. S.', with a horizontal line extending from the middle of the signature.

Geoffrey Stephens
Hall Chadwick QLD
Chartered Accountants

Signed this 27th day of February 2019