



ABN 99 098 390 991

ASX Code: PTB

**Appendix 4D
Half-Year Report**

31 December 2014

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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 31.12.14 \$A'000	Six months ended 31.12.13 \$A'000	Movement \$A'000	Movement %
Revenue from ordinary activities	17,113	16,987	126	0.74
Profit/(loss) after tax from ordinary activities attributable to members	413	(13,217)	13,630	103.12
Net profit/(loss) attributable to members	413	(13,217)	13,630	103.12

Dividends:

Financial Year	Nature	Date paid/Proposed to be paid	Amount per security Cents	Franked amount per security at 30% tax
30-Jun-15	Interim	No dividend has been declared.	N/A	N/A
30-Jun-14	Final	No dividend was declared, paid or payable.	N/A	N/A
30-Jun-14	Interim	No dividend was declared, paid or payable.	N/A	N/A

NTA Backing:

	Six months ended 31.12.14 (Cents)	Six months ended 31.12.13 (Cents)
Net tangible asset backing per ordinary security (cents)	81	74

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

N/A

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 (Director)	
Print Name	Craig Baker
Date	25 February 2015

CHAIRMAN'S AND MANAGING DIRECTOR'S REVIEW

Results

PTB Group - Comparative	Actual 2014 \$000	Actual 2013 \$000
PTB	1,704	1,474
IAP	(265)	534
Head Office costs	(438)	(601)
Total Australian Group	1,001	1,407
Emerald Assets	40	(285)
Total Emerald Assets	40	(285)
Operating Profit before Tax	1,041	1,122
Write-offs in IAP and Emerald Assets	-	(19,789)
Foreign Exchange Gains/(Losses)	(567)	(88)
Profit before Tax	474	(18,755)
Income Tax	(61)	5,538
Profit after Tax	413	(13,217)

Net profit after tax for the half-year ended 31 December 2014 is \$0.413 million (December 2013: \$13.217 million Loss). The difference in comparative results is mainly due to non-cash asset write-downs in the prior half-year.

The operating profit before tax result for the Group is \$1.041 million for December 2014 (December 2013: \$1.122 million). Improved results in PTB and Emerald Assets were offset by poor overall results for IAP.

The net foreign exchange loss for the year of \$0.567 million (December 2013: \$0.088 million) is made up of unrealised losses of \$0.617 million, partly offset by realised gains of \$0.050 million.

The falling Australian Dollar (AUD) compared to the US Dollar (USD) has led to unrealised foreign currency losses for the Group. These losses are primarily due to the Group having a range of USD denominated leases and maintenance contracts that are not classed as assets, and are therefore not adjusted each month in line with the corresponding USD loans. In real terms, the Group is well hedged against foreign currency movements, with USD revenues matched against USD costs.

At period end, net assets were \$33.969 million (December 2013: \$31.476 million). Net tangible asset backing per share was \$0.81 (December 2013: \$0.74).

The Group refinanced \$11 million of AUD and USD loans with the Commonwealth Bank in October and November 2014 and borrowed an additional \$1.85 million to fund the purchase of engines for inventory. There has been a significant reduction in financing costs following the refinancing of these loans.

Dividend: No dividend has been declared or paid in the current financial year, or in the prior financial year.

Overview of Current Period Results

PTB Group has returned a positive overall result for the December 2014 half-year with an operating profit before tax of \$1.041 million (December 2013: \$1.122 million).

The PTB business had a very good half-year, producing an operating profit before tax of \$1.704 million (December 2013: \$1.474 million). Consistent returns from contract customers have been boosted by additional returns from engine sales.

PTB's long term engine management contracts continue to provide a consistent flow of cash and profits for the Workshop and Parts Sales businesses and are the main driver of PTB's consistent results over a number of years. PTB has also extracted excellent returns from a small number of one-off trading deals over the past few years. The business will continue to search for new one-off trading opportunities within its areas of expertise.

The Emerald Assets business is also performing well, with a net operating profit before tax of \$0.040 million (December 2013: \$0.285 million Loss). The rationalisation of idle aircraft assets in the prior year has reduced operating costs and the business is now well positioned to deliver consistent cash flows and profits into the future. These profits will increase following the delivery of an additional ATP aircraft to an existing lessee in the second half of this financial year.

The IAP business had a disappointing half-year, reporting an operating loss before tax of \$0.265 million (December 2013: \$0.534 million Profit). Reduced leasing revenues and lower airframe part sales were the main drivers. A number of the aircraft that were returned to IAP following the bankruptcies of Brindabella Airlines and Vincent Aviation New Zealand have remained idle. The Group is currently in negotiations to place a number of these aircraft on new leases. Other idle aircraft are also being prepared for sale or lease.

Commentary on operations during the Half-year

PTB Business

PTB delivered good results across the business with an operating profit for the half-year of \$1.704 million. This was well ahead of the \$1.474 million for December 2013. Revenues and returns from contract customers remained strong and underpinned the results, while some high margin engine sales provided a significant boost to the overall result.

The Engine Sales business delivered an excellent result for the first half of the year. The business was able to procure a batch of engines at an excellent rate and the sale of a portion of these engines in December has provided excellent margins.

The Workshops contributed \$1.703 million to profit for the half-year (December 2013: \$1.778 million). The Workshop is the largest contributor to sales margin for the PTB Business and it has continued to deliver solid results.

The majority of the workload and margins for the PT6 and TPE331 workshops is provided from PTB's engine management contracts. The ongoing flow of works from these contracts allows the two workshops to consistently run at close to full capacity, leading to high productivity. This then allows the workshops to be more competitive and more selective with the additional non-contract jobs that they compete for.

Parts Sales contributed \$0.869 million to profit for the half-year (December 2013: \$1.147 million). Sales to contract customers account for a large portion of these sales and is very consistent. Sales to external customers are aimed at extracting further value from our significant stock of engine parts. The main reason for the lower result this year was the inclusion of a bulk parts sale in last year's results.

Engine leasing margins are slightly lower than they were at the same point last year. The business has a small number of TPE331 engines that are on long term leases to a small number of customers. Revenue from these leases is variable based on the usage of the engines by the lessee. These leases provide a steady flow of cash and good profits with little ongoing management required. The business also holds a variety of TPE331 and PT6 rental engines in stock to support customers while workshop jobs are completed on customer engines.

Overheads for the PTB business are \$0.273 million (21%) lower than for the same period last year.

Initiatives for the PTB Business include:

- PTB has rebranded its engine management plans and has been marketing the new plans extensively. This has led to a range of new opportunities for the business.
- Management will continue to investigate one-off purchasing opportunities, financing, leasing and engine deals.
- Management continues to work towards developing strategic relationships with offshore businesses in order to extract value from its expertise in engine management contracts.

IAP Business

IAP's operating loss before tax for the half-year was \$0.265 million (December 2013: \$0.534 million Profit).

The Engine Sales section has continued to deliver positive results, contributing \$0.891 million of margin. This is in line with the improved results that were delivered in the December 2013 half-year. The business has built very good relationships with a number of customers and suppliers and this is allowing them to extract good value from IAP's existing stock of engines.

The Aircraft Leasing section has been impacted by the return of five J32 aircraft following the bankruptcies of Brindabella airlines and Vincent Aviation New Zealand. While these did not directly drive any significant losses, the loss of the ongoing lease revenue has had a major impact. One of the five aircraft was sold in July 2014 and another was placed on a lease in Tonga. The business is currently in negotiation with a number of customers and is hoping to have the remaining three aircraft placed on leases in the near future.

Airframe Parts Sales is not generating the expected level of returns. Margins are \$163k lower than they were at the same point last year. Sales of F100 parts have been disappointing and this accounts for a portion of the shortfall. There will be some improvement in sales as the idle aircraft are placed back into operation but further work is needed in this area.

Emerald Assets

The Emerald Assets business delivered an operating profit of \$0.040 million (December 2013: \$0.285 million Loss). The work done to rationalise the fleet of idle aircraft in the prior year has led to a significant reduction in ongoing costs for the business.

The business is now down to three ATP aircraft: one is operating on a lease; one is due to start on a new lease; and one is scheduled to be broken down into parts. The business also has a maintenance contract for another ATP that was sold to the lessee in 2013. These aircraft are supported by a stock of spare parts taken from aircraft that have been broken down.

The current break-even profit position will improve following the delivery of the next aircraft and the business should continue to make consistent returns for the next four to five years.

Corporate Overheads

Corporate overhead costs for the December 2014 half-year were \$0.438 million (December 2013: \$0.601 million).

Balance Sheet and Net Assets

The net asset position has increased from \$33.556 million as at 30 June 2014 to \$33.969 million at 31 December 2014.

Cash Flows

Operating: Cash flows from operating activities were -\$0.229 million (December 2013: \$0.117 million). Purchases of engines, other inventory and increases in work in progress were the main drivers of the negative operating cash flows. The net increase in inventory was \$1.824 million.

Investing: One Jetstream aircraft was sold during the year with the funds used to pay down loans and purchase additional inventory. Emerald has invested \$0.998 million preparing an ATP aircraft for lease to an existing customer. PTB and IAP have also invested in rental engines and building extensions.

Financing: During the year, a new loan was taken out to fund the purchase of a batch of engines for stock. In addition to this, \$1 million of overdrafts were converted to loans. The Group's annual insurance loan was also rolled over. Loan and lease principal repayments totalled \$0.842 million.

PTB Group's Outlook

The Group continues to make steady progress in building profitability and reducing debt.

The Group will continue to concentrate on:

- Managing cash flow to pay down debt and build working capital in each business
- Building the IAP parts sales business to reduce reliance on one-off trading
- Building the PT6 repair and overhaul capability
- Deploying under-utilised aircraft through sale, part-out or lease
- Continuing to investigate one-off purchasing opportunities, financing, leasing and engine deals
- Developing new (or renewing) engine care and maintenance contracts
- Continuing the focus on turning inventory into cash
- Continuing to work towards developing strategic relationships with offshore businesses in order to extract value from our expertise in engine management contracts

As per the Chairman's Address to Shareholders for the Annual General Meeting, the Group's profit before tax for the full year (excluding abnormals and exchange rate movements) is expected to be between \$3 million and \$3.4 million.

ATTACHMENT 2



PTB GROUP LIMITED

ABN 99 098 390 991

INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2014

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 2014.

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 (Group)
RS Ferris	Managing Director (IAP Division)
APS Kemp	Director (non-executive)
NFJ Bolton	Director (non-executive) - appointed 11 November 2014

Review and Results of Operations

The profit after tax for the period to 31 December 2014 was \$0.413 million. This represented an increase of \$13.630 million over the prior period loss of \$13.217 million. The difference in the comparative results is mainly due to the write-down of a group of assets in IAP and Emerald in 2013. Revenue was \$17.113 million for the six months to 31 December 2014 compared to \$16.987 million for the six months to 31 December 2013.

At period end net assets were \$33.969 million (30 June 2014: \$33.556 million).

The operating performance of the business for the half-year to 31 December 2014 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 2014 year end. No dividend was paid during the June 2014 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 Class Order 98/100 and in accordance with the Class Order, amounts in the Directors' report and Interim Financial Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

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



C Baker
Managing Director

Brisbane
25 February 2015

Auditor's Independence Declaration under Section 307C of the Corporations Act 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 2014 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.

Williams Hall Chadwick



Geoffrey Stephens
Director

Signed at Brisbane, 25 February 2015

PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES

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

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Note	31.12.14 \$'000	31.12.13 \$'000
Revenue	2	17,113	16,987
Total revenue		17,113	16,987
Changes in inventories of finished goods and work in progress		1,824	(1,991)
Raw materials and consumables used and finished goods purchased for resale		(11,861)	(7,185)
Employee benefits		(3,108)	(3,122)
Depreciation and amortisation		(656)	(959)
Repairs and maintenance		(18)	(32)
Bad and doubtful debts		(58)	(99)
Finance costs		(679)	(762)
Net foreign exchange gain / (loss)		(567)	(88)
Net gain / (loss) on sale of property, plant and equipment		11	-
Impairment of Inventory		-	(7,216)
Impairment of extended credit receivables		-	(3,284)
Impairment of Aircraft		-	(9,289)
Other expenses		(1,527)	(1,715)
Total expenses		(16,639)	(35,742)
Profit/(Loss) before income tax		474	(18,755)
Income tax (expense)/ benefit		(61)	5,538
Profit/(Loss) for the half-year attributable to the owners of the parent entity		413	(13,217)
Other comprehensive income net of income tax		-	-
Total comprehensive income/(loss) for the period attributable to the owners of the parent entity		413	(13,217)
		Cents	Cents
Basic earnings per share	6	1.13	(36.13)
Diluted earnings per share	6	1.13	(36.13)

The accompanying notes form part of these financial statements.

PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Note	31.12.14 \$'000	30.06.14 \$'000
Current Assets			
Cash and cash equivalents	4	1,421	1,142
Trade and other receivables		6,980	6,242
Inventories		20,641	18,817
Other current assets		316	230
Total Current Assets		29,358	26,431
Non-Current Assets			
Trade and other receivables		2,027	2,027
Property, plant and equipment		23,291	22,992
Deferred tax assets	8	5,803	5,866
Intangible assets		4,334	4,334
Total Non-Current Assets		35,455	35,219
Total Assets		64,813	61,650
Current Liabilities			
Trade and other payables		4,781	5,408
Borrowings	3	3,911	12,364
Derivative financial instruments		-	55
Provisions		921	821
Other current liabilities		2,312	1,573
Total Current Liabilities		11,925	20,221
Non-Current Liabilities			
Borrowings	3	15,223	4,284
Deferred tax liabilities		2,555	2,558
Provisions		105	100
Other non-current liabilities		1,036	931
Total Non-Current Liabilities		18,919	7,873
Total Liabilities		30,844	28,094
Net Assets		33,969	33,556
Equity			
Contributed equity	5	30,367	30,367
Reserves		13,956	13,956
Retained profits		(10,354)	(10,767)
Total Equity		33,969	33,556

PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Note	Issued Capital	Other Equity Securities	Total Contributed Equity	Dividend Appropriation Reserve	Retained Earnings	Total Equity
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2013		30,184	183	30,367	13,956	370	44,693
Total comprehensive income:							
Profit /(loss) for the half-year		-	-	-	-	(13,217)	(13,217)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the half-year		-	-	-	-	(13,217)	(13,217)
Transfer from reserves		-	-	-	-	-	-
Balance at 31 December 2013		30,184	183	30,367	13,956	(12,847)	31,476
Balance at 1 July 2014		30,184	183	30,367	13,956	(10,767)	33,556
Total comprehensive income:							
Profit/(loss) for the half-year		-	-	-	-	413	413
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the half-year		-	-	-	-	413	413
Transfer from reserves		-	-	-	-	-	-
Balance at 31 December 2014		30,184	183	30,367	13,956	(10,354)	33,969

PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Note	31.12.14 \$'000	31.12.13 \$'000
Cash Flows from Operating Activities			
Cash receipts from customers		17,830	16,280
Cash payments to suppliers and employees		(17,531)	(15,899)
Interest received		151	498
Finance costs		(679)	(762)
Income tax (paid)/refund		-	-
Net cash provided by/(used in) operating activities		(229)	117
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(1,816)	(1,462)
Proceeds on disposal of property, plant and equipment		928	-
Net cash provided by/(used in) investing activities		(888)	(1,462)
Cash Flows From Financing Activities			
Proceeds from borrowings raised		3,108	440
Repayment of borrowings		(808)	(660)
Repayment of lease liabilities		(34)	(130)
Net cash provided by/(used in) financing activities		2,266	(350)
Net increase/(decrease) in cash and cash equivalents held		1,149	(1,695)
Cash and cash equivalents at the beginning of the half-year		(240)	1,158
Cash and cash equivalents at the end of the half-year	4	909	(537)

PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

1. Basis of Preparation of Half-Year Report

This general purpose consolidated interim financial report for the half-year reporting period ended 31 December 2014 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 2014, together with any public announcements made during the half-year.

The Company is of a kind referred to in ASIC Class Order 98/100 and in accordance with the Class Order, amounts in the Interim Financial Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

The accounting policies have been consistently applied by the Group and are consistent with those applied in the 30 June 2014 Annual Financial Report, except in relation to the matters discussed below:

New and revised accounting requirements

The Group has adopted the following new and revised Australian Accounting Standards that became mandatorily applicable from 1 January 2014. These Standards became applicable to the Group for the first time in the current reporting period 1 July 2014 to 31 December 2014 but did not have any material impact on the Group’s reported results or disclosures.

i) AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities. This standard applies application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of ‘currently has a legal enforceable right of set-off’ and that some gross settlement systems may be considered equivalent to net settlement.

ii) AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets. This standard amends AASB 136 to require additional disclosures about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. In addition, a further requirement has been included to disclose the discount rates that have been used in the current and previous measurements if the recoverable amount of impaired assets based on fair value less costs of disposal was measured using a present value technique.

The critical estimates and judgments are consistent with those applied and disclosed in the June 2014 annual report.

PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL REPORT (Continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

2. Revenue	31.12.14	31.12.13
	\$'000	\$'000
Sales revenue		
Sale of engines/aircraft	9,081	6,696
Sale of parts	5,003	5,562
Services	1,987	2,571
Rental of engines/aircraft	854	1,451
	16,925	16,280
Other revenue		
Interest		
- Extended credit receivables (hire purchase agreements)	151	477
Other revenue	37	230
Total revenue	17,113	16,987

3. Borrowings	31.12.14	30.06.14
	\$'000	\$'000
Current		
<i>Secured</i>		
Bank overdraft	512	1,382
Bank loans	3,398	10,964
Lease liabilities	-	18
	3,910	12,364
<i>Unsecured</i>		
Other loans – related parties	1	-
	3,911	12,364
Non-Current		
<i>Secured</i>		
Bank loans	12,623	1,668
Lease liabilities	-	16
	12,623	1,684
<i>Unsecured</i>		
Other loans – related parties	2,600	2,600
	15,223	4,284

PTB Group refinanced a significant portion of its existing loans with the Commonwealth Bank in October 2014. This included: the refinancing of a group of loans for a further three years; the conversion of \$1 million of overdrafts to loans; and the conversion of a portion of loans from USD to AUD.

In addition to this, PTB Group took out an additional loan to fund the purchase of a batch of engines for stock.

PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL REPORT (Continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

4. Reconciliation of cash and cash equivalents	31.12.14 \$'000	30.06.14 \$'000
Cash and cash equivalents		
- cash at bank and on hand	1,421	1,142
Bank overdraft included in short term borrowings	(512)	(1,382)
	<u>909</u>	<u>(240)</u>

5. Contributed Equity	31.12.14 \$'000	30.06.14 \$'000
Share Capital		
36,581,727 ordinary shares fully paid (30 June 2014: 36,581,727 ordinary shares fully paid)	30,184	30,184
Other equity securities		
Value of conversion rights (net of tax)	183	183
	<u>30,367</u>	<u>30,367</u>

Movements in ordinary share capital	No of Shares	\$'000
Opening balance 1 January 2014	36,581,727	30,184
Options exercised	-	-
Shares issued	-	-
Closing balance 30 June 2014	<u>36,581,727</u>	<u>30,184</u>

Movements in ordinary share capital		
Opening balance 1 July 2014	36,581,727	30,184
Options exercised	-	-
Shares issued	-	-
Closing balance 31 December 2014	<u>36,581,727</u>	<u>30,184</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

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL REPORT (Continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

6. Earnings Per Share

	31.12.14	31.12.13
	cents	cents
Basic earnings per share	1.13	(36.13)
Diluted earnings per share	1.13	(36.13)
Weighted average number of shares used in calculating basic earnings per share	36,581,727	36,581,727
Effect of dilutive securities:		
• Options	-	-
Weighted average number of ordinary shares and potential ordinary shares used in calculating diluted earnings per share	36,581,727	36,581,727

7. Controlled Entities

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

Name	Country of Incorporation	Equity Holding	
		31.12.14	30.06.14
PTB Finance Limited ⁽¹⁾	Australia	100%	100%
PTB Rentals Australia Pty Ltd ⁽¹⁾	Australia	100%	100%
Pacific Turbine, Inc. ⁽²⁾	USA	100%	100%
PTB (Emerald) Pty Ltd ⁽³⁾	Australia	100%	100%
Aircraft Maintenance Services Ltd ⁽⁴⁾	United Kingdom	100%	100%
IAP Group Australia Pty Ltd ⁽⁵⁾	Australia	100%	100%
International Air Parts UK Limited ⁽⁶⁾	United Kingdom	100%	100%
PTB Emerald Limited ⁽⁷⁾	United Kingdom	100%	100%
748 Cargo Pty Ltd ⁽⁸⁾	Australia	100%	100%

⁽¹⁾ Incorporated 14 October 2005

⁽⁵⁾ Purchased as part of business combination on 21 September 2006.

⁽²⁾ Incorporated 29 September 2005

⁽⁶⁾ Incorporated 18 October 2006

⁽³⁾ Incorporated 4 October 2006

⁽⁷⁾ Incorporated 13 October 2006

⁽⁴⁾ Incorporated 6 November 2006

⁽⁸⁾ Incorporated 21 June 2007 (previously PTB Asset Management Pty Ltd)

All subsidiaries are 100% owned by PTB Group Limited which 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 Aircraft Maintenance Services Limited, 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

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL REPORT (Continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

8. Deferred Tax Assets

A deferred tax asset of \$5.803 million (30 June 2014: \$5.866 million) has been recognised at 31 December 2014. This includes \$3.688 million attributable to prior years' income tax losses carried forward (30 June 2014: \$4.116 million). Based on management forecast of expected future taxable profits and the reversal of the temporary differences, it is considered probable that this deferred tax asset will be recovered in the future.

9. Segment Information

a) Description of Segments

The Group has three reportable segments:

- **PTB:** Covering the operations of the holding company PTB Group Limited, specialising in PT6 and TPE331 Turboprop engines. The business repairs, sells, hires and leases PT6 and TPE331 engines, maintains related engines under contract, and trades in related engine and airframe parts.
- **IAP:** Covering the operations of IAP Group Australia Pty Ltd, trading in aircraft, aircraft engines, airframes and related parts. This business is an aircraft owner and leases aircraft to airline operators under both operating and finance leases.
- **Emerald:** Covers the operation of PTB (Emerald) Pty Ltd, the owner of the aircraft acquired from Emerald Airways UK, which are leased to airline operators under both operating and finance leases.

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 and New Zealand, Pacific Islands, North and South 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 revenue, adjusted EBITDA, assets and liabilities by those geographical markets by business segment.

PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL REPORT (Continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

9. Segment Information (continued)

Half-year 31 December 2014	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	1,734	1,678	2,785	6,479	25	75	-	12,776
Inter-segment Revenue	-	-	-	-	-	-	-	-
Revenue from External customers	1,734	1,678	2,785	6,479	25	75	-	12,776
Emerald								
Total Segment Revenue	-	-	-	378	-	-	-	378
Inter-segment Revenue	-	-	-	-	-	-	-	-
Revenue from External customers	-	-	-	378	-	-	-	378
IAP								
Total Segment Revenue	646	181	783	1,347	422	540	-	3,919
Inter-segment Revenue	(148)	-	-	-	-	-	-	(148)
Revenue from external customers	498	181	783	1,347	422	540	-	3,771
Unallocated								
Total Unallocated Revenue	-	-	-	-	-	-	-	-
Total Revenue from External Customers	2,232	1,859	3,568	8,204	447	615	-	16,925
ii) Adjusted EBITDA								
PTB	204	251	415	967	4	11	-	1,852
Emerald	-	-	-	238	31	1	-	270
IAP	48	14	61	105	33	43	-	304
Unallocated	-	-	-	-	-	-	-	-
Adjusted EBITDA	252	265	476	1,310	68	55	-	2,426
iii) Segment Disclosure Items								
Depreciation & Amortisation								
PTB	207	-	-	-	-	-	-	207
Emerald	-	-	-	102	-	25	-	127
IAP	282	40	-	-	-	-	-	322
Total	489	40	-	102	-	25	-	656
Impairment of Goodwill								
IAP	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-
Impairment of Assets								
PTB	-	-	-	-	-	-	-	-
Emerald	-	-	-	-	-	-	-	-
IAP	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-
Unrealised (Gain)/Loss on Foreign Currency								
PTB	-	56	93	215	1	3	-	368
Emerald	-	-	-	272	36	-	-	308
IAP	-	(3)	(14)	(24)	(8)	(10)	-	(59)
Total	-	53	79	463	29	(7)	-	617

PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL REPORT (Continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

9. Segment Information (continued)

31 December 2014	Australia PNG & NZ \$'000	Pacific \$'000	America North & South \$'000	Asia \$'000	Africa \$'000	Europe \$'000	Unallocated \$'000	Total \$'000
Total Segment Assets								
PTB	27,625	515	337	1,288	199	-	19,430	49,394
Emerald	196	-	-	5,838	1,251	3,611	(11,627)	(731)
IAP	14,973	751	914	1,138	235	139	(7,803)	10,347
Unallocated	-	-	-	-	-	-	-	-
Total	42,794	1,266	1,251	8,264	1,685	3,750	-	59,010
Total assets includes:								
Non-current Assets (other than financial assets and deferred tax)								
PTB	11,928	-	-	82	-	-	19,430	31,440
Emerald	-	-	-	5,340	-	2,564	(11,627)	(3,723)
IAP	9,035	703	-	-	-	-	(7,803)	1,935
Total	20,963	703	-	5,422	-	2,564	-	29,652
Total Segment Liabilities								
PTB	1,972	958	734	1,236	10	6	-	4,916
Emerald	-	-	942	786	378	-	-	2,106
IAP	882	74	232	770	-	175	-	2,133
Total	2,854	1,032	1,908	2,792	388	181	-	9,155

PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL REPORT (Continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

9. Segment Information (continued)

Half-year 31 December 2013	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	3,687	350	487	5,171	4	5	-	9,704
Inter-segment Revenue	(258)	-	-	-	-	-	-	(258)
Revenue from External customers	3,429	350	487	5,171	4	5	-	9,446
Emerald								
Total Segment Revenue	-	-	-	-	-	-	-	-
Inter-segment Revenue	-	-	-	-	-	-	-	-
Revenue from External customers	-	-	-	-	-	-	-	-
IAP								
Total Segment Revenue	1,487	26	1,559	3,374	3	385	-	6,834
Inter-segment Revenue	-	-	-	-	-	-	-	-
Revenue from external customers	1,487	26	1,559	3,374	3	385	-	6,834
Unallocated								
Total Unallocated Revenue	-	-	-	-	-	-	-	-
Total Revenue from External Customers	4,916	376	2,046	8,545	7	390	-	16,280
ii) Adjusted EBITDA								
PTB	508	54	75	793	1	1	-	1,432
Emerald	-	-	-	141	15	-	-	156
IAP	730	2	141	304	16	35	-	1,228
Unallocated	-	-	-	-	-	-	-	-
Adjusted EBITDA	1,238	56	216	1,238	32	36	-	2,816
iii) Segment Disclosure Items								
Depreciation & Amortisation								
PTB	141	8	9	92	-	-	-	250
Emerald	-	-	-	-	-	188	-	188
IAP	509	-	-	-	12	-	-	521
Total	650	8	9	92	12	188	-	959
Impairment of Goodwill								
IAP	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-
Impairment of Assets								
PTB	100	-	-	-	-	-	-	100
Emerald	-	-	-	-	-	8,370	-	8,370
IAP	581	-	-	-	238	-	-	819
Total	681	-	-	-	238	8,370	-	9,289
Unrealised (Gain)/Loss on Foreign Currency								
PTB	-	3	2	25	-	-	-	30
Emerald	-	-	-	(77)	(8)	-	-	(85)
IAP	-	-	33	71	4	8	-	116
Total	-	3	35	19	(4)	8	-	61

PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL REPORT (Continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

9. Segment Information (continued)

30 June 2014	Australia PNG & NZ \$'000	Pacific \$'000	America North & South \$'000	Asia \$'000	Africa \$'000	Europe \$'000	Unallocated \$'000	Total \$'000
Total Segment Assets								
PTB	21,462	454	434	1,294	181	3	20,243	44,071
Emerald	735	-	-	5,988	854	2,857	(11,193)	(759)
IAP	19,184	720	772	640	107	99	(9,050)	12,472
Unallocated	-	-	-	-	-	-	-	-
Total	41,381	1,174	1,206	7,922	1,142	2,959	-	55,784
Total assets includes:								
Non-current Assets (other than financial assets and deferred tax)								
PTB	8,190	39	-	60	-	-	20,243	28,532
Emerald	-	-	-	5,401	-	1,789	(11,193)	(4,003)
IAP	13,154	720	-	-	-	-	(9,050)	4,824
Total	21,344	759	-	5,461	-	1,789	-	29,353
Total Segment Liabilities								
PTB	2,019	745	1,665	519	4	33	-	4,985
Emerald	31	-	1,129	186	328	222	-	1,896
IAP	1,139	128	200	364	-	121	-	1,952
Total	3,189	873	2,994	1,069	332	376	-	8,833

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 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. Emerald'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.

	31.12.14 \$'000	31.12.13 \$'000
Total Segment revenue	17,073	16,538
Intersegment eliminations	(148)	(258)
Interest revenue	151	477
Other revenue	37	230
Total revenue from continuing operations (note 2)	17,113	16,987

The Group is domiciled in Australia. The amount of its revenue from external customers in Australia is \$2.232 million (2013: \$4.916 million) and the total revenue from external customers in other countries is \$14.693 million (2013: \$11.364 million). Segment revenues are allocated based on the country in which the customer is located.

PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL REPORT (Continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

9. Segment Information (continued)

(ii) Adjusted EBITDA

The Board assesses the performance of the operating segments based on a measure of 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, provision for write down of extended receivables, inventory write downs and asset impairments. Interest income and interest income on long term HP receivables is allocated to segments whereas financing and interest 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:

	31.12.14	31.12.13
	\$'000	\$'000
Adjusted EBITDA	2,426	2,816
Unrealised gain/(loss) on foreign Currency	(617)	(61)
Inventory write down	-	(7,216)
Bad and doubtful debts	-	(3,284)
Impairment of assets	-	(9,289)
Depreciation and amortisation	(656)	(959)
Finance Costs	(679)	(762)
Profit / (loss) before income tax from continuing operations	474	(18,755)

(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:

	31.12.14	30.06.14
	\$'000	\$'000
Segment Assets	59,010	55,784
<i>Unallocated:</i>		
Deferred tax assets	5,803	5,866
Derivative financial instruments	-	-
Total assets as per the statement of financial position	64,813	61,650

The total of non-current assets other than financial instruments and deferred tax assets located in Australia is \$20.963 million (30.6.14: \$21.344 million), and the total of these non-current assets located in other countries is \$8.689 million (30.6.14: \$8.009 million). Segment assets are allocated to countries based on where the assets are located.

PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL REPORT (Continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

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:

	31.12.14 \$'000	30.06.14 \$'000
Segment Liabilities	9,155	8,833
<i>Unallocated:</i>		
Derivative financial instruments	-	55
Deferred tax liabilities	2,555	2,558
Current borrowings	3,911	12,364
Non-current borrowings	15,223	4,284
Total liabilities as per the statement of financial position	30,844	28,094

10. Dividends

No dividends were declared or paid during the interim reporting period (2013: \$nil).

11. Contingent liabilities

The Group had the following bank guarantees as at 31 December 2014:

Favouree	Bank	Date	31.12.14 \$'000	30.06.14 \$'000
Bankstown Airport Limited	CBA	27/03/2007	18	18
The President of Islamic Republic of Pakistan	CBA	05/03/2014	21	21
			39	39

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 2014

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 2014 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
25 February 2015

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 condensed consolidated statement of financial position as at 31 December 2014, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed 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 2014 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*.

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 2014 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*.

Williams Hall Chadwick

A handwritten signature in dark ink, appearing to read 'G. Stephens', with a long horizontal flourish extending to the right.

Geoffrey Stephens
Director

Signed at Brisbane, 25 February 2015