



**ABN 99 098 390 991**

**ASX Code: PTB**

**Appendix 4D  
Half-Year Report**

**31 December 2015**

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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<br>31.12.15<br>\$A'000 | Six months ended<br>31.12.14<br>\$A'000 | Movement<br>\$A'000 | Movement<br>% |
|--|---|---|---------------------|---------------|
| Revenue from ordinary activities   | 22,964                                  | 17,113                                  | 5,851               | 34.19         |
| Profit/(loss) after tax from ordinary activities attributable to members | 1,756                                   | 413                                     | 1,343               | 325.18        |
| Net profit/(loss) attributable to members                                | 1,756                                   | 413                                     | 1,343               | 325.18        |

### Dividends:

| Financial Year | Nature                      | Date paid/Proposed to be paid              | Amount per security Cents | Franked amount per security at 30% tax |
|----------------|-----------------------------|--|---------------------------|--|
| 30-Jun-16      | Interim                     | No dividend has been declared.             | N/A                       | N/A                                    |
| 30-Jun-15      | Final                       | No dividend was declared, paid or payable. | N/A                       | N/A                                    |
| 30-Jun-15      | Interim – declared and paid | 16 June 2015                               | 5 cents                   | Fully Franked                          |

### NTA Backing:

|  | Six months ended<br>31.12.15<br>(Cents) | Six months ended<br>31.12.14<br>(Cents) |
|--|---|---|
| Net tangible asset backing per ordinary security (cents) | 77                                      | 81                                      |

### 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. |
|--|

### Audit/Review Status:

|  |  |  |   |
|--|--|--|---|
| <b>This report is based on accounts to which one of the following applies:</b><br>(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 |   |
| <b>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:</b><br>n/a |  |  |   |
| <b>If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:</b><br>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 2016   |

## CHAIRMAN'S AND MANAGING DIRECTOR'S REVIEW

### Results

| PTB Group - Comparative            | Actual<br>31.12.15<br>\$000 | Actual<br>31.12.14<br>\$000 |
|------------------------------------|-----------------------------|-----------------------------|
| PTB                                | 2,238                       | 1,704                       |
| IAP                                | 1,163                       | (265)                       |
| Head Office costs                  | (639)                       | (438)                       |
| <b>Total Australian Group</b>      | <b>2,762</b>                | <b>1,001</b>                |
| Emerald Assets                     | 146                         | 40                          |
| <b>Total Emerald Assets</b>        | <b>146</b>                  | <b>40</b>                   |
| <b>Operating Profit before Tax</b> | <b>2,908</b>                | <b>1,041</b>                |
| Foreign Exchange Gains/(Losses)    | (399)                       | (567)                       |
| <b>Profit before Tax</b>           | <b>2,509</b>                | <b>474</b>                  |
| Income Tax                         | (753)                       | (61)                        |
| <b>Profit after Tax</b>            | <b>1,756</b>                | <b>413</b>                  |

### Overview of Current Period Results

PTB Group has returned a sound result for the December 2015 half-year with an operating profit before tax of \$2.908 million (December 2014: \$1.041 million).

The PTB business continues to produce consistent results with an operating profit before tax of \$2.238 million (December 2014: \$1.704 million). PTB's long-term engine management contracts provide an ongoing 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.

The IAP business had an improved half-year, reporting an operating profit before tax of \$1.163 million (December 2014: \$0.265 million loss). Operating results have improved across all parts of the business and have been further boosted by the two non-recurring items detailed under IAP Business below.

The Emerald Assets business recorded an operating profit before tax of \$0.146 million (December 2014: \$0.040 million). All idle aircraft issues have been resolved and the business is expected to continue to provide consistent returns from the leased aircraft.

The net foreign exchange loss for the year is \$0.399 million (December 2014: \$0.567 million). The falling Australian Dollar (AUD) compared to the US Dollar (USD) has led to 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 capitalised as financial 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 \$36.858 million (December 2014: \$33.969 million). Net tangible asset backing per share was \$0.77 (June 2015: \$0.73, December 2014: \$0.81).

No dividend has been declared or paid in the current financial year. A 5 cents per share dividend was paid in June 2015.

## **Commentary on operations during the Half-year**

### **PTB Business**

PTB had a very good half-year with an operating profit of \$2.238 million (December 2014: \$1.704 million). Revenues and returns from contract customers remained strong and underpinned the results.

The Workshops contributed \$2.216 million to profit for the half-year (December 2014:\$1.703 million). The majority of the workload for the 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. This then allows the workshops to be more selective with the additional jobs that they compete for, leading to higher returns.

Parts Sales contributed \$1.150 million to profit for the half-year (December 2014:\$0.869 million). Sales to contract customers account for a large portion of these sales and are very consistent. The business also extracts further value from its extensive product knowledge and significant stock of engine parts through sales to non-contract customers.

Engine leasing margins are slightly higher than they were at the same point last year. The business has a number of TPE331 engines on long-term lease to customers. Revenue from these leases is variable based on the usage of the engines by the lessees. 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 were \$1.204 million (December 2014: \$1.047 million). The increase was due to a reallocation of staff costs within the business as well as a significant increase in costs for Quality Control to meet increased CASA requirements. This has been partly offset by a reallocation of costs from PTB overheads to Corporate Overheads following the merging of the PTB and IAP Finance Teams.

### **IAP Business**

IAP's operating profit before tax for the half-year was \$1.163 million (December 2014: \$0.265 million loss).

The Engines section has continued to deliver favourable results, contributing margin of \$0.979 million (December 2014: \$0.892 million). The business is providing good returns and developing valuable ongoing relationships with key customers and suppliers.

Airframe Parts Sales has returned reasonable results for the half-year with a margin contribution of \$0.883 million (December 2014: \$0.766 million). This business continues to be focussed on selling down the existing stock while also using their significant product and market knowledge to generate additional brokered sales.

The returns for the Aircraft Leasing section have improved significantly due to the deployment of three Jetstream aircraft on operating leases. Margin contribution for the December 2015 half-year was \$0.535 million (December 2014: \$0.144 million). The business also has two idle Metro aircraft available for sale or lease.

IAP's results for the half-year were also boosted by two one-off transactions. Firstly, the business received US\$0.2 million as settlement of a prior-year insurance claim. Secondly, there was a reversal of a provision for impairment of a debtor that had been taken up in June 2015 for US\$0.190 million.

IAP overheads were \$0.394 million lower than the prior half-year due to the merging of the finance and administration functions with the PTB office in Brisbane.

### **Emerald Assets**

The Emerald Assets business delivered an operating profit of \$0.146 million (December 2014: \$0.040 million).

The business is the owner of one ATP aircraft that is on lease to a long-term customer. The business also has a maintenance contract for another ATP that was sold to the same lessee in 2013. These aircraft are supported by a stock of spare parts taken from other aircraft that have been broken down.

This business is expected to continue to provide modest profits from these aircraft for the next 3-4 years, with the cash generated used to pay down debt.

## **Corporate Overheads**

Corporate overhead costs for the December 2015 half-year were \$0.639 million (December 2014: \$0.438 million). The increase was due to the reallocation of overhead costs within the Group following the merging of the finance and administration functions for the Brisbane and Sydney offices. This merger has delivered an overall saving in excess of \$0.4 million per year.

## **Balance Sheet and Net Assets**

The net asset position has increased from \$35.102 million as at 30 June 2015 to \$36.858 million at 31 December 2015.

## **Cash Flows**

Operating: Cash flows from operating activities were \$0.827 million (December 2014: -\$0.229 million). Cash flows were lower than the operating profit due to the supply of a significantly greater than average number of engines to contracted customers in PTB. This is a timing issue and will reverse out in future periods. There was a net decrease in inventory of \$0.791 million, including a \$0.506 million decrease in IAP.

Investing: Payments for property, plant and equipment was made up of the final payments for the purchase of the ATP that is now on lease, final costs incurred to get the Jetstream aircraft prepared for lease and rental engine repair and overhaul costs.

Financing: The borrowings raised related to the Group's annual insurance loan. Loan and lease principal repayments totalled \$1.282 million.

## **PTB Group's Outlook**

The Group has made very good progress in building profitability in core businesses and reducing debt.

The Group will continue to concentrate on:

- Managing cash flow to pay down debt and provide working capital for trading and growth opportunities
- Continual improvement and organic growth of the PT6 repair and overhaul facility
- Deploying the two idle Metro aircraft through sale or lease
- Developing new, and renewing existing, PTB Engine Management Programs (PTB-EMProgram)
- Focus on turning inventory into cash, particularly in the IAP business
- Continuing to investigate one-off purchasing opportunities, financing, leasing and engine deals

## **Pacific Turbine USA Pty Ltd**

In addition to the ongoing initiatives listed above, the Group has commenced a further strategy to move into new markets. This involves a strategic agreement with a USA based engine shop that will provide the additional production capacity required to market and sell the PTB-EMProgram in the American and European markets. This trading will be conducted within an existing Group company that has been renamed Pacific Turbine USA Pty Ltd.

The potential returns from this initiative are significant but are dependent upon the availability of sufficient working capital to fund the ramping up of engine production at the USA facility. While this initiative does not require any capital investment, it will require a significant investment to fund the building of an initial stock of parts and engines. At this point, production has commenced at a conservative rate while funding alternatives are investigated.

## **Full Year Profit Forecast**

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 \$3.8 million and \$4.2 million.

ATTACHMENT 2



**PTB GROUP LIMITED**

**ABN 99 098 390 991**

**INTERIM FINANCIAL REPORT**  
**FOR THE HALF-YEAR ENDED**  
**31 DECEMBER 2015**



# 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 2015.

### 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)                             |
| NFJ Bolton | Director (non-executive) - resigned 18 November 2015 |
| A Sormann  | Director (non-executive) - appointed 2 December 2015 |

### Review and Results of Operations

The profit after tax for the period to 31 December 2015 was \$1.756 million. This represented an increase of \$1.343 million over the prior period profit of \$0.413 million. The difference in the comparative results is mainly due to the improved results for IAP Group. Revenue was \$22.964 million for the six months to 31 December 2015 compared to \$17.113 million for the six months to 31 December 2014.

At period end, net assets were \$36.857 million (30 June 2015: \$35.101 million).

The operating performance of the business for the half-year to 31 December 2015 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 2015 year end. A dividend of 5 cents per share was paid during the June 2015 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  
24 February 2016

**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 2015 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, 24 February 2016

**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 2015**

|   | <b>Note</b> | <b>31.12.15<br/>\$'000</b> | <b>31.12.14<br/>\$'000</b> |
|---|-------------|----------------------------|----------------------------|
| Revenue   | 2           | 22,964                     | 17,113                     |
| <b>Total revenue</b>  |             | <b>22,964</b>              | <b>17,113</b>              |
| Changes in inventories of finished goods and work in progress   |             | (791)                      | 1,824                      |
| Raw materials and consumables used and finished goods purchased for resale                              |             | (13,501)                   | (11,861)                   |
| Employee benefits   |             | (2,868)                    | (3,108)                    |
| Depreciation and amortisation   |             | (962)                      | (656)                      |
| Repairs and maintenance   |             | (49)                       | (18)                       |
| Bad and doubtful debts  |             | 253                        | (58)                       |
| Finance costs   |             | (522)                      | (679)                      |
| Net foreign exchange gain / (loss)  |             | (399)                      | (567)                      |
| Net gain / (loss) on sale of property, plant and equipment  |             | -                          | 11                         |
| Other expenses  |             | (1,616)                    | (1,527)                    |
| <b>Total expenses</b>   |             | <b>(20,455)</b>            | <b>(16,639)</b>            |
| <b>Profit/(Loss) before income tax</b>  |             | <b>2,509</b>               | <b>474</b>                 |
| Income tax (expense)/ benefit   |             | (753)                      | (61)                       |
| <b>Profit/(Loss) for the half-year attributable to the owners of the parent entity</b>                  |             | <b>1,756</b>               | <b>413</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>1,756</b>               | <b>413</b>                 |
|   |             | <b>Cents</b>               | <b>Cents</b>               |
| Basic earnings per share  | 6           | 4.18                       | 1.13                       |
| Diluted earnings per share  | 6           | 4.18                       | 1.13                       |

**PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2015**

|                                      | Note | 31.12.15<br>\$'000 | 30.06.15<br>\$'000 |
|--------------------------------------|------|--------------------|--------------------|
| <b>Current Assets</b>                |      |                    |                    |
| Cash and cash equivalents            | 4    | 2,001              | 3,800              |
| Trade and other receivables          |      | 8,151              | 5,616              |
| Inventories                          |      | 20,322             | 21,113             |
| Other current assets                 |      | 304                | 444                |
| <b>Total Current Assets</b>          |      | <b>30,778</b>      | <b>30,973</b>      |
| <b>Non-Current Assets</b>            |      |                    |                    |
| Trade and other receivables          |      | 2,641              | 1,955              |
| Property, plant and equipment        |      | 20,516             | 20,820             |
| Deferred tax assets                  | 8    | 4,734              | 4,970              |
| Intangible assets                    |      | 4,334              | 4,334              |
| <b>Total Non-Current Assets</b>      |      | <b>32,225</b>      | <b>32,079</b>      |
| <b>Total Assets</b>                  |      | <b>63,003</b>      | <b>63,052</b>      |
| <b>Current Liabilities</b>           |      |                    |                    |
| Trade and other payables             |      | 5,230              | 6,249              |
| Borrowings                           | 3    | 1,966              | 3,535              |
| Provisions                           |      | 816                | 849                |
| Other current liabilities            |      | 1,567              | 1,447              |
| <b>Total Current Liabilities</b>     |      | <b>9,579</b>       | <b>12,080</b>      |
| <b>Non-Current Liabilities</b>       |      |                    |                    |
| Borrowings                           | 3    | 12,893             | 12,412             |
| Deferred tax liabilities             |      | 2,906              | 2,388              |
| Provisions                           |      | 531                | 509                |
| Other non-current liabilities        |      | 237                | 562                |
| <b>Total Non-Current Liabilities</b> |      | <b>16,567</b>      | <b>15,871</b>      |
| <b>Total Liabilities</b>             |      | <b>26,146</b>      | <b>27,951</b>      |
| <b>Net Assets</b>                    |      | <b>36,857</b>      | <b>35,101</b>      |
| <b>Equity</b>                        |      |                    |                    |
| Contributed equity                   | 5    | 31,778             | 31,778             |
| Reserves                             |      | 13,956             | 13,956             |
| Retained profits                     |      | (8,877)            | (10,633)           |
| <b>Total Equity</b>                  |      | <b>36,857</b>      | <b>35,101</b>      |

**PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

|   | Note | Issued<br>Capital<br>\$'000 | Other<br>Equity<br>Securities<br>\$'000 | Total<br>Contributed<br>Equity<br>\$'000 | Dividend<br>Appropriation<br>Reserve<br>\$'000 | Retained<br>Earnings<br>\$'000 | Total<br>Equity<br>\$'000 |
|---|------|-----------------------------|---|--|--|--------------------------------|---------------------------|
| <b>Balance at 1 July 2014</b>                       |      | 30,184                      | 183                                     | 30,367                                   | 13,956   | (10,767)                       | 33,556                    |
| <b>Total comprehensive income:</b>                  |      |                             |   |  |  |                                |                           |
| Profit /(loss) for the half-year                    |      | -                           | -                                       | -  | -  | 413                            | 413                       |
| Other comprehensive income                          |      | -                           | -                                       | -  | -  | -                              | -                         |
| <b>Total comprehensive income for the half-year</b> |      | -                           | -                                       | -  | -  | 413                            | 413                       |
| Transfer from reserves                              |      | -                           | -                                       | -  | -  | -                              | -                         |
| <b>Balance at 31 December 2014</b>                  |      | <b>30,184</b>               | <b>183</b>                              | <b>30,367</b>                            | <b>13,956</b>                                  | <b>(10,354)</b>                | <b>33,969</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> |      | -                           | -                                       | -  | -  | 1,756                          | 1,756                     |
| 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>             |

**PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

|   | Note | 31.12.15<br>\$'000 | 31.12.14<br>\$'000 |
|---|------|--------------------|--------------------|
| <b>Cash Flows from Operating Activities</b>                 |      |                    |                    |
| Cash receipts from customers                                |      | 20,139             | 17,830             |
| Cash payments to suppliers and employees                    |      | (18,876)           | (17,531)           |
| Interest received   |      | 86                 | 151                |
| Finance costs   |      | (522)              | (679)              |
| Income tax (paid)/refund                                    |      | -                  | -                  |
| Net cash provided by/(used in) operating activities         |      | 827                | (229)              |
| <b>Cash Flows From Investing Activities</b>                 |      |                    |                    |
| Payments for property, plant and equipment                  |      | (1,068)            | (1,816)            |
| Proceeds on disposal of property, plant and equipment       |      | 1                  | 928                |
| Net cash provided by/(used in) investing activities         |      | (1,067)            | (888)              |
| <b>Cash Flows From Financing Activities</b>                 |      |                    |                    |
| Proceeds from borrowings raised                             |      | 169                | 3,108              |
| Repayment of borrowings                                     |      | (1,282)            | (808)              |
| Repayment of lease liabilities                              |      | -                  | (34)               |
| Net cash provided by/(used in) financing activities         |      | (1,113)            | 2,266              |
| Net increase/(decrease) in cash and cash equivalents held   |      | (1,353)            | 1,149              |
| Cash and cash equivalents at the beginning of the half-year |      | 3,354              | (240)              |
| Cash and cash equivalents at the end of the half-year       | 4    | 2,001              | 909                |

**PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES**  
**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL REPORT**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

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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 2015 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 2015, 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 2015 Annual Financial Report, except in relation to the matters discussed below:

*New and revised accounting requirements*

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2015 reporting periods and have not been early adopted by the Group. The following new standards to be applied in future periods are not expected to have a significant impact on the Group:

- (i) AASB 9 Financial instruments (application date 1 January 2018). This standard makes significant changes to the way financial assets are classified for the purpose of determining their measurement basis and also to the amounts relating to fair value changes, which are to be taken directly to equity. This standard also makes significant changes to hedge accounting requirements and disclosures.
- (ii) IFRS 15 Revenue from Contracts with Customers (application date 1 January 2018). Establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers.

The critical estimates and judgments are consistent with those applied and disclosed in the June 2015 annual report.

**PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES**

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

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

|  |                 |                 |
|--|-----------------|-----------------|
| <b>2. Revenue</b>  | <b>31.12.15</b> | <b>31.12.14</b> |
|  | <b>\$'000</b>   | <b>\$'000</b>   |
| <b>Sales revenue</b>                                     |                 |                 |
| Sale of engines/aircraft                                 | 11,507          | 9,081           |
| Sale of parts  | 5,239           | 5,003           |
| Services   | 3,681           | 1,987           |
| Rental of engines/aircraft                               | 1,797           | 854             |
|  | 22,224          | 16,925          |
| <b>Other revenue</b>                                     |                 |                 |
| Interest   |                 |                 |
| - Extended credit receivables (hire purchase agreements) | 86              | 151             |
| Other revenue  | 654             | 37              |
| Total revenue  | 22,964          | 17,113          |

|                               |                 |                 |
|-------------------------------|-----------------|-----------------|
| <b>3. Borrowings</b>          | <b>31.12.15</b> | <b>30.06.15</b> |
|                               | <b>\$'000</b>   | <b>\$'000</b>   |
| <b>Current</b>                |                 |                 |
| <i>Secured</i>                |                 |                 |
| Bank overdraft                | -               | 446             |
| Bank loans                    | 1,966           | 2,818           |
| Lease liabilities             | -               | -               |
|                               | 1,966           | 3,264           |
| <i>Unsecured</i>              |                 |                 |
| Other loans – related parties | -               | 271             |
|                               | 1,966           | 3,535           |
| <b>Non-Current</b>            |                 |                 |
| <i>Secured</i>                |                 |                 |
| Bank loans                    | 12,893          | 12,412          |
| Lease liabilities             | -               | -               |
|                               | 12,893          | 12,412          |
| <i>Unsecured</i>              |                 |                 |
| Other loans – related parties | -               | -               |
|                               | 12,893          | 12,412          |



**PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES**

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

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

| <b>4. Reconciliation of cash and cash equivalents</b> | <b>31.12.15</b> | <b>30.06.15</b> |
|---|-----------------|-----------------|
|   | <b>\$'000</b>   | <b>\$'000</b>   |
| Cash and cash equivalents                             |                 |                 |
| - cash at bank and on hand                            | 2,001           | 3,800           |
| Bank overdraft included in short term borrowings      | -               | (446)           |
|   | <u>2,001</u>    | <u>3,354</u>    |

| <b>5. Contributed Equity</b>   | <b>31.12.15</b> | <b>30.06.15</b> |
|--|-----------------|-----------------|
|  | <b>\$'000</b>   | <b>\$'000</b>   |
| <b>Share Capital</b>   |                 |                 |
| 42,007,656 ordinary shares fully paid<br>(30 June 2015: 42,007,656 ordinary shares fully paid) | 31,595          | 31,595          |
| <b>Other equity securities</b>   |                 |                 |
| Value of conversion rights (net of tax)  | 183             | 183             |
|  | <u>31,778</u>   | <u>31,778</u>   |

| <b>Movements in ordinary share capital</b> | <b>No of<br/>Shares</b> | <b>\$'000</b> |
|--|-------------------------|---------------|
| Opening balance 1 January 2015             | 36,581,727              | 30,184        |
| Options exercised                          | -                       | -             |
| Shares issued                              | 5,425,929               | 1,411         |
| Closing balance 30 June 2015               | <u>42,007,656</u>       | <u>31,595</u> |

| <b>Movements in ordinary share capital</b> |                   |               |
|--|-------------------|---------------|
| Opening balance 1 July 2015                | 42,007,656        | 31,595        |
| Options exercised                          | -                 | -             |
| Shares issued                              | -                 | -             |
| Closing balance 31 December 2015           | <u>42,007,656</u> | <u>31,595</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 2015

#### 6. Earnings Per Share

|   | 31.12.15   | 31.12.14   |
|---|------------|------------|
|   | cents      | cents      |
| Basic earnings per share  | 4.18       | 1.13       |
| Diluted earnings per share  | 4.18       | 1.13       |
| Weighted average number of shares used in calculating basic earnings per share  | 42,007,656 | 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 | 42,007,656 | 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 |          |
|---|--------------------------|----------------|----------|
|   |                          | 31.12.15       | 30.06.15 |
| PTB Finance Limited <sup>(1)</sup>                | Australia                | 100%           | 100%     |
| PTB Rentals Australia Pty Ltd <sup>(1)</sup>      | Australia                | 100%           | 100%     |
| Pacific Turbine, Inc. <sup>(2)</sup>              | USA                      | 100%           | 100%     |
| PTB (Emerald) Pty Ltd <sup>(3)</sup>              | Australia                | 100%           | 100%     |
| Aircraft Maintenance Services Ltd <sup>(4)</sup>  | United Kingdom           | 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%     |

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

<sup>(2)</sup> Incorporated 29 September 2005

<sup>(3)</sup> Incorporated 4 October 2006

<sup>(4)</sup> Incorporated 6 November 2006

<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)

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 2015

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#### 8. Deferred Tax Assets

A deferred tax asset of \$4.734 million (30 June 2015: \$4.97 million) has been recognised at 31 December 2015. This includes \$2.929 million attributable to prior years' income tax losses carried forward (30 June 2015: \$3.099 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 2015**

**9. Segment Information (continued)**

| Half-year 31 December 2015                        | Australia<br>PNG & NZ<br>\$'000 | Pacific<br>\$'000 | America<br>North &<br>South<br>\$'000 | Asia<br>\$'000 | Africa<br>\$'000 | Europe<br>\$'000 | Unallocated<br>\$'000 | Total<br>\$'000 |
|---|---------------------------------|-------------------|---------------------------------------|----------------|------------------|------------------|-----------------------|-----------------|
| <b>i) Revenue</b>                                 |                                 |                   |                                       |                |                  |                  |                       |                 |
| <b>PTB</b>  |                                 |                   |                                       |                |                  |                  |                       |                 |
| Total Segment Revenue                             | 4,376                           | 3,193             | 1,634                                 | 8,330          | 5                | 81               | -                     | 17,619          |
| Inter-segment Revenue                             | (328)                           | -                 | -                                     | -              | -                | -                | -                     | (328)           |
| <b>Revenue from External customers</b>            | <b>4,048</b>                    | <b>3,193</b>      | <b>1,634</b>                          | <b>8,330</b>   | <b>5</b>         | <b>81</b>        | <b>-</b>              | <b>17,291</b>   |
| <b>Emerald</b>                                    |                                 |                   |                                       |                |                  |                  |                       |                 |
| Total Segment Revenue                             | -                               | -                 | -                                     | 458            | -                | -                | -                     | 458             |
| Inter-segment Revenue                             | -                               | -                 | -                                     | -              | -                | -                | -                     | -               |
| <b>Revenue from External customers</b>            | <b>-</b>                        | <b>-</b>          | <b>-</b>                              | <b>458</b>     | <b>-</b>         | <b>-</b>         | <b>-</b>              | <b>458</b>      |
| <b>IAP</b>  |                                 |                   |                                       |                |                  |                  |                       |                 |
| Total Segment Revenue                             | 1,242                           | 642               | 1,578                                 | 953            | 43               | 815              | -                     | 5,273           |
| Inter-segment Revenue                             | (58)                            | -                 | -                                     | -              | -                | -                | -                     | (58)            |
| <b>Revenue from external customers</b>            | <b>1,184</b>                    | <b>642</b>        | <b>1,578</b>                          | <b>953</b>     | <b>43</b>        | <b>815</b>       | <b>-</b>              | <b>5,215</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   | 431                             | 321               | 164                                   | 837            | -                | 8                | -                     | 1,761           |
| Emerald   | -                               | -                 | -                                     | 338            | -                | -                | -                     | 338             |
| IAP   | 404                             | 219               | 539                                   | 326            | 15               | 278              | -                     | 1,781           |
| Unallocated                                       | -                               | -                 | -                                     | -              | -                | -                | -                     | -               |
| <b>Adjusted EBITDA</b>                            | <b>835</b>                      | <b>540</b>        | <b>703</b>                            | <b>1,501</b>   | <b>15</b>        | <b>286</b>       | <b>-</b>              | <b>3,880</b>    |
| <b>iii) Segment Disclosure Items</b>              |                                 |                   |                                       |                |                  |                  |                       |                 |
| <b>Depreciation &amp; Amortisation</b>            |                                 |                   |                                       |                |                  |                  |                       |                 |
| PTB   | 245                             | -                 | -                                     | -              | -                | -                | -                     | 245             |
| Emerald   | -                               | -                 | -                                     | 119            | -                | -                | -                     | 119             |
| IAP   | 398                             | 200               | -                                     | -              | -                | -                | -                     | 598             |
| <b>Total</b>                                      | <b>643</b>                      | <b>200</b>        | <b>-</b>                              | <b>119</b>     | <b>-</b>         | <b>-</b>         | <b>-</b>              | <b>962</b>      |
| <b>Impairment of Goodwill</b>                     |                                 |                   |                                       |                |                  |                  |                       |                 |
| IAP   | -                               | -                 | -                                     | -              | -                | -                | -                     | -               |
| <b>Total</b>                                      | <b>-</b>                        | <b>-</b>          | <b>-</b>                              | <b>-</b>       | <b>-</b>         | <b>-</b>         | <b>-</b>              | <b>-</b>        |
| <b>Impairment of Assets</b>                       |                                 |                   |                                       |                |                  |                  |                       |                 |
| PTB   | -                               | -                 | -                                     | -              | -                | -                | -                     | -               |
| Emerald   | -                               | -                 | -                                     | -              | -                | -                | -                     | -               |
| IAP   | -                               | -                 | -                                     | -              | -                | -                | -                     | -               |
| <b>Total</b>                                      | <b>-</b>                        | <b>-</b>          | <b>-</b>                              | <b>-</b>       | <b>-</b>         | <b>-</b>         | <b>-</b>              | <b>-</b>        |
| <b>Unrealised (Gain)/Loss on Foreign Currency</b> |                                 |                   |                                       |                |                  |                  |                       |                 |
| PTB   | -                               | (18)              | (9)                                   | (49)           | -                | -                | -                     | (76)            |
| Emerald   | -                               | -                 | -                                     | (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**

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

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

**9. Segment Information (continued)**

| <b>31 December 2015</b>   | <b>Australia<br/>PNG &amp; NZ<br/>\$'000</b> | <b>Pacific<br/>\$'000</b> | <b>America<br/>North &amp;<br/>South<br/>\$'000</b> | <b>Asia<br/>\$'000</b> | <b>Africa<br/>\$'000</b> | <b>Europe<br/>\$'000</b> | <b>Unallocated<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|---|--|---------------------------|---|------------------------|--------------------------|--------------------------|-------------------------------|-------------------------|
| <b>Total Segment Assets</b>                                       |  |                           |   |                        |                          |                          |                               |                         |
| PTB   | 26,493                                       | 2,218                     | 2,021   | 2,170                  | 253                      | 19                       | 19,029                        | 52,203                  |
| Emerald   | 1,505  | -                         | -   | 5,423                  | -                        | 8                        | (9,147)                       | (2,211)                 |
| IAP   | 13,632                                       | 2,359                     | 493   | 979                    | 41                       | 655                      | (9,882)                       | 8,277                   |
| Unallocated   | -  | -                         | -   | -                      | -                        | -                        | -                             | -                       |
| <b>Total</b>  | <b>41,630</b>                                | <b>4,577</b>              | <b>2,514</b>  | <b>8,572</b>           | <b>294</b>               | <b>682</b>               | <b>-</b>                      | <b>58,269</b>           |
| <b>Total assets includes:</b>                                     |  |                           |   |                        |                          |                          |                               |                         |
| Non-current Assets (other than financial assets and deferred tax) |  |                           |   |                        |                          |                          |                               |                         |
| PTB   | 12,136                                       | 424                       | -   | 482                    | -                        | -                        | 19,029                        | 32,071                  |
| Emerald   | -  | -                         | -   | 4,889                  | -                        | -                        | (9,147)                       | (4,258)                 |
| IAP   | 7,390  | 2,170                     | -   | -                      | -                        | -                        | (9,882)                       | (322)                   |
| <b>Total</b>  | <b>19,526</b>                                | <b>2,594</b>              | <b>-</b>  | <b>5,371</b>           | <b>-</b>                 | <b>-</b>                 | <b>-</b>                      | <b>27,491</b>           |
| <b>Total Segment Liabilities</b>                                  |  |                           |   |                        |                          |                          |                               |                         |
| PTB   | 2,452  | 160                       | 3,121   | 20                     | -                        | 9                        | -                             | 5,762                   |
| Emerald   | -  | -                         | 96  | 587                    | 35                       | -                        | -                             | 718                     |
| IAP   | 990  | 124                       | 230   | 462                    | -                        | 95                       | -                             | 1,901                   |
| <b>Total</b>  | <b>3,442</b>                                 | <b>284</b>                | <b>3,447</b>  | <b>1,069</b>           | <b>35</b>                | <b>104</b>               | <b>-</b>                      | <b>8,381</b>            |

**PTB GROUP LIMITED AND ITS CONTROLLED ENTITIES**

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

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

**9. Segment Information (continued)**

| Half-year 31 December 2014                        | Australia<br>PNG &<br>NZ<br>\$'000 | Pacific<br>\$'000 | America<br>North &<br>South<br>\$'000 | Asia<br>\$'000 | Africa<br>\$'000 | Europe<br>\$'000 | Unallocated<br>\$'000 | Total<br>\$'000 |
|---|------------------------------------|-------------------|---------------------------------------|----------------|------------------|------------------|-----------------------|-----------------|
| <b>i) Revenue</b>                                 |                                    |                   |                                       |                |                  |                  |                       |                 |
| <b>PTB</b>  |                                    |                   |                                       |                |                  |                  |                       |                 |
| Total Segment Revenue                             | 1,734                              | 1,678             | 2,785                                 | 6,479          | 25               | 75               | -                     | 12,776          |
| Inter-segment Revenue                             | -                                  | -                 | -                                     | -              | -                | -                | -                     | -               |
| <b>Revenue from External customers</b>            | 1,734                              | 1,678             | 2,785                                 | 6,479          | 25               | 75               | -                     | 12,776          |
| <b>Emerald</b>                                    |                                    |                   |                                       |                |                  |                  |                       |                 |
| Total Segment Revenue                             | -                                  | -                 | -                                     | 378            | -                | -                | -                     | 378             |
| Inter-segment Revenue                             | -                                  | -                 | -                                     | -              | -                | -                | -                     | -               |
| <b>Revenue from External customers</b>            | -                                  | -                 | -                                     | 378            | -                | -                | -                     | 378             |
| <b>IAP</b>  |                                    |                   |                                       |                |                  |                  |                       |                 |
| Total Segment Revenue                             | 646                                | 181               | 783                                   | 1,347          | 422              | 540              | -                     | 3,919           |
| Inter-segment Revenue                             | (148)                              | -                 | -                                     | -              | -                | -                | -                     | (148)           |
| <b>Revenue from external customers</b>            | 498                                | 181               | 783                                   | 1,347          | 422              | 540              | -                     | 3,771           |
| <b>Unallocated</b>                                |                                    |                   |                                       |                |                  |                  |                       |                 |
| Total Unallocated Revenue                         | -                                  | -                 | -                                     | -              | -                | -                | -                     | -               |
| <b>Total Revenue from External Customers</b>      | 2,232                              | 1,859             | 3,568                                 | 8,204          | 447              | 615              | -                     | 16,925          |
| <b>ii) Adjusted EBITDA</b>                        |                                    |                   |                                       |                |                  |                  |                       |                 |
| PTB   | 204                                | 251               | 415                                   | 967            | 4                | 11               | -                     | 1,852           |
| Emerald   | -                                  | -                 | -                                     | 238            | 31               | 1                | -                     | 270             |
| IAP   | 48                                 | 14                | 61                                    | 105            | 33               | 43               | -                     | 304             |
| Unallocated                                       | -                                  | -                 | -                                     | -              | -                | -                | -                     | -               |
| <b>Adjusted EBITDA</b>                            | 252                                | 265               | 476                                   | 1,310          | 68               | 55               | -                     | 2,426           |
| <b>iii) Segment Disclosure Items</b>              |                                    |                   |                                       |                |                  |                  |                       |                 |
| <b>Depreciation &amp; Amortisation</b>            |                                    |                   |                                       |                |                  |                  |                       |                 |
| PTB   | 207                                | -                 | -                                     | -              | -                | -                | -                     | 207             |
| Emerald   | -                                  | -                 | -                                     | 102            | -                | 25               | -                     | 127             |
| IAP   | 282                                | 40                | -                                     | -              | -                | -                | -                     | 322             |
| <b>Total</b>                                      | 489                                | 40                | -                                     | 102            | -                | 25               | -                     | 656             |
| <b>Impairment of Goodwill</b>                     |                                    |                   |                                       |                |                  |                  |                       |                 |
| IAP   | -                                  | -                 | -                                     | -              | -                | -                | -                     | -               |
| <b>Total</b>                                      | -                                  | -                 | -                                     | -              | -                | -                | -                     | -               |
| <b>Impairment of Assets</b>                       |                                    |                   |                                       |                |                  |                  |                       |                 |
| PTB   | -                                  | -                 | -                                     | -              | -                | -                | -                     | -               |
| Emerald   | -                                  | -                 | -                                     | -              | -                | -                | -                     | -               |
| IAP   | -                                  | -                 | -                                     | -              | -                | -                | -                     | -               |
| <b>Total</b>                                      | -                                  | -                 | -                                     | -              | -                | -                | -                     | -               |
| <b>Unrealised (Gain)/Loss on Foreign Currency</b> |                                    |                   |                                       |                |                  |                  |                       |                 |
| PTB   | -                                  | 56                | 93                                    | 215            | 1                | 3                | -                     | 368             |
| Emerald   | -                                  | -                 | -                                     | 272            | 36               | -                | -                     | 308             |
| IAP   | -                                  | (3)               | (14)                                  | (24)           | (8)              | (10)             | -                     | (59)            |
| <b>Total</b>                                      | -                                  | 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 2015**

**9. Segment Information (continued)**

| 30 June 2015  | Australia<br>PNG & NZ<br>\$'000 | Pacific<br>\$'000 | America<br>North &<br>South<br>\$'000 | Asia<br>\$'000 | Africa<br>\$'000 | Europe<br>\$'000 | Unallocated<br>\$'000 | Total<br>\$'000 |
|---|---------------------------------|-------------------|---------------------------------------|----------------|------------------|------------------|-----------------------|-----------------|
| <b>Total Segment Assets</b>                                       |                                 |                   |                                       |                |                  |                  |                       |                 |
| PTB   | 27,340                          | 725               | 710                                   | 2,784          | 265              | -                | 20,257                | 52,081          |
| Emerald   | 2,116                           | -                 | -                                     | 6,173          | 654              | 13               | (10,904)              | (1,948)         |
| IAP   | 14,135                          | 2,071             | 148                                   | 806            | 112              | 30               | (9,353)               | 7,949           |
| Unallocated   | -                               | -                 | -                                     | -              | -                | -                | -                     | -               |
| <b>Total</b>  | <b>43,591</b>                   | <b>2,796</b>      | <b>858</b>                            | <b>9,763</b>   | <b>1,031</b>     | <b>43</b>        | <b>-</b>              | <b>58,082</b>   |
| <b>Total assets includes:</b>                                     |                                 |                   |                                       |                |                  |                  |                       |                 |
| Non-current Assets (other than financial assets and deferred tax) |                                 |                   |                                       |                |                  |                  |                       |                 |
| PTB   | 12,038                          | 67                | -                                     | 80             | -                | -                | 20,257                | 32,442          |
| Emerald   | -                               | -                 | -                                     | 5,176          | -                | -                | (10,904)              | (5,728)         |
| IAP   | 7,733                           | 2,015             | -                                     | -              | -                | -                | (9,353)               | 395             |
| <b>Total</b>  | <b>19,771</b>                   | <b>2,082</b>      | <b>-</b>                              | <b>5,256</b>   | <b>-</b>         | <b>-</b>         | <b>-</b>              | <b>27,109</b>   |
| <b>Total Segment Liabilities</b>                                  |                                 |                   |                                       |                |                  |                  |                       |                 |
| PTB   | 2,073                           | 986               | 3,209                                 | 1,116          | 11               | 1                | -                     | 7,396           |
| Emerald   | 10                              | -                 | 652                                   | (25)           | 33               | -                | -                     | 670             |
| IAP   | 1,105                           | 81                | 87                                    | 196            | -                | 81               | -                     | 1,550           |
| <b>Total</b>  | <b>3,188</b>                    | <b>1,067</b>      | <b>3,948</b>                          | <b>1,287</b>   | <b>44</b>        | <b>82</b>        | <b>-</b>              | <b>9,616</b>    |

**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.

|  | 31.12.15<br>\$'000 | 31.12.14<br>\$'000 |
|--|--------------------|--------------------|
| <b>Total Segment revenue</b>                             | 23,350             | 17,261             |
| Intersegment eliminations                                | (386)              | (148)              |
| Interest revenue   | -                  | -                  |
| <b>Total revenue from continuing operations (note 2)</b> | <b>22,964</b>      | <b>17,113</b>      |

The Group is domiciled in Australia. The amount of its revenue from external customers in Australia is \$5.232 million (2014: \$2.249 million) and the total revenue from external customers in other countries is \$17.732 million (2014: \$14.864 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 2015

#### 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:

|   | 31.12.15<br>\$'000 | 31.12.14<br>\$'000 |
|---|--------------------|--------------------|
| <b>Adjusted EBITDA</b>  | 3,880              | 2,426              |
| Unrealised gain/(loss) on foreign Currency                          | 113                | (617)              |
| Depreciation and amortisation                                       | (962)              | (656)              |
| Finance Costs   | (522)              | (679)              |
| <b>Profit / (loss) before income tax from continuing operations</b> | 2,509              | 474                |

##### (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:

|  | 31.12.15<br>\$'000 | 30.06.15<br>\$'000 |
|--|--------------------|--------------------|
| <b>Segment Assets</b>  | 58,269             | 58,082             |
| <i>Unallocated:</i>  |                    |                    |
| Deferred tax assets  | 4,734              | 4,970              |
| Derivative financial instruments                               | -                  | -                  |
| <b>Total assets as per the statement of financial position</b> | 63,003             | 63,052             |

The total of non-current assets other than financial instruments and deferred tax assets located in Australia is \$19.526 million (30.6.15: \$19.771 million), and the total of these non-current assets located in other countries is \$7.965 million (30.6.15: \$7.338 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 2015

#### 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:

|   | 31.12.15<br>\$'000 | 30.06.15<br>\$'000 |
|---|--------------------|--------------------|
| <b>Segment Liabilities</b>  |                    |                    |
| <i>Unallocated:</i>   |                    |                    |
| Derivative financial instruments                                    | -                  | -                  |
| Deferred tax liabilities  | 2,906              | 2,388              |
| Current borrowings  | 1,966              | 3,535              |
| Non-current borrowings  | 12,893             | 12,412             |
| <b>Total liabilities as per the statement of financial position</b> | <b>26,146</b>      | <b>27,951</b>      |

#### 10. Dividends

No dividends were declared or paid during the interim reporting period (2014: \$nil).

#### 11. Contingent liabilities

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

| Favouree                  | Bank | Date       | 31.12.15<br>\$'000 | 30.06.15<br>\$'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 2015**

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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 2015 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 2016

## 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 2015, 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 2015 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 2015 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 'Geoffrey Stephens', with a long horizontal line extending to the right.

**Geoffrey Stephens**

**Director**

Signed at Brisbane, 24 February 2016