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This financial report covers PTB Group Limited, a consolidated entity consisting of PTB Group Limited and its controlled entities. The financial report is presented in the Australian currency.

PTB Group Limited is a public company limited by shares, incorporated and domiciled in Australia.

1. Results

Net profit after tax for the Group was $0.657 million in 2011 compared to $1.647 million in 2010. Basic earnings per share were 2.04 cents (5.52 cents in 2010). The above result was achieved after expensing an unrealised loss on foreign exchange of $2.274 million caused by a mismatch of Australian dollar denominated debt for assets earning revenues in USD. An analysis of operational earnings is set out in Section 2 below, which identifies the operational progress made during the year.

The 2011 result represented a return on average shareholders' funds of 1.53% (3.99% in 2010). Adjusting for the unrealised loss on foreign exchange (tax effected) the return increases to 5.25% on average shareholders' funds. No dividend will be paid for the June 2011 year (2010: nil). The emphasis on debt reduction means that it is highly unlikely that a dividend will be paid in the 2012 year.

2. The 2011 Year in Review

A summary of the divisional contributions for the year is as follows:

Division	2011 $'000	2010 $'000	2009 $'000
PTB Business	2,919	1,594	3,228
IAP Business	2,128	598	2,178
Emerald Assets	1,227	628	2,630
Emerald : Currency – realised	(232)	316	(164)
Emerald : Currency – un realised	(2,438)	(581)	(520)
Emerald : Interest	(1,256)	(2,212)	(3,004)
Corporate Overheads	(1,433)	(1,344)	(1,583)
Sale of Aeropelican	–	–	652
Emerald : Refinancing (loan forgiveness)	–	3,633	–
Emerald: Loan Refinancing from $US to $A Currency – realised	–	–	(2,463)
Bad and doubtful debts	120	(395)	(621)
Profit before Tax	1,035	2,237	333

The above table clearly shows the significant operational progress made during the year. This was a very encouraging operational result in an extremely testing business environment. Discussion on the trading of each division of the business is set out in Section 4.

The result has been achieved while managing an aggressive loan repayment program and a strengthening of the AUD against the USD. The budget was based on a USD exchange rate of 0.90 but the actual rate was in a range of 1.02 to 1.09 for the last six months of the financial year. The exchange rate effect is discussed in Section 4.

The Group continues to make substantial progress in working through the issues created by the Global Financial Crisis (GFC) and continuing appreciation of the Australian dollar in what is basically a US dollar-based trading business.

To meet these challenges the Group implemented a number of strategies. These included:

- A restructuring of and repayment of financing facilities;
- A shift back to core trading activities;
- A major focus on asset utilisation and deployment;
- A focus on process development, expanding engine care and maintenance contracts, and building the skill base in the engine workshop.

Restructure and repayment of financing facilities

The Group has paid down $4.5 million of debt in the 2011 financial year. The level of debt repayment has meant the business has been focused on cash management substantially at the expense of some new initiatives and trading opportunities.

The Group expects to reduce the level of debt repayment on the CBA Emerald loan which will provide working capital for additional profit earning opportunities.

On 31 December 2010 the Group repaid $4.589 million in Notes funded by a $4.0 million facility sourced from the CBA Bank, with the balance from working capital.

It should be noted that in the previous financial year (in January 2010) the Emerald Financier's loan to the Group was $15 million. This loan was refinanced with CBA and at 30 June 2011 the loan had been reduced to $5.685 million. This has been an outstanding achievement.

Shift back to core trading activities

IAP Business

IAP is focused on selling down its inventory and consolidating into more modern product lines and lines for which it has established markets. The traditional parts business has been impacted by the AUD/USD exchange rate and product mix. The dollar value for spares sales is down on prior years and the margin is significantly reduced. The short fall is expected to be taken up by one-off trading opportunities.

The one-off trading opportunities expected to be completed in the new financial year are three Fokker F100 aircraft and an externally funded MD82 aircraft.

The Group has funded the IAP purchase of five Fokker F100 aircraft. Two of these aircraft have been ferried to South Africa by the expected end user. The project the aircraft are to have been used on has been slow coming to fruition, however a sale is expected in the 2012 financial year. The South African operator is responsible for the ferry of the third F100 to South Africa. Two of the remaining Fokker F100 aircraft have been broken down into parts and will provide a modern product line for the parts business.

During 2011 IAP purchased an F27 aircraft with the cash cost covered by the sale of the airframe and propellers. The engines and spares package are available for sale with minimal cost attached.

These deals are core trading activities. Craig Baker is spending time each week in Sydney and manages the IAP parts business to free up Steve Ferris, the IAP managing director to focus on trading and aircraft opportunities. This operational change is working well.

PTB Brisbane

PTB continues to concentrate on PT6 and TPE331 engine support for its current customers and has senior sales personnel undertaking international travel supporting existing customers and looking to develop new customers. The business unit's potential customers tend to be in difficult and challenging areas of the world where PTB's skill in providing a complete engine support package is of benefit to the operator.

An additional margin from PTB's engine support program is the supply of aircraft parts to its contract customers and as the contract customers grow this business grows.

Focus on asset utilisation and deployment

The Emerald business and IAP continue to have underutilised aviation assets. Our cash constraints have made it difficult to pursue opportunities. Also aspects of various loan covenants relating to geographical spread of assets overseas hinders lease deployment for some of these assets.

The Emerald assets of one small door ATP freighter, one ATP passenger and two HS748 aircraft are in the UK under care and maintenance programs. Before the GFC these aircraft were leased or about to commence leases in Europe and the UK. This region has not recovered with little prospect these aircraft will be utilised in Europe or the UK.

We continue to investigate opportunities for these aircraft and it is becoming apparent there are potential opportunities in Australia, PNG and Indonesia. To take advantage of these opportunities the Group will need to offer the aircraft on an ACMI basis (aircraft, crewed, maintained and insured). To provide aircraft on an ACMI basis they need to be on an Air Operator Certificate (AOC).

The first step is to relocate a UK based aircraft to Australia and place it on an AOC. This process requires cash and is budgeted to roll out in 2012.

IAP has a Metro 23 with fresh paint and a new interior which is available for immediate lease. There have been opportunities to lease this aircraft off shore but the aircraft financier has prevented overseas deployment. The Group expects to lease this aircraft in the new financial year. IAP also has two BAE J32 passenger aircraft. These require major checks and refurbishment before they can be offered for sale or lease. At this stage IAP does not plan to invest cash in these aircraft until it has a customer.

The Group has aircraft on operating leases or finance leases in Australia, Indonesia, Bangladesh, Africa and South Korea.

The IAP and PTB businesses continue to focus on the sell down and management of inventory. These products are mostly demand-based products and sales opportunities only arise as a product is required.

Process development, expanding engine care and maintenance contracts, and building the skill base in the engine workshop

A. Process development

The Group's major cost is labour. PTB has focused on developing smarter processes and making continuous improvements to ensure productive employees are maximising the time they spend utilising their skills. These processes also focus on limiting the growth of staff in support functions.

The actual volume growth at PTB in the last two years has been significant and this has been achieved with the addition of a limited number of productive staff and support staff as a result of the focus on process. This has been achieved without jeopardising the entrepreneurial nature of the business.

This is a continuing process in PTB and over the new financial year management expects to deliver further process improvements at IAP.

B. Expanding engine care and maintenance program

PTB's engine maintenance contracts are an important part of PTB's business.

PTB has signed one additional customer this year and bedded down a major customer and expects to finalise and implement additional contracts in the 2012 financial year.

C. Build the skill base in PTB's engine workshop

PTB's engine workshop contributes around 50% of its margin. The workshop is the key to extracting value from parts and is a major factor in the success of our engine maintenance contracts. The major challenge for the workshop has been to attract turbine engineers with our workplace ethos.

To meet this challenge PTB has taken on a number of apprentices who are part way through their training program and can be developed with the Company's workplace ethos. The focus is to have a small highly skilled workshop to extract the maximum profit opportunities from the work generated from our contracts and subcontract the lower profit opportunity work.

All the above may appear to be business basics but until we ensure we are operating the current businesses the smartest way possible and are utilising assets to their full potential the Group will not achieve the desired level of market recognition.

3. Activities covered under PTB Group's Aviation Asset Management Operations

- PTB: TPE331 together with PT6A turbine engine repair and overhaul in the repair facility in Brisbane; trading in spare parts for engines and aircraft parts primarily for contract customers.
- IAP: Spare parts supply and the continued acquisition of aircraft and redundant spares as well as trading in aircraft. All aircraft are acquired at a price underwritten by their parts value with a view to resell or reduce to parts; and
- Financing and Rentals: Purchase of engines and aircraft for lease, rental or hire purchase and sale of engines and aircraft from the aircraft and engine pool.

4. Commentary on Operations during the Year

A summary of the results for the year is as follows:

	Actual 2011 $000	*Budget 2011 $000*	Actual 2010 $000	Actual 2009 $000	Actual 2008 $000
PTB Group	2,919	*3,131*	1,594	3,228	1,686
IAP	2,128	*2,253*	598	2,178	785
Head Office OH	(1,433)	*(1,558)*	(1,344)	(1,583)	(1,761)
Aeropelican Sale	-		-	652	-
Belmont Land Sale	-		-	-	1,839
Bad Debts	120	*(392)*	(395)	(621)	(1,134)
Total Australian Group	**3,734**	*3,434*	**453**	**3,854**	**1,415**
Emerald	(29)	*(172)*	(1,584)	(374)	652
Emerald FX	(2,670)	-	(265)	(684)	2,095
Emerald Refinancing	-	-	3,633	(2,463)	-
Total Emerald	**(2,699)**	*(172)*	**1,784**	**(3,521)**	**2,747**
Profit before Tax	**1,035**	*3,262*	**2,237**	**333**	**4,162**
Add Back					
Financing Costs	2,769	*2,901*	3,727	4,569	2,836
Depreciation	1,429	*1,241*	1,929	1,442	2,224
EBITDA	**5,233**	*7,404*	**7,893**	**6,344**	**9,222**
	Cents		Cents	Cents	Cents
Share Price 30 June	25		17	12	46
EPS	2.04		5.52	0.40	11.86
NTA backing per share	121		119	129	136
Average AUS/USD exchange rate	$0.99	*$0.90*	$0.88	$0.75	$0.89

AUD/USD exchange rate

The continued strengthening of the Australian dollar against the US dollar had a major impact on Group performance, and significant unrealised losses were incurred on the net USD receivables exposure of the Group.

The exchange rate (against the USD) has been volatile over the past 12 months ranging from $0.85 at 30 June 2010 to $1.01 at 31 December 2010 and to a high of $1.09 in April 2011. At 30 June 2011 it was $1.06.

A large part of PTB Group's trading is undertaken in US dollars and in US dollar valued assets which means that the conversion to Australian dollars has a significant negative impact on the gross margins and sales of the PTB and IAP businesses when the AUD appreciates against the USD. As the industry is USD based, all trading in AUD is effectively denominated by the USD exchange rate.

Long term USD exposures were originally funded in USD, thus providing a natural hedge. Unfortunately one of our earlier financiers withdrew this USD funding arrangement resulting in matching USD funding being restated to AUD. Subsequent financiers were also not able to provide USD funding. The loss of this natural hedge for this specific exposure crystalised a $2.463 million currency translation loss when the USD facility was withdrawn in the 2009 year.

This exposure to the USD continues to have a material impact, particularly due to unrealised currency translation restatements while the AUD strengthens. It is expected that some or all of this unrealised loss will reverse over the life of these transactions, some of which extend to four years.

The volatile nature of the AUD/USD exchange rate is something we have no control over and to hedge at this stage in the cycle is not considered prudent.

The aviation assets we buy and sell are world commodities sold in US dollars. The continuing weakness of the US dollar has a major impact on our margin. An item sold for USD $200 with a USD $100 margin at an AUD/USD exchange rate of .90 produces a margin of AUD $111. At an AUD/USD exchange rate of 1.06 the margin is AUD$ 94. This is a 15% reduction in margin and requires a 18% increase in sales volume to achieve the same overall forecast dollar margin.

This reduction in margin is for items bought and sold at a similar exchange rate. For items purchased some time ago when the exchange rate was less than .90 the margin is reduced further.

PTB Business Performance

The PTB Brisbane business generated a profit before tax of $2.919 million. This result is ahead of budget in USD terms with the stronger AUD/USD exchange rate resulting in slightly lower than budget result.

This is an outstanding result as during the year PTB has had to manage a number of negatives.

Income from rentals for the year was reduced as income from the lease of PTB's PNG based Air Ambulance ceased with the loss of this aircraft on 31 August 2010 due to an accident. This aircraft was a significant margin contributor. The Company's insurance did not fully cover the aircraft book value with an AUD 0.451 million loss being incurred.

Engine rental income has declined as the funding pressure on our working capital has meant we have not been replacing rental engines when they become due for replacement. Retired engines have been parted out.

Engine sales margins have reduced as the production-focused OEM approved volume shops have been very aggressive with their pricing to maintain volume. Our engine contracts often have a fixed fee for engine purchases and the lower volume of engine sales has resulted in a higher mix of low margin contract sales which has reduced average engine sales margins and increased the level of work in the workshop.

The strengthening exchange rate and reduced engine sales margins has meant in the last six months we have had to increase volume by around 20% to provide the same level of contribution. These shortfalls have been met by an increased workshop and parts sales revenue/volume. Both these increases have been underwritten by increased contract business and the improved process and staffing levels. PTB Brisbane's prospects for the future are very positive.

The benefits of our Engine Maintenance Contract agreements cannot be underestimated as to their value in providing our engine business with a base load. PTB Brisbane continues to develop its regional customer base and each new and established customer is another potential contract customer.

PTB Brisbane has a number of future initiatives that will grow and strengthen the business. These include:

- Engine finance - This is a very valuable engine sales tool and in today's financial climate would generate additional new business. We expect at some time in the near future to be in a position to again offer engine finance which will enhance growth in this area.
- PT6A engine test cell - The Brisbane business continues to plan for the installation of a PT6A engine test cell for when suitable finance becomes available. A test cell would significantly expand the profit opportunities for Brisbane in the PT6A engine repair and overhaul business. We currently subcontract all the major overhaul and PT6A repair work to shops in the USA. With a test cell we would only carry out selected high profit repair and overhaul PT6A work that we currently subcontract to the USA.
- Test additional engine types - The engine test cell will have the capacity to test additional engine types. This will provide the basis for further growth in the future through an additional engine line. The key to progressing with the engine test cell is our ability to finance the required $2.2 million of capital expenditure.
- Full PT6A engine repairs - We expect to start full PT6A engine repairs on a limited basis in the new financial year. However without a test cell we will have to subcontract the engine testing to the USA which will not be ideal operationally.

IAP Business performance

The IAP business generated a profit before tax of $2.128 million, which is well ahead of budget when restating the result at the budget exchange rate assumption of $0.90, and significantly stronger than the 2010 result of $0.598 million. This result was underpinned by the margin from the MD90 transaction.

A number of the core product lines that IAP specialises in continue to be impacted with the parking of aircraft around the world. Operators 'Christmas Tree' these aircraft by removing parts to keep their remaining aircraft flying which further delays their potential parts purchases from IAP.

The IAP parts business continues to be challenged with reduced enquiries from its traditional clients and the exchange rate effect on its margins which are further eroded by the strengthening AUD increasing the USD equivalent cost of prior periods USD purchases of inventory.

The lease of the J32 and Metro 23 aircraft continues to create long-term parts sales opportunities for IAP and engine repair and overhaul opportunities for Brisbane.

The two LFD ATP's operating in Indonesia have not flown the expected hours but even at the lower level of flying they have provided a new product line in ATP spares for IAP. The HS748's operating in Bangladesh and Africa are engine and parts sales opportunities for IAP.

IAP is actively working on initiatives to underpin the IAP business into the future. The key strategy with the shift back to core trading activities has started with the transactions involving the five Fokker F100's, the MD82 and the F27.

The IAP parts business focus is to turn inventory into cash, reduce the number of product lines, and concentrate on supporting its lease customers and its niche product lines. The F100 purchase has created a new modern product line and new specialist product lines need to be created in engines and airframes.

The one off trading activities will continue to be required to underwrite the short fall in the traditional IAP parts business sales and margin. As mentioned earlier we have three Fokker F100's, and the MD82 as potential trading opportunities for the new financial year and beyond.

Access to working capital is important for the future growth of the core IAP business. The very nature of the purchasing opportunities for new product lines and aircraft part-out opportunities is very lumpy in its working capital requirements.

Emerald Assets

The Emerald PBT loss was $2.699 million of which $2.670 million was foreign exchange loss. Emerald made an operational PBT loss (excluding total FX loss) of $0.029 million. This is a $1.555 million improvement against the 2010 operational loss of $1.584 million.

The reduction of interest as a result of the CBA refinance package resulted in a $0.955 million interest saving in the Emerald result.

The global financial crisis, and in particular the impact on Europe and the UK continues to have a major effect on this division and the Group's results. The insurance, airport charges and care and maintenance costs are significant while the aircraft are not working.

Our aim is to have this operation profitable and self-funding by maximising aircraft deployment and asset utilisation. Every additional aircraft deployed enhances rental and leasing revenue and is also an additional parts sale opportunity for IAP.

Emerald has a number of aircraft assets not deployed at present. These comprise one small door ATP freighter, one ATP passenger and two HS748 aircraft in the UK under care and maintenance programs, an ATP and a HS748 mothballed in the UK.

All these aircraft are available for sale but the sale opportunities are limited by the lack of finance for start-ups and the current economic conditions.

The Group is working its way toward obtaining an Australian AOC. However, progress on the AOC is hampered by operational working capital funding requirements. The AOC will enable the HS748 aircraft to be offered crewed and maintained which significantly expands the lease potential for the aircraft.

Corporate Overheads

The Group's corporate overheads were $1.433 million which is $0.125 million below budget and $0.089 million up on the 2010 amount of $1.344 million. Employment costs represent 70% of overheads with 2011 expenditure of $1.005 million compared to $0.932 million for 2010, an increase of $0.073 mill.

Bad and Doubtful Debts

The Group has had a very good year with respect to the level of bad debts needing to be written off. This is indicated in the accounts with an addition to profits of $0.120 million due to a reduction in bad debts provision compared with a charge against profits in the 2010 year of $0.395 million. Total bad debts provision balance as a percentage of sales is 1.18% for 2011 compared to 3.0% for 2010.

5. Debt and Equity Finance

PTB Emerald Finance Facility

In January 2010 the Group completed the Commonwealth Bank sourced refinancing which enabled the payout of the Emerald Financier and the ANZ bank. The Emerald Financier accepted a total payment of $10.4 million in cash, together with the issue of approximately 4.6 million shares, in full settlement of the outstanding loan balance of approximately $15 million.

As a result of the refinancing and the loan repayments from working capital, the outstanding debt relating to the Emerald facility has reduced from $14.921 million as at 30 June 2009, to $5.685 million as at 30 June 2011. This is a significant achievement and one of our core strategic initiatives. However the drain on working capital has meant that some trading opportunities were foregone and key initiatives such as the Test Cell were delayed.

Unsecured Note facility Refinance

On 31 December 2010 the Group repaid in full the $4.589 million Unsecured Notes facility. This was primarily funded by a new $4 million facility provided by the CBA Bank.

CBA Facility Review

The Group has met all its loan repayment commitments and loan covenants. On the release of the Annual Report it will be seeking CBA's approval to, inter-alia, reduce the rate of capital reduction on the Emerald facility. In addition, the Group is currently discussing with the CBA the refinancing of some CBFC aircraft chattel mortgages and a new facility to replace existing aircraft finance from third party financiers.

Equity

The Group continues to review the possibility of a placement to several sophisticated investors. If the Group in the future proceeds with a placement, an issue on the same terms would be made available to all shareholders via a Share Placement Plan. Capital raised would be used to pay down debt and provide working capital for the core business.

6. Balance Sheet and Net Assets

The net asset position has increased from $42.543 million to $43.200 million as at 30 June 2011 reflecting the after tax profit for the year. It should be noted that retained earnings in 2009 were increased by $1 million as a result of the restatement of tax asset values due to the Group entering into tax consolidation. This adjustment is detailed in the Note 36 of the Financial Statements;

Included in net assets are:

- *Emerald assets:* These are predominantly aircraft assets of $15.4 million (2010: $16.0 million) and extended credit receivables of $10.1 million (2010: $13.0 million), being hire purchase arrangements for aircraft.
- *IAP Assets:* Land and Buildings $6.9 million (2010: $7.0 million), Aircraft fixed assets $7.3 million (2010: $7.7 million), other fixed assets $0.4 million (2010: $0.5 million), Aircraft inventory $2.5 million (2010: Nil) and spare parts inventory of $11.2 million (2010: $10.7 million)
- *PTB Assets:* Comprise plant & equipment, engines and spare parts inventory of $11.1 million (2010: $13.4 million).

7. Cashflows

The Group's strong performance for 2011 is reflected in the excellent cashflow result. Operating cashflow is $2.1 million (2010: $4.1 million) which is $2.0 million lower than the prior year, however included in the outflows of operating cash was a net reduction in creditors & accruals of $3.5 million and increase in inventory of $3.7 million, mainly relating to the acquisition of the F100s and MD 82 aircraft which will be realised as sales in the 2012 financial year.

Cashflow from investing was positive $1.6 million (2010: negative $0.7 million) due to lower capital expenditure $0.4 million (2010: $1.2 million) being more than offset by proceeds from asset sales of $2.0 million (2010: $0.5 million) of which $1.7 million was the insurance recovery from the Cessna Citation aircraft loss.

The Group reduced debt by $4.5 million (2010: $2.8 million).

8. Management

The Group has a small team with the financial skills to meet its management and reporting requirements and obligations. The Company is upgrading its accounting and reporting systems to meet the complexities of a multicurrency, multi-country business.

In the operations area, the Group continues to develop its people and processes to handle future growth.

Our continual objective is to have good support, financial and other management staff freeing up frontline staff to spend a greater proportion of their time creating sales and new business.

9. PTB Group's Outlook

Management of IAP and PTB continues to concentrate on the core businesses and building a strong foundation for future improved performance and profitability.

The Board and management have experienced a number of economic cycles and downturns in the aviation industry. While economic indicators continue to be mixed, the Board is confident the Group has weathered the challenges from the cash constraints of the GFC, the strengthening AUD against the USD, the disintegration of the European lease market in our space and the parking of aircraft by IAP's traditional customers.

The fluctuating currency over which we have little control can mask the operational performance of the business. It is important we remain focused on the operational performance of the business.

For the next 12 months we will be concentrating on:

- Executing our core trading and business capabilities to capitalise on all opportunities;
- Deploying our underutilised aircraft back out on lease and generating income, or selling to generate cash;
- Turning inventory into cash;
- Renegotiating new engine care and maintenance contracts and continuing to build on this competitive advantage;
- Using cash flows to pay down debt and limiting the effect on working capital, while continuing to seek less expensive alternate funding for facilities requiring renewal;
- Completing strategic initiatives such as setting up the ability to repair PT6A engines; and
- Realisation of profit and cashflows from special projects such as the F100 sale and part out and MD82 deal.

There are a number of potential growth opportunities for the future but with our loan repayments and working capital requirements we have to concentrate on working our assets. This will improve future profitability which will lead to a rerating and provide a platform to move into further profit opportunities.

PTB Group Limited

Harvey Parker
Chairman

Craig Baker
Managing Director

Your Directors present the financial report of PTB Group Limited and its controlled entities ("the Group") for the year ended 30 June 2011.

Directors

The following persons were Directors in office at any time during or since the end of the year:

Name	Position
H Parker	Director (non-executive), Chairman
CL Baker	Managing Director (Group)
RS Ferris	Managing Director (IAP Division)
APS Kemp	Director (non-executive)

Principal Activities

The principal activities of the Group during the financial year were the provision of the following services in relation to aviation assets:

- A specialist Pratt & Whitney PT6A and Honeywell TPE331 turbine engine repair and overhaul business based at Brisbane, Australia;
- Trading operations in Australia and internationally in aircraft airframes, turbine engines, and related parts;
- The provision of finance for aircraft and turbine engines sold to customers; and
- The lease, rental, or hire of aircraft and turbine engines to customers from the Group's aviation assets pool.

There have been no significant changes in the nature of these activities during the year not otherwise disclosed in this report.

Review of Operations

Background

PTB Group Limited ("PTB") was established in 2001, when it was incorporated to acquire the Brisbane assets of Pacific Turbine Pty Ltd ACN: 079 166 653. It focused on providing services in relation to the Pratt & Whitney PT6A and Honeywell TPE331 light turbine engines.

The Company performed:

- Specialist turbine engine repair and overhaul based at Brisbane, Australia;
- Trading operations in Australia and internationally in aircraft turbine engines and related parts; and
- The provision of finance for PT6A and TPE331 turbine engines for customers.

The Company listed on the Stock Exchange of Newcastle Ltd (NSX) in March 2005. In September 2006 it acquired IAP Group for $13.8 million. IAP Group is a Sydney based niche aviation asset management company providing aircraft inventory support, encompassing:

- Global supply of aviation parts; and
- Global aircraft and engine financing and sales.

Its business operations are highly complementary to PTB Group's business. Steve Ferris, the founder of IAP Group, took approximately 80 per cent of the consideration as PTB Group shares and now holds approximately 22 per cent of the expanded Group.

In October 2006 the Company announced it had acquired the aircraft and associated parts of the UK companies Emerald Airways Ltd and Emerald Airways Engineering Ltd for approximately $16.25 million.

The assets acquired comprised five British Aerospace ATPs, 14 HS 748s, 10 Shorts 360s and their related spare parts along with a lease of an engineering facility at the Blackpool airport. The ATP and HS 748 aircraft are assets in which IAP Group has a long-term history of trading and managing. During that year the Shorts aircraft and related parts were sold.

In December 2006 the Company moved from the NSX to the ASX. In conjunction with this move the Company issued 2.5 million shares at $2 each to raise $5 million. This followed capital raisings totalling $7.9 million earlier in the period to fund part of the IAP Group and Emerald assets acquisitions.

In June 2007 a USD 40 million financing and rental fund was created with debt provided by an Australian financial institution. The purpose of the fund was to acquire and refurbish a diverse array of aviation assets for resale or lease. By this time, PTB Emerald had also refurbished and delivered one of the ATP and three of the HS748 freighters to European customers.

A brief summary of the years ended June 2008 to June 2010 as the Company dealt with the global financial crisis and its aftermath is set out below:

FY 2008:

- Global financial crisis.
- Decision made to sell aircraft rather than roll into USD40 million Fund.
- Delay in settlement by a Middle Eastern customer on two of the LFD ATP aircraft impacted on the interest and holding costs of the Emerald project.

FY 2009:

- The effect of the financial crisis continued to impact on global passenger and freight activity, creating a fall in aircraft values, the inability to source financing, and significant oversupply of aircraft which limited sale and leasing opportunities.
- The sale of the two LFD ATP aircraft did not proceed as the customer defaulted.
- The Group was forced to renegotiate the $14.7 million Emerald loan to an amortising facility over four years at a more expensive interest rate.
- The facility was moved to AUD at request of the Financier causing a $2.4 million currency loss.
- The USD $40 million facility was let to lapse -the Group was unable to secure profitable projects within its risk profile
- As part of the strategic consolidation of its operations, the Company settled on the Belmont Land resulting in a profit of $1.9m (booked in the 2008 year); subsidiary Aeropelican Air Services an RPT operator based at Newcastle Airport was sold; the $4.5 million Unsecured Note facility was rolled over; and, a purpose built workshop and office complex in Brisbane was completed; and the existing ANZ financing facilities were extended.
- Core operating business in Pacific Turbine and IAP exceeded prior year and current forecasts in a difficult year, and a major Australian freight operator was signed up to an engine management contract.
- Prior to the 2009 year end, the two LFD ATP aircraft were also sold to an Indonesian freight operator on an extended credit type of arrangement.
- Decision made to reduce the scope of the UK refurbishment facility.

FY 2010:

- Emerald financier debt refinanced by CBA Bank leading to a profit on settlement of approximately $3.6 million.
- MD 90 project in Indonesia (purchase of aircraft for part-out and sale) was settled, financed on a profit share basis by an international aviation group.
- One of Metro aircraft leased into South Korea; fourth J32 aircraft deployed with NSW RPT operator.
- PTB engine maintenance contracts expanded.
- Continued strengthening of Australian dollar.

Initiatives in the Current Period

The 2011 financial year has seen some ongoing challenges and a number of significant achievements. These events have been detailed in the Chairman and Managing Director's Review included in this annual report.

Operating Results

The consolidated profit for the financial year after providing for income tax was $0.657 million (2010: $1.647 million). Operating profit before tax for the year was $1.035 million (2010: $2.237million).

Operating profit before tax has been depressed by the recognition of $2.274 million of unrealised foreign exchange loss (non-cash) on the Group's long term HP debtors. This unrealised foreign exchange loss is $1.334 million higher than the loss recognised in 2010 ($0.940 million) as a consequence of the stronger AUD. From an operational performance perspective the 2011 result is a significant improvement on the prior year's result, which included $3.633 million in debt forgiveness.

Financial Position

The net assets of the Group have increased by $0.657million (4.2%) to $43.200 million as at 30 June 2011 (2010: $42.543 million).

Dividends

No dividend has been declared and paid for the 30 June 2011 financial year (2010: Nil).

Franking Credits

Franking credits available for subsequent financial years based on a tax rate of 30% are $11.911million (2010: $11.911 million).

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Group not otherwise disclosed in this report.

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future.

Future Developments, Prospects and Business Strategies

The global aviation industry is currently experiencing difficult trading conditions with lower passenger and freight demand, and a shortage of available funding. However suppliers to the industry such as the PTB Group have benefited historically in these times, and the Group has the ability to acquire assets to part-out or trade as operators and financiers exit surplus assets. As such the prospects for the continuing performance and growth of the Group remain sound.

The Group is maintaining a very strong focus on its core competencies and has identified a number of further initiatives that are expected to enhance its prospects.

The Group now has three broad business groupings under its aviation asset management operations:

Pacific Turbine Brisbane:

- Rebuilding PT6A and TPE331 engines at PTB's engine repair and overhaul facilities in Brisbane;
- Managing the rebuilding of engines at third party overhaul shops;
- Trading in spare parts for engines; and
- Trading in parts (other than engines) for PTB clients.

IAP Group:

- Spare Parts Supply: Acquisition of redundant spares from airlines which have changed their aircraft types and then remarketing to other operators of that type.
- Acquisition and Sale of aircraft/parting-out aircraft: As an integral activity to spares support, IAP Group has bought and sold many aircraft. The aircraft traded in this way range in size from an Islander to a Boeing 737 and Airbus A300. Its engineering operation at Bankstown airport has significant capability to perform aircraft refurbishment. IAP Group also acquires aircraft and parts them out. For example, aircraft could be acquired outside of Australia and be parted-out on site. Some parts such as engines could then be immediately sold to recoup the initial purchase cost, with the balance containerised as parts and shipped to the Sydney warehouse for marketing and subsequent sale.

Aircraft Engine and Airframe Rental and Financing:

The Group receives recurring earnings from rental and financing although the more difficult debt market has significantly curtailed this part of the business. Finance leases tend to generate lower returns with operating leases being more profitable. Activities include:

- Short or medium term rental or financing of engines including: Pratt & Whitney PT6A; Honeywell TPE331; Rolls Royce Dart prop jet; Rolls Royce Tay turbo fan and Rolls Royce Spey turbo fan; and
- Airframe financing (including purchase and sale) for aircraft including: Metro 23; J32 Jetstream; Hawker Siddley 748; BAE ATP; F27.

Additional commentary has been included in the Chairman and Managing Director's Review in this annual report. The Directors have excluded from this report any further information on the likely developments in the operations of the Group and the expected results of those operations in future financial years, as the Directors have reasonable grounds to believe that it would be likely to result in unreasonable prejudice to the Group.

Environmental Issues

The Group operates from Brisbane, Sydney, and Bankstown Airport in Australia. It is required to meet Brisbane Airport Corporation environment regulations, the Commonwealth's Airports (Environment Protection) Regulations 1997. The Group also has administration and warehouse facilities in a number of locations subject to relevant legislation. There have been no non-compliances to date while the Group has operated from these various locations.

Information on Current Directors

Harvey Parker Dip P.A, B.A. MBA (Melb)
(Non-Executive Chairman)

Harvey Parker was born in 1943 and has had a distinguished career spanning several industries. He has experience in the aviation industry as Managing Director of New Zealand Post and the Airpost Joint Venture. Presently he is the Chairman and also serves on the audit and remuneration committees of the Company.

He is presently Chairman of DWS Advanced Business Solutions Limited (since 9 May 2006), Director and Chairman of Jumbuck Entertainment Limited (since February 2009) and was formerly Director of Riding for the Disabled Association of Victoria Limited (resigned October 2010). He has held no other Director positions with other listed companies in the last three years.

He is a member of the audit and remuneration committees of the Company.

Craig Louis Baker CA, BCA
(Managing Director – Group)

Craig Baker was born in 1946 and has had extensive experience in the aviation industry. He is a qualified accountant and has been involved in aviation businesses as a General Manager, Director, and Finance Manager for over 20 years. Along with Hugh Jones, he was involved in the development of Airwork (NZ) Limited which has grown to become a major aviation provider in New Zealand with annual sales in excess of $80 million.

Craig's duties involve the overall management of the Group. He has held no other Director positions with other listed companies in the last three years.

Royston Stephen (Steve) Ferris B.Sc (Managing Director – IAP Division)

Steve Ferris was born in the UK in 1960. He graduated from Bristol University in 1981 with a Bachelor of Science. He incorporated the IAP Group in 1987 and has grown the company in a successful manner by utilising his vast knowledge of the aviation industry.

Steve is based in Sydney and is the Managing Director of the IAP Group operations. He has held no other Director positions with other listed companies in the last three years.

Andrew Peter Somerville Kemp B.Com, CA (Non-Executive Director)

Andrew graduated in Commerce from the University of Melbourne and is a Chartered Accountant. After working for KPMG and Littlewoods Chartered Accountants in Melbourne and Sydney, he joined AIFC, the merchant banking affiliate of the ANZ Banking Group, in Sydney in 1978. From 1979 until 1985, Andrew was Queensland Manager of AIFC.

Andrew joined the North Queensland based Coutts Group as General Manager early in 1985, and continued with this group until January 1987 when he formed Huntington Group. Since 1980, Andrew has been involved in a range of listings, acquisitions and divestments. He has structured and implemented the ASX listing of eleven companies. He has also advised clients on a wide range of investments and divestments over the last 20 years.

Andrew is currently a Director of the following listed companies: Silver Chef Limited (from April 2005), Trojan Equity Limited (from May 2005), SCV Group Limited (March 2004 to February 2011) and G8 Education Limited (from March 2011).

He is a member of the audit and remuneration committees of the Company.

Company Secretary

James Barbeler was the Company Secretary up until his resignation on 31 October 2010. In the period from 31 October 2010 to 22 November 2010 Marz Engineer was acting Company Secretary.

Pierre Kapel was appointed as the Chief Financial Officer and Company Secretary from 22 November 2010. Pierre has a Bachelor of Commerce from Newcastle University and is a CPA and has over 30 years' experience in finance with a significant part of his career with BHP in Australia and Asia. Pierre has a diverse business background ranging from Steel manufacturing & processing, Mining, Rural, Industrial Waste processing, Quarrying, Asphalt manufacture & paving and Civil Construction. He has held CFO roles in the Listed, Private and Public sectors and was the CFO of ERS Limited, an ASX listed company.

Remuneration Report (Audited)

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Service contracts
- D Share-based payment compensation
- E Additional information.

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

A. Principles used to determine the nature and amount of remuneration

Non-executive Directors

Non-executive Directors are to be paid out of Company funds as remuneration for their services, such sum as accrues on a daily basis as the Company determines to be divided among them as agreed, or failing agreement, equally. The maximum aggregate amount which has been approved by shareholders for payment to non-executive Directors is $100,000 per annum.

Directors' remuneration for their services as Directors is by a fixed sum and not a commission or a percentage of profits or operating revenue. It may not be increased except at a general meeting in which particulars of the proposed increase have been provided in the notice convening the meeting to shareholders. There is provision for Directors who devote special attention to the business of the Company or who perform services which are regarded as being outside the scope of their ordinary duties as Directors, or who at the request of the Board engage in any journey on Company business, to be paid extra remuneration determined by the Board. Directors are also entitled to their reasonable travel, accommodation and other expenses incurred in attending Company or Board meetings, or meetings of any committee engaged in the Company's business. Any Director may be paid a retirement benefit as determined by the Board, consistent with the *Corporations Act 2001* and the ASX Listing Rules.

A. Principles used to determine the nature and amount of remuneration (continued)

Executive and Key Management Pay

The remuneration committee is responsible for advising the Board on remuneration and issues relevant to remuneration policies and practices including those of senior management and executive Directors. The committee has responsibility for reviewing and evaluating market practices and trends in relation to remuneration, recommending remuneration policies, overseeing the performance and making recommendations on remuneration of members of senior management and executive Directors.

Remuneration in each case is taken as including not only monetary payments (salaries), but all other non-monetary emoluments and benefits, retirement benefits, superannuation and incentive programs.

In each case the committee refers to the general market and industry practice (as far as directly relevant benchmarks can be identified for comparative purposes) and the need to attract and retain high calibre personnel.

Compensation in the form of cash bonuses for executives and key management personnel is designed to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive and key management reward with achievement of strategic objectives and creation of value for shareholders in terms of return on equity, and conforms with market practice for delivery of reward. The Board ensures that executive and key management reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness;
- Acceptability to shareholders;
- Performance alignment of compensation;
- Transparency; and
- Capital management.

Executive Directors

The Executive Directors' pay and reward framework has the following components:

- Base pay and benefits, including superannuation; and
- Short-term performance incentives.

Base pay: Structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the Executive Director's discretion. Base pay is reviewed annually and benchmarked against inflation.

Benefits: Executive Directors receive benefits including car allowances.

Superannuation: Executive Directors' base pay includes statutory and salary sacrificed superannuation contributions.

Short-term performance incentives: Cash bonus incentives are based on pre-determined after tax return on equity and operational targets based on the criteria detailed above, as set by the remuneration committee. The bonuses are paid in October each year. The pre-determined targets ensure that variable reward is only available when value has been created for shareholders, and when profit and operational objectives are consistent with the business plan. Each Executive Director has a target short-term incentive opportunity depending on the accountabilities of the role and impact on the organisation or business unit performance. The maximum target bonus opportunity is 33% of base pay.

Other Executives and key management personnel

Other Executives and key management personnel's pay and reward framework includes base pay and short-term incentives. There are no fixed performance criteria for the cash bonuses. After the end of the financial year the remuneration committee assesses the performance of individuals and, where appropriate, approves discretionary cash bonuses to be paid to the individuals. Cash bonuses are paid in cash following approval by the remuneration committee.

Long-term incentives to Executives and Employees

In order to provide a long-term incentive to the executives and employees of the Company, an Employee Share Option Scheme ("the Scheme") is in place. The incentive provided by the scheme will be of material benefit to the Company in encouraging the commitment and continuity of service of the recipients. By providing executives and employees with a personal financial interest in the Company, the Company will be able to attract and retain Executive Directors, key Executives and employees in a highly competitive market. This is expected to result in future benefits accruing to the shareholders of the Company.

The establishment of the Scheme was approved by shareholders on 3 June 2005. All staff are eligible to participate in the scheme, including Executive Directors (since they take part in the management of the Company).

A. Principles used to determine the nature and amount of remuneration (continued)

The options issued to key management personnel were issued pursuant to the Scheme whereby options were issued to all employees (excluding Executive Directors') on the same basis and the entitlements are not linked to performance. The number of options issued to employees was determined by the remuneration committee and approved by the Board in accordance with the terms of the Scheme.

Options are granted under the Scheme for no consideration. The exercise price is the amount specified by the remuneration committee at the time of issue. The exercise period is the period specified by the remuneration committee at the time of issue. Options under the plan may not exceed 5% of the total number of issued shares of the Company at the date of issue.

Options lapse if prior to or during the exercise period the employee is terminated or resigns. If a person dies, becomes disabled, or is made redundant prior to the exercise period the option lapses. If a person dies, becomes disabled, or is made redundant during the exercise period special rules apply that allow options to be exercised.

Options granted under the Scheme carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share in PTB Group Limited. Amounts receivable on the exercise of options are recognised as share capital. The above remuneration policy together with the options package is to encourage the alignment of personal and shareholder interests.

Company Performance, Shareholder Wealth and Directors' and Executive Remuneration

The base salaries for the executives are substantially in accordance with the market for executives of similar levels.

	2011	2010	2009	2008	2007
Revenue ($'000)	31,347	27,241	38,526	46,608	40,559
+-Net profit ($'000)	657	1,647	103	3,131	3,589
Return on average shareholders' funds (%)	1.53	3.99	0.25	8.3	15.8
Share price at year-end ($)	0.25	0.17	0.12	0.46	1.95
Dividend paid per share in respect of each financial year	Nil	Nil	Nil	Nil	6 cents

B Details of Remuneration

The remuneration for each Director and other key management personnel of the Company and the Group was as follows:

	Short - term benefits			Post - employment	Other	Share-based payment	Total
	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Super-annuation $	Long-term benefits* $	Options $	$
2011 Year							
Directors							
H Parker (Non-Executive Director)	30,000	-	-	3,000	-	-	33,000
CL Baker (Managing Director - Group)	225,532	-	-	49,519	9,457	-	284,508
RS Ferris (Managing Director - IAP)	289,964	-	-	23,557	10,084	-	323,605
APS Kemp (Non-Executive Director)	21,800	-	-	-	-	-	21,800
Total Directors	567,296	-	-	76,076	19,541	-	662,913
Other Key Management Personnel							
JT Barbeler (Company Secretary and CFO)	61,137	-	-	5,627	-	-	66,764
(From 1/7/2010 - 31/10/2010)							
Marz Engineer (Acting Company Secretary and CFO)	7,438	-	-	669	-	-	8,107
P Kapel (Company Secretary and CFO)	115,041	-	-	10,078	2,138	-	127,258
(From 22/11/2010 - 30/6/2011)							
Total Other Key Management Personnel	183,616	-	-	16,375	2,138	-	202,129
2010 Year							
Directors							
H Parker (Non-Executive Director)	33,000	-	-	-	-	-	33,000
CL Baker (Managing Director - Group)	218,623	-	-	49,519	2,334	-	270,476
RS Ferris (Managing Director - IAP)	271,613	-	-	30,558	- 1,520	-	300,651
APS Kemp (Non-Executive Director)	21,800	-	-	-	-	-	21,800
Total Directors	545,036	-	-	80,077	814	-	625,927
Other Key Management Personnel							
JT Barbeler (Company Secretary and CFO)	182,948	-	-	16,103	-	1,098	200,149

* comprising accrued long service leave

B Details of Remuneration (continued)

There were no other executives in the current or prior year. All Directors and other key management personnel are employed by PTB Group Limited except Mr S Ferris who was employed by IAP Group Australia Pty Ltd from 1 July 2008. Cash bonuses were paid during the current and prior year to non-key management personnel. No specific service or performance criteria were used to determine the amount of the bonuses.

No share-based payment compensation benefits were granted in the current year. Details of benefits provided in previous years, which were in the form of share options, are given in section D below. No specific service or performance criteria were used to determine the amount of the grant.

C Service Contracts

Major provisions of service agreements with Executive Directors and other key management personnel as at 30 June 2011are set out below:

CL Baker (Managing Director – Group)

- *Term of agreement* – Minimum of three years commencing 17 December 2007;
- *Base annual salary* – $280,000 inclusive of 9% superannuation and vehicle allowance to be reviewed annually by the remuneration committee; and
- *Notice period* – Termination by a minimum of 12 months' notice in writing by either party other than for gross misconduct. Termination payment is equivalent to one year's salary plus superannuation as noted above.

RS Ferris (Managing Director – IAP)

- *Term of agreement* – Minimum of three years commencing 17 December 2007;
- *Base annual salary* – $280,000 inclusive of 9% superannuation and vehicle allowance to be reviewed annually by the remuneration committee; and
- *Notice period* – Termination by a minimum of 12 months' notice in writing by either party other than for gross misconduct. Termination payment is equivalent to one year's salary plus superannuation as noted above.

Pierre Kapel (Company Secretary and Chief Financial Officer)

- *Term of agreement* –Minimum of three years commencing 22 November 2010 ;
- *Base annual salary* – $200,000 inclusive of 9% superannuation + LSL accrual + Bonus to be reviewed annually by the remuneration committee; and
- *Notice period* – Termination by three months' notice in writing by either party other than for gross misconduct.

No other key management personnel are subject to service agreements.

D Share-based Payment Compensation

In the 2006 and 2007 financial years, options were granted to certain staff under the PTB Group Limited Employee Share Option Scheme. Refer Section A above for details of the Scheme. The options are not dependent upon the satisfaction of a performance condition as they depend upon service vesting conditions (the options vest one third each year).

The terms and conditions of each grant of options affecting key management personnel remuneration in the previous, current or future reporting periods are as follows:

Grant Date	Expiry Date	Exercise price	Value per option at grant date	Date exercisable
31 May 2007	31 August 2010	$2.00	$0.54	33% after 31 May 2008, 33% after 31 May 2009, and 33% after 31 May 2010.

Details of options over ordinary shares in the Company provided to each Director of PTB Group Limited and each of the key management personnel of the Group in the 2011 and 2010 financial years are set out below. When exercisable, each option is convertible into one ordinary share of PTB Group Limited.

	Number of options granted during the year		Number of options vested during the year	
	2011	2010	2011	2010
Other Key Management Personnel				
JT Barbeler	–	–	–	6,666

The amounts disclosed for remuneration relating to options above are the assessed fair values at grant date of options granted, allocated equally over the period from grant date to vesting date. Fair values at grant date are determined using a Binomial option pricing model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. Refer note 24 of the financial report for the inputs into the model.

No other remuneration options granted to key management personnel were exercised or lapsed during this or the prior financial year.

E Additional Information

Details of remuneration: cash bonuses and options

As both the grant of options and cash bonuses during the year were discretionary, no part of the grants was forfeited and no part is payable in future years. For details of option vesting conditions and number vested refer to Section D.

Share-based compensation: options

There were no options granted during the year and all unexpired options as at 30 June 2010 lapsed during the year with none being exercised. As at 30 June 2011 all options have expired.

Loans to Directors and Executives

There are no loans to Directors and executives.

E Additional Information (continued)

Meetings of Directors

Attendances by each Director during the financial year were as follows:

	Number of Meetings Held While a Director	Number of Meetings Attended
Full Board		
H Parker	12	12
CL Baker	12	12
APS Kemp	12	12
RS Ferris	12	11
Remuneration Committee		
H Parker	1	1
APS Kemp	1	1
Audit and Risk Management Committee		
H Parker	2	2
APS Kemp	2	2

Nominations Committee

Given the size of the Company and of the Board the separate Nominations Committee was discontinued in the year ended 30 June 2008 and the responsibility for this function now rests with the Board.

Share Options

Shares Issued on Exercise of Options

No ordinary shares of PTB Group Limited were issued during the year ended 30 June 2011 and subsequent to year end on exercise of options granted under the Employee Share Option Scheme.

Shares Under Option

At the date of this report, PTB Group Limited has no unissued ordinary shares under option.

Indemnification and Insurance of Directors, Officers and Auditors

During or since the end of the financial year, the Company has not given any indemnity or entered into any agreement to indemnify, or paid or agreed to pay insurance premiums in relation to an officer or auditor, except as detailed below.

The Company has Directors and Officers insurance in place for all Directors and officers of the Company.

This insurance insures any person who is or has been an officer of the Company against certain liabilities in respect of their duties as an officer of the Company, and any other payments arising from or in connection with such proceedings, other than where such liabilities arise from conduct involving a wilful breach of duty.

The policy prohibits disclosure of details of the cover and the amount of the premium paid.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

E Additional Information (continued)

Non-Audit Services

The Company may decide to employ the auditor on assignments additional to statutory audit duties where the auditor's expertise and experience with the Company are important.

The Board of Directors has considered the position and, in accordance with the advice received from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

During the year Crowe Horwath, the Company's auditor, has performed other services in addition to their statutory audit duties as set out in note 25. During the year the following non-audit service fees were paid or payable for services provided by the auditor of the company:

	2011 $	2010 $
Non Audit Services- Crowe Horwath		
Taxation compliance	16,881	42,055
Other taxation consulting	13,000	8,690

The lead auditor's independence declaration is set out on page 21 and forms part of the Directors' Report for the year ended 30 June 2011.

Crowe Horwath continues in office in accordance with Section 327 of the *Corporations Act 2001*.

Rounding of Amounts

The Company is of a kind referred to in class order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with that class order to the nearest thousand dollars, or in certain cases, the nearest dollar.

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

H Parker
Chairman
Brisbane
31 August 2011

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A WHK Group Firm

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2011 there has been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

Crowe Horwath Brisbane

Crowe Horwath Brisbane

B.D. Worrall

Brendan Worrall
Partner

Signed at Brisbane, 31 August 2011

Scope of responsibility of the Board

Responsibility for the Company's proper corporate governance rests with the Board. The Board's guiding principle in meeting this responsibility is to act honestly, conscientiously and fairly, in accordance with the law, in the interests of PTB Group's shareholders (with a view to building sustainable value for them) and those of employees and other stakeholders.

The Board's broad function is to:

a) Chart strategy and set financial targets for the Company;
b) Monitor the implementation and execution of strategy and performance against financial targets; and
c) Appoint and oversee the performance of executive management and generally to take and fulfil an effective leadership role in relation to the Company.

Power and authority in certain areas is specifically reserved to the Board – consistent with its function as outlined above. These areas include:

a) Composition of the Board itself including the appointment and removal of Directors;
b) Oversight of the Company including its strategy, operational performance, controls and accountability systems;
c) Appointment and removal of senior executives and the Company Secretary;
d) Reviewing, ratifying, and monitoring systems of risk management and internal compliance and control, codes of ethics and conduct, and legal and statutory compliance;
e) Monitoring senior management's performance and implementation of strategy;
f) Approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestures; and
g) Approving and monitoring financial and other reporting and the operation of committees.

The Managing Director and other senior executives are responsible for:

a) Developing corporate strategy, performance targets, budgets, and business and operational plans for review and ratification by the Board;
b) Developing, implementing, and maintaining appropriate policies, procedures, and practices for the management and control of the business; and
c) Execution of the overall corporate strategy and business plans, and the day to day management of operations.

Composition of the Board

The Board performs its role and function, consistent with the above statement of its overall corporate governance responsibility, in accordance with the following principles:

a) The Board should comprise at least four Directors;
b) At least half of the Board should be non-executive Directors independent from management; and
c) The Chairman of the Board should be one of the independent non-executive Directors.

At the date of this annual report the Board comprises four members including H Parker, an independent, non-executive Chairman, APS Kemp an independent non-executive Director, and C Baker and RS Ferris who are executive Directors. .

The Board is of the view that the current composition of the Board is adequate to ensure the best interests of shareholders given the size and nature of the Company's operations. In addition, the Chairman has the deciding vote at any meetings where a vote is initially tied.

Board Charter and Policy

The Board has adopted a charter which will be kept under review and amended from time to time as the Board may consider appropriate to give formal recognition to the matters outlined above. The last amendment was on 22 December 2010. This charter sets out various other matters that are important for effective corporate governance including the following:

a) A detailed definition of 'independence';
b) A framework for the identification of candidates for appointment to the Board and their selection;
c) A framework for individual performance review and evaluation;
d) Proper training to be made available to Directors both at the time of their appointment and on an on-going basis;
e) Basic procedures for meetings of the Board and its committees: frequency, agenda, minutes and private discussion of management issues among non-executive Directors;
f) Ethical standards and values: formalised in a detailed code of ethics and values;
g) Dealings in securities: formalised in a detailed code for securities transactions designed to ensure fair and transparent trading by Directors and senior management and their associates; and
h) Communications with shareholders and the market.

These initiatives, together with the other matters provided for in the Board's charter, are designed to 'institutionalise' good corporate governance and generally, to build a culture of best practice in PTB Group's own internal practices and in its dealings with others.

Audit and Risk Management Committee ('ARM Committee')

The purpose of this Committee is to advise on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Company. Its current members are Harvey Parker and Andrew Kemp.

The Committee performs a variety of functions relevant to risk management and internal and external reporting and reports to the Board following each meeting. Among other matters for which the Committee is responsible are the following:

a) Board and committee structure to facilitate a proper review function by the Board;
b) Internal control framework including management information systems;
c) Corporate risk assessment and compliance with internal controls;
d) Internal audit function and management processes supporting external reporting;
e) Review of financial statements and other financial information distributed externally;
f) Review of the effectiveness of the audit function;
g) Review of the performance and independence of the external auditors;
h) Review of the external audit function to ensure prompt remedial action by management, where appropriate, in relation to any deficiency in, or breakdown of, controls;
i) Assessing the adequacy of external reporting for the needs of shareholders; and
j) Monitoring compliance with the Company's code of ethics.

Meetings are held at least twice each year. A broad agenda is laid down for each regular meeting according to an annual cycle. The Committee invites the external auditors to attend each of its meetings.

The ARM Committee does not comply with the Guidelines in that the Chairman is also Chairman of the Board. However the Board believes this matter is acceptable given the size of the company, the nature of its business and the financial literacy of the members.

Remuneration Committee

The purpose of this Committee is to assist the Board and report to it on remuneration and issues relevant to remuneration policies and practices including those for senior management and non-executive Directors. Its current members are Harvey Parker and Andrew Kemp.

Among the functions performed by the Committee are the following:

a) Review and evaluation of market practices and trends on remuneration matters;
b) Recommendations to the Board in relation to the Company's remuneration policies and procedures;
c) Oversight of the performance of senior management and non-executive Directors; and
d) Recommendations to the Board in relation to the remuneration of senior management and non-executive Directors.

Meetings are held at least twice each year. During the year the Executive Directors and CFO voluntarily waived annual increases and bonuses so only one meeting was deemed necessary.

Nominations Committee

Best practice recommendations issued by ASX recommend a separate Nominations Committee to assist the Board and report to it on selection and appointment issues and practices including those for senior management and non-executive Directors.

However, given the size of the Company and of the Board the separate Nominations Committee has not been continued and the responsibility for this function now rests with the Board.

Best practice commitment

The Company is committed to achieving and maintaining the highest standards of conduct and has undertaken various initiatives, as outlined in this section that are designed to achieve this objective. The PTB Group's Corporate Governance Charter is intended to 'institutionalise' good corporate governance and, generally, to build a culture of best practice both in the Company's own internal practices and in its dealings with others. The Charter is available on the Company's website.

The following are a tangible demonstration of the Company's corporate governance commitment:

Independent professional advice

With the prior approval of the Chairman, which may not be unreasonably withheld or delayed, each Director has the right to seek independent legal and other professional advice concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as Directors. Any costs incurred are borne by the Company.

Code of ethics and values

The Company has developed and adopted a detailed code of ethics and values to guide Directors in the performance of their duties.

Code of conduct for transactions in securities

The Company has developed and adopted a formal code to regulate dealings in securities by Directors and senior management and their associates. This is designed to ensure fair and transparent trading in accordance with both the law and best practice.

Charter

The code of ethics and values and the code of conduct for transactions in securities (referred to above) both form part of the Company's corporate governance charter which has been formally adopted, which complies with the ASX document, 'Corporate Governance Principles and Recommendations – second edition' ('Guidelines') applying to listed entities as published in August 2007 by the ASX Corporate Governance Council with the aim of enhancing the credibility and transparency of Australia's capital markets.

The Board has assessed the Company's current practice against the Guidelines and outlines its assessment below:

Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1
The role of the Board and delegation to management have been formalised as described above in this section and will continue to be refined, in accordance with the Guidelines, in light of practical experience gained in operating as a listed company. PTB Group complies with the Guidelines in this area.

Recommendation 1.2
The process for evaluating the performance of senior executives is outlined in section A and B of the "Remuneration Report" included in the Directors' Report. PTB Group complies with the Guidelines in this area.

Recommendation 1.3
The Corporate Governance Statement and Board Charter are available on the Company's website. Performance evaluations have taken place in accordance with the process disclosed.

Principle 2 – Structure the Board to add value

Recommendation 2.1
Of the four Company Directors, Harvey Parker and Andrew Kemp are non-executive Directors. Together the Directors have a broad range of experience, expertise, skills, qualifications and contacts relevant to the business of the Company.

The Board composition does not comply with recommendation 2.1 of the ASX Corporate Governance Guidelines as the majority of Directors are not independent Directors.

The Board has adopted the following measures to ensure that independent judgment is achieved and maintained in respect of its decision-making processes:

- Directors are entitled to seek independent professional advice at the Company's expense, subject to the approval of the Chairman;
- Directors having a conflict of interest in relation to a particular item of business must absent themselves from the Board meeting before commencement of discussion on the topic; and
- Non-executive Directors confer on a needs basis without management in attendance.

Recommendation 2.2 and 2.3
Harvey Parker is an independent non-executive Director and Chairman of the Company. PTB Group complies with the Guidelines in these areas.

Recommendation 2.4
As described above, given the size of the Company and of the Board, the separate Nominations Committee has not been continued and the responsibility for this function now rests with the Board.

Recommendation 2.5 and 2.6
The performance of the Board, its committees, and individual Directors is evaluated annually by the Chairman in accordance with the Company's Corporate Governance Charter. This review includes the mix and experience and skills represented, the effectiveness of Board processes, and the performance and contribution of individual members in terms of the execution of the required Board functions as described above, for the relevant year. Members of the Board whose performance is unsatisfactory are asked to retire. The Charter is available on the Company's website. PTB Group complies with the Guidelines in these areas.

Principle 3 – Promote ethical and responsible decision making

Recommendation 3.1
The Board encourages the highest standards of ethical conduct by all Directors and employees of the Group. The Board has adopted a Code of Ethics in its Corporate Governance Charter that sets out the principles and standards with which all Group officers and employees are expected to comply in the performance of their respective functions. Officers and employees are expected to:

- Comply with the law;
- Act honestly and with integrity;
- Reduce the opportunity for situations to arise which result in divided loyalties or conflicts of interest;
- Use PTB Group's assets responsibly and in the best interests of its shareholders; and
- Be responsible and accountable for their actions.

Senior management immediately investigates possible failures to comply with the principles of ethical and responsible conduct, employing the use of third party expertise where necessary. The appropriate level of disciplinary action is applied where departures from these principles are confirmed. The Charter is available on the Company's website. PTB Group complies with the Guidelines in these areas.

Recommendation 3.2 and 3.3
Guidelines for dealing in securities: The Company has developed specific written guidelines in its "Securities trading policy" that prohibit Directors, executives (and their respective associates) and employees from acquiring, selling or otherwise trading in the Company's shares if they possess material price-sensitive information which is not in the public domain. Pursuant to these guidelines, no person may deal in securities while they are in possession of price-sensitive information. The Company's policy is that trading in PTB Group's securities is permitted, as set out below:

- Trading in Shares:
  - Employees: are able to purchase shares throughout the year except from 31 December and 30 June during the period running up to ASX announcement of half-yearly and yearly profits. Staff will be notified of these timeframes;
  - Directors: must notify the Secretary of any trading by that Director so as to facilitate the timely lodgement with ASX of an Appendix 3Y or other prescribed form notifying ASX of the initial acquisition, change of interests or cessation of Directors' interests as required by the Listing Rules;
- Price Sensitive information: Both the above are subject to the person not being in possession of price sensitive information and the buying not being for short term or speculative gain; and
- the company's "Securities trading policy" has been lodged with the ASX. PTB Group complies with the Guidelines in these areas.

Principle 4 – Safeguard integrity in financial reporting

Recommendation 4.1, 4.2, 4.3 and 4.4
PTB Group's Managing Director and Chief Financial Officer report in writing to the ARM Committee that the consolidated financial statements of PTB Group and its controlled entities for each half and full financial year present a true and fair view, in all material respects, of the Group's financial condition and operational results and are in accordance with accounting standards. The ARM Committee operates throughout the year with the primary objective to assist the Board of Directors in fulfilling the Board's responsibilities relating to the accounting, reporting and financial risk management practices of the Company. In fulfilling this objective, the ARM Committee meets at least two times each year. The main duties and responsibilities of the committee include:

- Review and consideration of statutory compliance matters;
- Review of the annual and half-yearly financial reports;
- Recommend to the Board nominations for appointment as external auditors;
- Review the scope of the audit, the level of audit fees and the performance of the external auditors;
- Liaison with external auditors, review of audit planning and consideration of audit results; and
- Evaluation of the adequacy and effectiveness of the Company's administrative, operating and accounting policies and controls through active communication with operating management and the external auditors.

The ARM Committee (with its own charter) does not comply with the Guidelines in that the Chairman is also Chairman of the Board, and it has less than three members. However, the Board believes these matters are acceptable given the size of the Company, the nature of its business and the financial literacy of the members.

The Charter is available on the Company's website and the names, qualifications, and the number of meetings attended has been disclosed in the Directors' Report.

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1 and 5.2
Documented procedures in accordance with the Corporate Governance Charter are in place to identify matters that are likely to have a material effect on the price of the Company's securities and to ensure those matters are notified to the ASX in accordance with the Company's Listing Rule disclosure requirements. The Managing Director and Chief Financial Officer are responsible for monitoring the Company's activities in light of its continuous disclosure policy. The Company's continuous disclosure obligations are also reviewed as a standing item on the agenda for each regular meeting of the Board. Each Director is required at every such meeting to confirm details of any matter within their knowledge that might require disclosure to the market.

The Company Secretary is responsible for all communications with the ASX. All communications with external stakeholders in respect of sensitive company information are subject to the relevant safeguarding and confidentiality procedures. These communications are undertaken in light of continuous disclosure requirements of the ASX and the broad principles of ensuring the market is fully informed of price sensitive information.

The Charter is available on the Company's website. PTB Group complies with the Guidelines in these areas.

Principle 6 – Respect the rights of shareholders

Recommendation 6.1 and 6.2
The Board recognises the importance of this principle and strives to communicate with shareholders both regularly and clearly, both by electronic means and using more traditional communication methods. Announcements and reporting results are available on the Company's website. Shareholders are encouraged to attend and participate at general meetings. The Company's auditors will always attend the annual general meeting and will be available to answer shareholders' questions. The Company's policies comply with the Guidelines in relation to the rights of shareholders.

Principle 7 – Recognise and manage risks

Recommendation 7.1, 7.2 and 7.3
The Board is responsible for oversight of the Group's risk management and control framework. The ARM Committee assists the Board in fulfilling its responsibilities in this regard by reviewing the financial and reporting aspects of the Group's risk management and control framework. The Group has implemented a policy framework included in the Corporate Governance Charter, designed to ensure that the Group's risks are identified and that controls are adequate, in place, and functioning effectively.

This framework incorporates the maintenance of comprehensive policies, procedures and guidelines that encompass the Group's activities. It addresses areas such as, occupational health and safety, environmental management, trade practices, IT disaster recovery and business continuity planning. Responsibility for control and risk management is delegated to the appropriate level of management within the Group with the Managing Director and Chief Financial Officer having ultimate responsibility to the Board for the Group's risk management and internal control activities.

Arrangements put in place by the Board to monitor risk management include:

- Regular monthly reporting to the Board in respect of operations and the financial position of the Group;
- Reports by the Chairman of the ARM Committee and circulation to the Board of the minutes of each meeting held by the ARM Committee;
- Presentations made to the Board throughout the year by appropriate members of the Group's management team (and/or independent advisers, where necessary) on the nature of particular risks and details of the measures which are either in place or can be adopted to manage or mitigate the risk; and
- Any Director may request that operational and project audits be undertaken by management.

Prior to signing the Group's annual financial statements, PTB Group's Managing Director and Chief Financial Officer report in writing to the ARM Committee that:

- The Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and Group, and are in accordance with relevant accounting standards;
- The above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- The Company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

The Charter is available on the Company's website. PTB Group complies with the Guidelines in these areas.

Principle 8 – Remunerate fairly and responsibly

Recommendations 8.1, 8.2, and 8.3
As detailed above, the Company has a Remuneration committee to assist the Board and report to it on remuneration and issues relevant to remuneration policies and practices including those for senior management and executive Directors. These policies are included in the Company's Corporate Governance Charter and its current members are Harvey Parker and Andrew Kemp.

Harvey Parker and Andrew Kemp are independent Directors and its composition does not fully comply with the recommendations in 8.1 of the ASX Corporate Governance Guidelines as the Chairman is also Chairman of the Board, and it has less than three members. However, the Board believes these matters are acceptable given the size of the Company, the nature of its business and the commercial experience of the members.

The Company's polices relating to Directors' and Senior Executives' remuneration are set out in the annual report. Options were granted to employees under an Employee Share Option Scheme. Options have also been issued to executive Directors of the Company and to a corporate adviser.

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating Directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the nature and amount of some components of executive Directors' and officers' emoluments are linked to the Company's financial and operational performance. The expected outcomes of the remuneration structure are:

- Retention and motivation of key executives;
- Attraction of quality management to the Company; and
- Performance incentives which allow executives to share the rewards of the success of the Group.

In relation to the payment of bonuses and options, the Board, having regard to the overall performance of PTB Group and the performance of the employee during the period, exercises discretion.

The Charter is available on the Company's website and the names and the number of meetings attended has been disclosed in the Directors' Report.

Statement Of Comprehensive Income

for the year ended 30 June 2011

	Note	2011 $'000	2010 Restated $'000
Revenue	2	31,347	27,241
Other income	3	–	3,633
Total Revenue		31,347	30,874
Cost of goods sold		(15,060)	(13,945)
Employee benefits expense		(5,028)	(4,346)
Depreciation and amortisation		(1,491)	(1,929)
Repairs and maintenance		(70)	(61)
Bad and doubtful debts		120	(395)
Finance costs		(2,769)	(3,727)
Net foreign exchange loss		(2,659)	(697)
Net loss on sale of property, plant and equipment		(451)	(27)
Other expenses		(2,904)	(3,510)
Total expenses		(30,312)	(28,637)
Profit before income tax expense	4	1,035	2,237
Income tax expense	5	(378)	(590)
Profit for the year attributable to the owners of the parent entity		657	1,647
Other comprehensive income net of tax		–	–
Total comprehensive income for the year attributable to the owners of the parent entity		657	1,647

	Note	Cents	Cents
Basic earnings per share	22	2.04	5.52
Diluted earnings per share	22	2.04	5.52

The consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

	Note	2011 $'000	2010 Restated $'000	1/7/2009 Restated $'000
Current Assets				
Cash and cash equivalents	21(a)	670	1,161	466
Trade and other receivables	6	4,819	5,344	5,438
Inventories	7	13,140	23,389	28,494
Derivative financial instruments	8	13	-	-
Current tax assets	9	-	266	353
Other current assets	10	529	423	493
Total Current Assets		19,171	30,583	35,244
Non-Current Assets				
Trade and other receivables	6	10,523	13,718	15,797
Inventories	7	7,206	6,000	-
Property, plant and equipment	11	34,827	25,603	27,086
Deferred tax assets	12	1,589	1,700	2,444
Intangible assets	13	4,334	4,334	4,334
Other non-current assets	10	47	142	367
Total Non-Current Assets		58,526	51,497	50,028
Total Assets		77,697	82,080	85,272
Current Liabilities				
Trade and other payables	14	4,163	4,215	3,458
Borrowings	15	14,832	11,647	7,823
Current tax liabilities	9	41	41	470
Derivative financial liabilities	8	-	9	-
Provisions	17	702	674	702
Other current liabilities	18	985	1,687	1,034
Total Current Liabilities		20,723	18,273	13,487
Non-Current Liabilities				
Borrowings	15	10,832	18,522	29,462
Deferred tax liabilities	16	2,435	2,170	1,884
Provisions	17	163	136	150
Other non-current liabilities	18	344	436	279
Total Non-Current Liabilities		13,774	21,264	31,775
Total Liabilities		34,497	39,537	45,262
Net Assets		43,200	42,543	40,010
Equity				
Contributed equity	19	28,973	28,973	28,096
Reserves	20	-	283	274
Retained earnings		14,227	13,287	11,640
Total Equity		43,200	42,543	40,010

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

Statement Of Changes In Equity
for the year ended 30 June 2011

	Note	Contributed Equity			Reserves			
		Issued Capital	Other Equity Securities	Total Contributed Equity	Share Based Payments	Hedging Reserve	Retained Earnings	Total Equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2009		27,913	183	28,096	274	–	10,640	39,010
Correction of error	36	–	–	–	–	–	1,000	1,000
Restated total equity at the beginning of the financial year		27,913	183	28,096	274	–	11,640	40,010
Total comprehensive income as reported in the 2010 financial report:								
Profit for the year		–	–	–	–	–	1,602	1,602
Other comprehensive income		–	–	–	–	–	–	–
Correction of error	36	–	–	–	–	–	45	45
Total comprehensive income for the year		–	–	–	–	–	1,647	1,647
Employee share options		–	–	–	9	–	–	9
Issues of share capital (net of transaction costs)		877	–	877	–	–	–	877
Balance at 30 June 2010		28,790	183	28,973	283	–	13,287	42,543
Balance at 1 July 2010		28,790	183	28,973	283	–	13,287	42,543
Total comprehensive income:								
Profit for the year		–	–	–	–	–	657	657
Other comprehensive income		–	–	–	–	–	–	–
Total comprehensive income for the year		–	–	–	–	–	657	657
Employee share options		–	–	–	(283)	–	283	–
At 30 June 2011		28,790	183	28,973	–	–	14,227	43,200

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	Note	2011 $'000	2010 Restated $'000
Cash Flow From Operating Activities			
Cash receipts in the course of operations		34,110	28,268
Cash payments in the course of operations		(31,923)	(22,266)
Interest received		1,974	1,338
Finance costs		(2,769)	(3,727)
GST recovered/(paid)		421	451
Income tax refund/(paid)		266	73
Net cash provided by/(used in) operating activities	21(b)	2,079	4,137
Cash Flow From Investing Activities			
Payments for property, plant and equipment		(354)	(1,193)
Proceeds on disposal of property, plant and equipment		1,955	535
Net cash provided by/(used in) investing activities		1,601	(658)
Cash Flow From Financing Activities			
Proceeds from borrowings		5,308	10,474
Repayment of borrowings		(9,657)	(13,016)
Repayment of lease liabilities		(156)	(247)
Share issue transaction costs		-	(14)
Net cash provided by/(used in) financing activities		(4,505)	(2,803)
Net increase/(decrease) in cash and cash equivalents held		(825)	676
Cash and cash equivalents at the beginning of the year		222	(454)
Cash and cash equivalents at the end of the year	21(a)	(603)	222

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes the financial statements for PTB Group Limited as the consolidated entity consisting of PTB Group Limited and its subsidiaries.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*. This Report was authorised for issue on 31 August 2011.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial statements and notes of PTB Group Limited comply with International Financial Reporting Standards (IFRS).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through the statement of comprehensive income, and certain classes of property, plant and equipment.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1(ad).

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of PTB Group Limited ("company" or "parent entity") as at 30 June 2011 and the results of all subsidiaries for the year then ended. PTB Group Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity. For details of the subsidiaries refer note 30.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer note 1(i)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is PTB Group Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges, or are attributable to part of the net investment in a foreign operation.

1. Summary of Significant Accounting Policies (continued)

(d) Foreign currency translation (continued)

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary assets and liabilities such as equities held at fair value through the statement of comprehensive income are recognised in the statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the statement of comprehensive income statement, as part of the gain or loss on sale where applicable.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates, and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

Revenue is recognised for the major business activities as follows:

- Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at time of delivery to customers;
- Revenue from repairs is recognised at the time the service is performed;
- Revenue from sale of goods and provision of services under maintenance contracts is recognised in accordance with the stage of completion method unless the outcome of the contract cannot be reliably estimated. When the outcome of the contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that costs will be recovered, revenue is recognised to the extent of costs incurred;
- Interest on extended credit receivables (under hire purchase agreements) is recognised progressively by the Group over the hire purchase term to achieve a constant periodic rate of return on the carrying amount of the receivable (being the Group's net investment in the hire purchase arrangement);
- Rental income is recognised on a basis representative of the time pattern in which the benefit of use derived from the asset is diminished. For engines rental, income is recognised based on an hourly rate and hours of usage. For aircraft rental, income is recognised on a straight-line basis over the lease term; and
- Airline revenue that mainly arises from passenger ticket sales is recognised when uplift is performed.

(f) Unearned revenue

Unearned revenue includes amounts received in advance from customers. Such amounts are recorded as revenue in the income statement when the above revenue recognition criteria are met.

1. Summary of Significant Accounting Policies (continued)

(g) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Tax consolidation legislation

PTB Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation effective 1 July 2008. The head entity, PTB Group Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, PTB Group Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group. Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from, or payable to, other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities. PTB Group limited may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables.

(h) Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

As lessor

Amounts due from lessees under finance leases are recorded as receivables. Finance lease receivables are initially recognised at amounts equal to the net investment in the lease. Finance lease payments receivable are allocated between interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

For operating leases, the leased asset (rental engines and aircraft) is classified as a non-current asset and depreciated in accordance with the depreciation policy set out in note 1(q). Rental income from operating leases is recognised as set out in note 1(e).

As lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation, net of finance charges.

1. Summary of Significant Accounting Policies (continued)

(h) Leased assets (continued)

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the consolidated entity's general policy on borrowing costs. Refer to note 1(u).

Finance leased assets are amortised on a diminishing value basis over the estimated useful life of the asset. Refer note 1(q).

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(i) Business combinations

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, equity instruments issued or liabilities incurred or assumed at the date of exchange. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit and loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(j) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units).

(k) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(l) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are due for settlement in 30 to 90 days.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in the income statement. Cashflows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

1. Summary of Significant Accounting Policies (continued)

(m) Inventories

Raw materials, work in progress, and finished goods

Inventories are stated at the lower of cost and net realisable value. Costs are assigned to individual items of stock by specific identification. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories are classified as non-current assets if the asset is expected to be realised in a period greater than twelve months from balance date.

(n) Other financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

The Group has no financial assets at fair value through profit or loss, held-to-maturity investments or available-for-sale financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

Loans and receivables are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(o) Leasehold improvements

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the Group, whichever is the shorter. Refer note 1(q).

(p) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- Hedges of the fair value of recognised assets and liabilities or a firm commitment (fair value hedges);
- Hedges of the cashflows of recognised assets and liabilities and highly probable forecast transactions (cashflow hedges); or
- Hedges of a net investment in a foreign operation (net investment hedges).

1. Summary of Significant Accounting Policies (continued)

(p) Derivatives and hedging activities (continued)

At the inception of the hedging transaction the Group documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cashflows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 8. Movements in the hedging reserve in shareholders' equity are shown in note 20. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months. If the remaining maturity of the hedged item is less than 12 months it is classified as a current asset or liability. Trading derivatives are classified as a current asset or liability.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of comprehensive income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the statement of comprehensive income within 'finance costs', together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in the statement of comprehensive income within 'other income' or 'other expenses'.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the statement of comprehensive income over the period to maturity using a recalculated effective interest rate.

Cashflow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cashflow hedges is recognised in the statement of comprehensive income and in the hedging reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income within 'other income' or 'other expense'.

Amounts accumulated in equity are recycled in the statement of comprehensive income in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'finance costs'. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognised in the statement of comprehensive income within 'sales'.

However, when the forecast transaction that is hedged results in the recognition of a non-financial asset the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in the statement of comprehensive income as costs of goods sold in the case of inventory, or as depreciation in the case of property, plant and equipment.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the statement of comprehensive income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of comprehensive income.

Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cashflow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedges is recognised in other comprehensive income and accumulated reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income, within 'other income' or 'other expense'. Gains or losses accumulated in equity are included in the statement of comprehensive income when the foreign operation is partially disposed of or sold.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the statement of comprehensive income and are included in 'other income' or 'other expenses'.

1. Summary of Significant Accounting Policies (continued)

(q) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cashflow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are credited, net of tax, in other comprehensive income and to the revaluation reserve in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in the income statement, the increase is first recognised in the income statement. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset, all other decreases are to profit or loss.

Land is not depreciated. Depreciation on other assets is generally calculated on a straight-line (SL) or diminishing value (DV) basis so as to allocate the cost, net of residual values, of each item of property, plant and equipment (excluding land and rental engines) over its estimated useful life to the Group. For rental engines, depreciation is based on the estimated operating hours. The line item in the statement of comprehensive income in which the depreciation and amortisation of property, plant and equipment is included is 'depreciation and amortisation'.

The estimated useful lives are as follows:

Class	Life	Basis
Buildings	40 years	SL
Leasehold improvements	5 years	SL
Leasehold improvements - leased	6 years	SL
Plant and equipment	3 - 10 years	DV
Plant and equipment – leased	6 - 8 years	DV
Rental engines	5,500 - 7,000 hours	Actual hours as a proportion of estimated total operating hours
Airframes	15-20 years	SL

Certain items of plant and equipment, primarily rental engines, are required to be overhauled on a regular basis. This is managed as part of an ongoing major cyclical maintenance program. The costs of this maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated in accordance with the above. The carrying amount of the replaced part is derecognised. Other routine operating maintenance, repair and minor renewal costs are also charged as expenses as incurred.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1 (j)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. When re-valued assets are sold, it is Group policy to transfer the amounts included in revaluation reserves in respect of those assets to retained earnings.

1. Summary of Significant Accounting Policies (continued)

(r) Intangibles

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of the acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to the cash generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments (note 28).

Computer software

Costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project. Computer software has a finite life and is carried at cost less any accumulated amortisation and any impairment losses. Computer software is amortised on a straight-line basis over its estimated useful life of 7 years. The line item in the statement of comprehensive income in which the amortisation of computer software is included is 'depreciation and amortisation' expense.

(s) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost.

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(t) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

The fair value of the liability portion of a note (with an attached option to convert into ordinary shares) is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in 'other income' or 'other expense'.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(u) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed. The amount of borrowing costs capitalised is determined as the actual borrowing costs incurred as funds are borrowed specifically for the purpose of obtaining a qualifying asset.

(v) Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in the employee benefits provision in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

1. Summary of Significant Accounting Policies (continued)

(v) Employee benefits (continued)

Long service leave

The liability for long service leave is recognised in the employee benefits provision and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Superannuation

The Group makes contributions to defined contribution superannuation funds. Contributions are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Share-based payments

Share-based compensation benefits are provided to employees via the PTB Group Limited Employee Share Option Scheme as detailed in note 24.

The fair value of options granted under the PTB Group Limited Employee Share Option Scheme is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is determined using a Binomial option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets and performance and service criteria). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Profit sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit sharing based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(w) Provisions

Provisions for service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

(x) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

(y) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the year but not distributed at balance date.

(z) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

1. Summary of Significant Accounting Policies (continued)

(z) Earnings per share (continued)

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(aa) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense;
- For receivables and payables which are recognised inclusive of GST. The net amounts of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables; or
- Cashflows are presented on a gross basis and the GST components of cashflows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cashflows.

(ab) Rounding of amounts

The company is of a kind referred to in class order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that class order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(ac) General

PTB Group Limited is a public company limited by shares, incorporated and domiciled in Australia. Listed below is the registered office, principal place of business, and its principal administrative office:

22 Orient Avenue
Pinkenba QLD 4007
Ph: +61 7 3637 7000

The company changed its name on 1 December 2006 from Pacific Turbine Brisbane Limited to PTB Group Limited.

(ad) Critical accounting estimates and judgements

The Group evaluates estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company. Key estimates and judgements impacting the financial statements are as follows:

Impairment

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 1(j). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to note 13 for details of these assumptions and the potential impact of changes to the assumptions.

(ae) New accounting standards and interpretations

Accounting Standards not Previously Applied

The Group has adopted the following new and revised Australian Accounting Standards issued by the AASB which have mandatory application to the current period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2011, but have not been applied in preparing this financial report:

(i) AASB 9 *Financial Instruments,* AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (effective from 1 January 2013) AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities.
The standard is not applicable until 1 January 2013 but is available for early adoption. When adopted, the standard will affect in particular the group's accounting for its available-for-sale financial assets, since AASB 9 only permits the

1. Summary of Significant Accounting Policies (continued)

(ae) New accounting standards and interpretations (continued)

recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed. The group has not yet decided when to adopt AASB 9.

(ii) Revised AASB 124 *Related Party Disclosures* and AASB 2009-12 *Amendments to Australian Accounting Standards* (effective from 1 January 2011).

In December 2009 the AASB issued a revised AASB 124 *Related Party Disclosures*. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The group will apply the amended standard from 1 July 2011. When the amendments are applied, the group will need to disclose any transactions between its subsidiaries and its associates. However, there will be no impact on any of the amounts recognised in the financial statements.

(iii) AASB 2009-14 *Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement* (effective from 1 January 2011).

In December 2009, the AASB made an amendment to Interpretation 14 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*. The amendment removes an unintended consequence of the interpretation related to voluntary prepayments when there is a minimum funding requirement in regard to the entity's defined benefit scheme. It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements.

The group does not make any such prepayments. The amendment is therefore not expected to have any impact on the group's financial statements. The group intends to apply the amendment from 1 July 2011.

(iv) AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* (effective from 1 July 2013).

On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. PTB Group Limited is listed on the ASX and is not eligible to adopt the new Australian Accounting Standards – Reduced Disclosure Requirements. The two standards will therefore have no impact on the financial statements of the entity.

(v) AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets* (effective for annual reporting periods beginning on or after 1 July 2011).

Amendments made to AASB 7 *Financial Instruments: Disclosures* in November 2010 introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. They are not expected to have any significant impact on the group's disclosures. The group intends to apply the amendment from 1 July 2011.

(vi) AASB 2010-8 *Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets* (effective from 1 January 2012).

In December 2010, the AASB amended AASB 112 *Income Taxes* to provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model. AASB 112 requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the way management expects to recover or settle the carrying amount of the relevant assets or liabilities that is through use or through sale.

The amendment introduces a rebuttable presumption that investment property which is measured at fair value is recovered entirely by sale. The group will apply the amendment from 1 July 2012. It is currently evaluating the impact of the amendment.

2. Revenue

	2011 $'000	2010 $'000
Sales revenue		
Sale of goods	20,380	17,708
Services	6,007	4,403
Rental of engines/aircraft		
- Minimum lease payments	1,315	2,181
- Contingent rentals	1,671	1,534
	29,373	25,826
Other revenue		
Interest		
- Extended credit receivables (hire purchase agreements)	1,967	1,337
- Other	7	2
Other	-	76
Total revenue	31,347	27,241

3. Other Income

Net gain on refinancing	-	3,633
	-	3,633

4. Profit before income tax expense

Profit before income tax expense includes the following specific items:

Cost of sale of goods	15,060	13,945
Depreciation		
- Buildings	95	95
- Plant and equipment	130	128
- Rental engines/aircraft	1,099	1,521
- Leasehold improvements	7	8
Amortisation		
- Leased engines/aircraft	127	110
- Leased plant and equipment	33	67
Operating lease rentals – minimum lease payments		
- Premises	187	197
- Equipment	96	139
Impairment losses (bad and doubtful debts)		
- Trade debtors	(120)	395
Net foreign exchange losses	2,659	697
Defined contribution superannuation expense	539	519
Finance costs		
- Interests and finance charges paid/payable	2,769	3,727

5. Income Tax Expense

	2011 $'000	2010 Restated $'000
(a) Income tax expense		
Current tax	–	(328)
Deferred tax	378	963
Under/(over) provided in prior years	–	(45)
	378	590
(b) Numerical reconciliation of income tax expense to prima facie tax		
Profit/(loss) before income tax expense	1,035	2,237
Tax at the Australian tax rate of 30% (2010: 30%)	311	671
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
- Share-based payments	–	3
- Sundry items	67	(39)
	378	635
Provisions transferred in	–	–
Under/(over) provided in prior years	–	(45)
Income tax expense/(benefit)	378	590

6. Trade and Other Receivables

	2011 $'000	2010 $'000
Current		
Trade receivables	2,693	2,889
Provision for impairment	(371)	(818)
	2,322	2,071
Maintenance contract receivables	458	423
Extended credit receivables (hire purchase agreements)	2,002	2,850
Other receivables	37	–
	4,819	5,344
Non-Current		
Extended credit receivables (hire purchase agreements)	10,066	13,161
Maintenance contract receivables	457	557
	10,523	13,718

Impaired trade receivables

As at 30 June 2011 current trade receivables of the Group with a nominal value of $372,069 (2010: $818,530) were impaired. The amount of the provision was $371,000 (2010: $818,530). It was assessed that a portion of the receivables are expected to be recovered. The Group has retention of title over the goods until the cash is received.

6. Trade and Other Receivables (continued)

The ageing of trade receivables is as follows:

	Current	30+ Days	60+ Days	90+ Days	Total
Group – 2011					
Trade receivables	2,097	179	133	284	2,693
Impaired trade receivables	(56)	(94)	(11)	(210)	(371)
Unimpaired receivables	2,041	85	122	74	2,322
Group – 2010					
Trade receivables	1,521	326	217	825	2,889
Impaired trade receivables	(1)	(75)	(8)	(734)	(818)
Unimpaired receivables	1,520	251	209	91	2,071

Past due but not impaired

As at 30 June 2011, unimpaired trade receivables greater than 30 days represent amounts past due but not impaired. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The Group and holds retention of title over goods sold until cash is received.

Movements in the provision for impairment of receivables are as follows:

	2011 $'000	2010 $'000
At 1 July	(818)	(613)
Provision for impairment recognised during the year	(206)	(390)
Receivables written off during the year as uncollectable	653	185
At 30 June	(371)	(818)

Maintenance contract receivables

Maintenance contract receivables are generally unsecured. The relevant agreements require fixed monthly payments over the term of the contracts which are generally up to 5 years.

Extended credit receivables

Extended credit receivables (hire purchase agreements) represent amounts owed by customers for engines and aircraft sold to those customers. The amounts owed by customers are secured under hire purchase agreements between the Group and the customer. The amounts are repayable by the customers by monthly instalments of principal and fixed interest over periods of 1 to 5 years. Furthermore, the agreements do not include any contingent rentals. The receivables are secured as the rights to the engine and/or aircraft revert to the Group in event of default. The engines and aircraft are maintained and insured by the customers and at the end of the term of the agreement are retained by the customers. None of the extended credit receivables are impaired, or past due but not impaired.

6. Trade and Other Receivables (continued)

	2011 $'000	2010 $'000
Payments in relation to the hire purchase agreements are receivable as follows:		
Within one year	3,379	4,728
Later than one year but not later than five years	13,191	18,794
Later than five years	–	–
	16,570	23,522
Future finance revenue		
Within one year	(1,376)	(1,878)
Later that one year but not later than five years	(3,126)	(5,633)
Later than five years	–	–
	(4,502)	(7,511)
	12,068	16,011
Representing receivables:		
Current	2,002	2,850
Non-current	10,066	13,161
	12,068	16,011

Amounts receivable from controlled entities
Refer note 32 for information on amounts receivable from controlled entities.

Risk exposure
Information concerning the exposure to credit risk, foreign exchange and interest rate risk is set out in note 27.

7. Inventories

	2011 $'000	2010 $'000
Current		
Work in progress – at cost	972	981
Finished goods – at cost	12,168	22,408
	13,140	23,389
Non-Current		
Finished goods – at cost	7,206	6,000
	7,206	6,000

Finished goods include aircraft, engines and parts held for sale. Work in progress includes engines and aircraft undergoing reconditioning in preparation for sale as well as incomplete repair jobs.

8. Derivative Financial Instruments

	2011 $'000	2010 $'000
Current Assets		
Forward foreign exchange contracts – cashflow hedges	13	–
Current Liabilities		
Forward foreign exchange contracts – cashflow hedges	–	9

9. Tax balances – Current

	2011 $'000	2010 Restated $'000
Current tax assets	–	266
Current tax liabilities	41	41

10. Other Assets

Current		
Prepayments	523	416
Deposits	6	7
	529	423
Non-Current		
Other	47	142

11. Property, Plant and Equipment

Rental arrangements – aircraft and engines

The Group rents aircraft and engines under two general arrangements:

- Contingent rentals - rented to customers under agreements with rentals payable monthly and no fixed term. As such, the agreements are cancellable. The rent is calculated on the basis of an hourly rate and hours of usage. There are no minimum hours of usage or minimum lease payments set out in the relevant agreements. As such, in accordance with AASB 117 "Leases" the rental income comprises of contingent rentals not minimum lease payments. Accordingly, there are no fixed lease commitments receivable; and
- Set or minimum rentals - the operating leases relate to aircraft and/or engines leased to third parties with lease terms of between 3-7 years. The monthly rental payments are either set or per hour of usage with minimum hours per annum. In addition, a contingent rental may be receivable based upon hours of usage. The lessee may have an option to purchase the aircraft/engine at the expiry of the lease period. However, the final purchase price is determined on a case by case basis in negotiation between the Group and the lessee.

Minimum lease payments in relation to aircraft and engine operating leases are receivable as follows:

No later than one year	1,748	2,252
Later than one year but not later than five years	885	3,785
	2,633	6,037

Non-current assets pledged as security

Refer note 15 for information on non-current assets pledged as security.

11. Property, Plant and Equipment (continued)

	Land & Buildings	Leasehold Improvements		Plant & Equipment		Rental Engines/ Aircraft		Assets Under Construction		Total
	Owned	Owned	Under Lease	Owned	Under Lease	Owned	Under Lease	Owned	Under Lease	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2009										
Cost	7,210	85	–	1,275	234	19,259	–	1,523	1,791	31,377
Accumulated depreciation	(160)	(9)	–	(493)	(130)	(3,499)	–	–	–	(4,291)
Net book value	7,050	76	–	782	104	15,760	–	1,523	1,791	27,086
Year ended 30 June 2010										
Opening net book value	7,050	76	–	782	104	15,760	–	1,523	1,791	27,086
Additions	–	7	–	51	–	771	29	12	323	1,193
Transfers [1]	–	–	–	–	–	1,012	1,153	(1,197)	(1,153)	(185)
Disposals	–	–	–	(65)	–	(497)	–	–	–	(562)
Depreciation/ amortisation	(95)	(8)	–	(128)	(67)	(1,521)	(110)	–	–	(1,929)
Closing net book value	6,955	75	–	640	37	15,525	1,072	338	961	25,603
At 30 June 2010										
Cost	7,210	93	–	1,085	212	20,304	1,182	338	961	31,385
Accumulated depreciation	(255)	(18)	–	(445)	(175)	(4,779)	(110)	–	–	(5,782)
Net book value	6,955	75	–	640	37	15,525	1,072	338	961	25,603
Year ended 30 June 2011										
Opening net book value	6,955	75	–	640	37	15,525	1,072	338	961	25,603
Additions	–	–	–	69	–	186	–	43	56	354
Transfers [2]	–	–	–	35	(4)	9,475	–	3,261	–	12,767
Disposals	–	–	–	(4)	–	(2,402)	–	–	–	(2,406)
Depreciation/ amortisation	(95)	(7)	–	(130)	(33)	(1,099)	(127)	–	–	(1,491)
Closing net book value	6,860	68	–	610	–	21,685	945	3,642	1,017	34,827
At 30 June 2011										
Cost	7,210	93	–	1,206	187	25,088	1,182	3,642	1,017	39,625
Accumulated depreciation	(350)	(25)	–	(596)	(187)	(3,403)	(237)	–	–	(4,798)
Net book value	6,860	68	–	610	–	21,685	945	3,642	1,017	34,827

1 2010: Net Transfers consists of items transferred to/from inventory ($185,000) and between assets under construction under lease to rental engines/ aircraft under lease ($1,153,300).

2 2011: Net Transfers consists of items transferred from asset under lease to owned assets of ($4,000), allocated from assets under construction to plant and equipment of $31,000 and $12,735,000 of aircraft & engine inventory to aircraft & engine assets and assets under construction.

12. Deferred Tax Assets

	2011 $'000	2010 Restated $'000
The balance comprises temporary differences attributable to:		
Tax losses	268	687
Accruals	37	67
Employee benefits	221	206
Doubtful debts	112	246
Other	951	494
Total deferred tax assets	1,589	1,700

Movements	Tax losses $'000	Accruals $'000	Employee benefits $'000	Doubtful debts $'000	Other $'000	Total $'000
At 1 July 2009	1,521	65	256	184	418	2,444
(Charged)/credited to statement of comprehensive income	(834)	2	(50)	62	76	(744)
At 30 June 2010	687	67	206	246	494	1,700
(Charged)/credited to statement of comprehensive income	(419)	(30)	15	(134)	456	(112)
At 30 June 2011	268	37	221	112	951	1,589

13. Intangible Assets

	Goodwill $'000
At 1 July 2009	
Cost	4,334
Accumulated amortisation and impairment	-
Net book amount	4,334
Year ended 30 June 2010	
Opening net book amount	4,334
Amortisation charge	-
Closing net book amount	4,334
At 30 June 2010	
Cost	4,334
Accumulated amortisation and impairment	-
Net book amount	4,334
Year ended 30 June 2011	
Opening net book amount	4,334
Amortisation charge	-
Closing net book amount	4,334
At 30 June 2011	
Cost	4,334
Accumulated amortisation and impairment	-
Net book amount	4,334

Impairment tests for goodwill

Goodwill is allocated to the IAP operations as a single cash-generating unit (CGU) which is included in the Aircraft and Engines Sales/Rentals primary business segment. The recoverable amount of the CGU is determined based on value in use calculations. These calculations use cashflow projections based on financial budgets approved by management covering a five-year period and include a terminal value adjusted for the perpetual growth rate.

Key assumptions used for value-in-use calculations

The calculations utilise a pre-tax risk adjusted discount rate of 10.6% (2010: 11.5%). An average growth rate of 4% (2010: 2%) has been used. Management determined budgeted net profit based on past performance and its expectations for the future. The discount rate reflects the specific risks relating to the relevant segment in which IAP operates.

Impact of possible changes in key assumptions

The Directors consider that there is no reasonably possible change in key assumptions which management has based its determination of IAP's recoverable amount which would cause the carrying amount of IAP's CGU to exceed its recoverable amount.

14. Trade and Other Payables

	2011 $'000	2010 $'000
Trade payables and accruals	4,163	4,215

15. Borrowings

	2011 $'000	2010 $'000
Current		
Secured		
Bank overdraft	1,274	939
Bank loans	11,805	5,678
Finance company loan	111	155
Lease liabilities	172	148
	13,362	6,920
Unsecured		
Notes	–	4,589
Other loans – related parties	1,470	138
	14,832	11,647
Non-Current		
Secured		
Bank loans	7,857	14,926
Lease liabilities	375	528
	8,232	15,454
Unsecured		
Other loans – related parties	2,600	3,068
	10,832	18,522

Information concerning the effective interest rates is set out in note 27.

Unsecured Notes

During the 2006 year, PTB Finance Limited (a subsidiary of PTB Group Limited) issued 4,588,800 unsecured notes at $1 per note raising $4,588,800 in cash. The notes were rolled for a further 2 years on 30 November 2008. Nominal interest of 14% (2009: 14%) per annum (fixed) is payable monthly in arrears. Noteholders also received one option to acquire shares in PTB Group Limited for every $2 invested in the notes in four six monthly tranches commencing from the issue date. The exercise period expired on 30 November 2010 at an exercise price of $0.40 per share. The options are transferable. Although the notes themselves are unsecured, there is an intercompany charge over the assets of PTB Rentals Pty Ltd for the benefit of noteholders at an LVR of 80%. The Group complied with this requirement for the current and previous financial year.

On 31st December 2010 PTB paid out the notes via a 2 year bill facility from the CBA. No notes were outstanding as at 30th June 2011.

15. Borrowings (continued)

Bank Overdraft, Bank Loans and Bills Payable

On 30th November 2010 PTB was granted a 2 year $4 million Bill facility by the CBA to payout the unsecured noteholders. This facility was fully drawn-down on 29 December 2010 and the unsecured notes were fully paid on 31st December 2010.

On 6 January 2010 the Group completed the refinancing of its existing bank facilities and the Emerald loan in which the Emerald Financier accepted a total payment of $10.4 million in cash, together with the issue of 4,203,283 shares, in full settlement of the outstanding loan balance of approximately $15 million. The profit on the settlement was $3.6 million.

Under the new arrangements, the bank overdraft, bank loans and bills payable are secured by way of a registered company charge over the whole of the assets and undertakings of the parent entity and that of its subsidiaries PTB Emerald Pty Ltd and IAP Group Australia Pty Ltd of $42.883 million (2010: $41.695 million). Included in the above are bank loans and finance leases in the subsidiaries that are secured by the relevant aviation assets included in plant and equipment and inventory of the relevant subsidiary. In addition while there is money owed to the lender, no return of capital, dividends or payments can be made to ordinary shareholders in PTB or related parties without its approval.

The Group's primary arrangements are subject to an annual review each year in November.

Lease Liabilities

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

Other Loans – Related Parties

Refer note 23 for information on other loans from related parties.

Effective Interest Rates

Information concerning the effective interest rates is set out in note 27.

Finance Facilities

Information concerning available facilities including used and unused portion of the finance facilities is set out in note 27.

Assets Pledged as Security

Certain assets of the Group are pledged as security for the facilities as noted above.

16. Deferred Tax Liabilities

	2011 $'000	2010 Restated $'000
The balance comprises temporary differences attributable to:		
Property, plant and equipment	2,076	1,662
Inventory	38	288
Maintenance Contracts	137	148
Other	184	72
Total deferred tax liabilities	2,435	2,170

Movements	Property, plant and equipment $'000	Inventory $'000	Maintenance contracts $'000	Other $'000	Restated Total $'000
At 1 July 2009	1,319	288	161	115	1,883
(Charged)/credited to income statement	343	-	(13)	(43)	287
At 30 June 2010	1,662	288	148	72	2,170
(Charged)/credited to income statement	414	(250)	(11)	112	265
At 30 June 2011	2,076	38	137	184	2,435

17. Provisions

	2011 $'000	2010 $'000
Current		
Employee benefits	572	551
Service Warranties	130	123
	702	674
Non-Current		
Employee benefits	163	136

18. Other Liabilities

Current		
Deferred revenue	258	242
Deposits in advance	727	1,445
	985	1,687
Non-Current		
Deferred revenue	344	436

Deferred revenue

Deferred revenue relates to maintenance contract revenue received in advance.

19. Contributed Equity

	2011 $'000	2010 $'000
Share capital		
32,225,168 ordinary shares fully paid (2010: 32,225,168 ordinary shares fully paid)	28,790	28,790
Other equity securities		
Value of conversion rights (net of tax)	183	183
	28,973	28,973

Effective 1 July 1998, the Corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the parent does not have authorised capital nor par value in respect of its issued shares.

Movements in ordinary share capital	Note	No. of Shares	Issue Price $	$000
Closing balance 30 June 2009		27,603,135		27,913
Shares issued to Emerald Financier	(a)	418,750	0.12	50
Shares issued to Emerald Financier	(a)	4,203,283	0.20	841
Transaction costs net of deferred tax		-		(14)
Closing balance 30 June 2010		32,225,168		28,790
Share issues 2011		-		-
Closing balance 30 June 2011		32,225,168		28,790

Notes:

(a) No issue of shares were made in the current or prior (2010) financial year.

Options

As at balance date there are no outstanding options to purchase ordinary shares in the parent entity. All options outstanding as at June 2010 expired without being exercised in the year ended June 2011.

	2011 No. of Options	2010 No. of Options	Exercise Price	Expiry Date
Employee share options	-	-	-	N/A
Note options	-	-	-	N/A

An employee share option scheme was approved by shareholders on 3 June 2005. Refer to note 24 for details.

19. Contributed Equity (continued)

Capital Risk Management

The Group's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders, benefits to other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Board of Directors monitors the return on capital, which the Group defines as net profit after tax divided by average shareholders' equity.

20. Reserves

	2011 $'000	2010 $'000
Share-based payments reserve	–	283
Movements		
Reserve balance 1 July	283	274
Option expense	–	9
Transfer to retained earnings	(283)	–
Reserve balance 30 June	–	283

The share-based payments reserve is used to recognise the fair value of the options issued but not exercised.

	2011 $'000	2010 $'000
Hedging reserve	–	–
Movements		
Reserve balance 1 July	–	–
Recognition of effective cashflow hedge	–	–
Settlement of cashflow hedge	–	–
Reserve balance 30 June	–	–

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, as described in note 1(p). Amounts are recognised in the statement of comprehensive income when the associated hedged transaction affects the statement of comprehensive income.

21. Cash Flow Information

(a) Reconciliation of Cash and Cash Equivalents

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	2011	2010
Cash and cash equivalents assets – cash at bank and on hand	670	1,161
Bank overdraft (note 15)	(1,273)	(939)
	(603)	222

21. Cash Flow Information (continued)

(b) Reconciliation of Net Cash Flow from Operating Activities to Profit for the Year

	2011 $'000	2010 $'000
Profit/(Loss) for the year	657	1,647
Depreciation and amortisation	1,491	1,929
(Gain)/loss on disposal of property, plant and equipment	451	27
(Gain)/loss on refinancing of borrowings	–	(3,633)
Share-based payments	–	9
Movement in impairment of trade receivables	(447)	205
Unrealised foreign currency movements	2,274	940
Changes in operating assets and liabilities		
(Increase)/decrease in:		
Trade and other receivables	4,420	2,078
Inventories **	(3,723)	(711)
Deferred tax assets*	112	743
Other assets	(12)	29
Increase/(decrease) in:		
Trade payables, accruals, and other liabilities	(3,459)	1,183
Employee benefits	49	(166)
Current tax liabilities	–	(429)
Deferred tax liabilities*	266	286
Net cash flow from operating activities	2,079	4,137

* net of amounts charged or credited directly to equity
** net of transfers to/from property, plant and equipment

22. Earnings Per Share

	2011 cents	2010 Restated cents
Basic earnings per share	2.04	5.52
Diluted earnings per share	2.04	5.52
	$'000	**$'000**
Earnings used to calculate basic and diluted earnings per share – profit after tax for the year	657	1,647
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	32,225,168	29,838,725
Effect of dilutive securities:		
– Director and employee share options	–	–
– Note options	–	–
Weighted average number of ordinary shares and potential ordinary shares used in calculating diluted earnings per share	32,225,168	29,838,725

22. Earnings Per Share (continued)

In the current and prior year no options were considered to be potential ordinary shares. Options are not included in the determination of basic earnings per share.

23. Key Management Personnel Disclosures

Directors

The following persons were Directors of PTB Group Limited during the financial year:

Chairman – non-executive
H Parker

Executive Directors
CL Baker, Managing Director (Group)
RS Ferris, Managing Director (IAP Division)

Non-executive Directors
APS Kemp

Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

Name	Position	Employer	
JT Barbeler	Company Secretary and CFO	PTB Group Limited	1 July 2010 - 1 October 2010
M Engineer	Acting Company Secretary and CFO	PTB Group Limited	1 October - 22 November 2010
P Kapel	Company Secretary and CFO	PTB Group Limited	22 November 2010

There were no other key management personnel in either the current or prior year.

Key management personnel Compensation

	2011 $	2010 $
Short-term employee benefits	743,474	727,984
Post-employment benefits	91,782	96,180
Other long-term benefits	21,679	814
Share-based payments	-	1,098
	856,935	826,076

23. Key Management Personnel Disclosures (continued)

Equity instrument disclosures relating to key management personnel

Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in section D of the remuneration report in the Directors' report.

Option holdings

The numbers of options over ordinary shares in the company held during the financial year by each Director of PTB Group Limited and other key management personnel of the Group, including their personally related parties, are set out below:

Name	Balance at the start of the year	Granted during the year as compensation	Exercised/ Lapsed during the year	Other Changes	Balance at the end of the year	Vested and exercisable at the end of the year
	No	No	No	No	No	No
2011						
Directors						
H Parker	–	–	–	–	–	–
CL Baker	20,000	–	20,000	–	–	–
RS Ferris	10,000	–	10,000	–	–	–
APS Kemp	851,600	–	851,600	–	–	–
Other key management personnel of the Group						
JT Barbeler	20,000	–	20,000	–	–	–
M Engineer	–	–	–	–	–	–
P Kapel	–	–	–	–	–	–
2010						
Directors						
H Parker	–	–	–	–	–	–
CL Baker	–	–	–	20,000[1]	20,000	20,000
RS Ferris	–	–	–	10,000[1]	10,000	10,000
APS Kemp	414,800	–	–	436,800[1]	851,600	851,600
Other key management personnel of the Group						
JT Barbeler	20,000	–	–	–	20,000	20,000

1 In the prior year these options were issued as those attaching to notes acquired during the year from arm's length third parties by the respective Directors (for terms refer to note 15).

23. Key Management Personnel Disclosures (continued)

Share holdings

The numbers of shares in the company held during the financial year by each Director of PTB Group Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the current or previous year as compensation.

Name	Balance at the start of the year	Issued as purchase consideration	Received during the year on the exercise of options	Other changes (on-market purchases)	Balance at date of appointment/ resignation	Balance at the end of the year
	No	No	No	No	No	No
2011						
Directors						
H Parker	296,000	-	-	-	-	296,000
CL Baker	1,931,704	-	-	-	-	1,931,704
RS Ferris	6,908,054	-	-	-	-	6,908,054
APS Kemp	208,982	-	-	42,000	-	250,982
Other key management personnel of the Group						
JT Barbeler	23,850	-	-	-	-	23,850
M Engineer	2,537	-	-	-	-	2,537
P Kapel	-	-	-	-	-	-
2010						
Directors						
H Parker	296,000	-	-	-	-	296,000
CL Baker	1,782,104	-	-	149,600	-	1,931,704
RS Ferris	6,908,054	-	-	-	-	6,908,054
APS Kemp	181,982	-	-	27,000	-	208,982
Other key management personnel of the Group						
JT Barbeler	-	-	-	23,850	-	23,850

Loans to key management personnel

There were no loans to Directors of PTB Group Limited or other key management personnel of the Group during the current or previous reporting period.

Other transactions with key management personnel

In 2007 PTB (Emerald) Pty Ltd (subsidiary) obtained a loan of $2,000,000 from Steve Ferris (Director). The loan is repayable on 16 December 2011. Interest of 10% per annum (fixed) is payable monthly in arrears and capitalised to the balance of the loan. The loan is unsecured and has a balance outstanding at 30 June 2011 of $3,196,838 (2010: $2,893,818). This loan is subordinated to the CBA to the extent of $2,600,000.

IAP Australia Pty Ltd has an at call loan facility from Steve Ferris of $873,139 (2010: $312,161) Interest of 9.5% (2010: 8.0% per annum (fixed) is payable monthly in arrears and capitalised to the balance of the loan.

All transactions were under normal commercial terms and conditions, unless otherwise stated. No bad or doubtful debts expense has been, or is likely to occur from transactions with related parties.

23. Key Management Personnel Disclosures (continued)

Aggregate amounts of each of the above types of other transactions with key management personnel of the Group:

	2011 $	2010 $
Amounts recognised as expense		
Interest expense*	392,447	359,991
	392,447	359,991

Aggregate amounts receivable/payable arising from the above types of transactions with key management personnel of the Group:

– current borrowings	1,469,977	578,801
– non-current borrowings	2,600,000	3,067,979

* represents interest paid at 14% to APS Kemp, C Baker, and S Ferris on unsecured notes and on the two unsecured loans payable by Group companies to R.S Ferris at 8% (9.5% from 1st March 2011) and 10% as detailed above.

At balance date no Notes are outstanding with all Noteholders being repaid on 31st December 2010

24. Share-based Payments

Employee Share Option Scheme

The establishment of the Employee Share Option Scheme was approved by shareholders on 3 June 2005. All staff are eligible to participate in the scheme, including executive Directors.

Options are granted under the scheme for no consideration. The exercise price will be the amount specified by the remuneration committee at the time of issue. The exercise period is the period specified by the remuneration committee at the time of issue. Options under the plan may not exceed 5% of the total number of issued shares of the company at the date of issue.

Options lapse if prior to or during the exercise period the employee is terminated or resigns. If a person dies, becomes disabled, or is made redundant prior to the exercise period the option lapses. If a person dies, becomes disabled, or is made redundant during the exercise period special rules apply that allow options to be exercised.

Options granted under the scheme carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share for cash. Amounts receivable on the exercise of options are recognised as share capital.

24. Share-based Payments (continued)

Set out below are summaries of options granted under the scheme:

Grant date	Expiry date	Exercise price	Balance at start of year	Granted during the year	Exercised during the year	Expired/ forfeited during the year	Balance at end of the year	Exercisable at end of the year
			No	No	No	No	No	No
2011								
31 May 2007	31 Aug 2010	$2.00	40,000	-	-	40,000	-	-
2010								
31 May 2007	31 Aug 2010	$2.00	40,000	-	-	-	40,000	40,000
30 Dec 2006	20 Feb 2010	$1.60	120,000	-	-	120,000	-	-

Options held vest one third each year on the anniversary of the grant date.

The weighted average remaining contractual life of share options outstanding at the end of the 2011 year was Nil years (2010: 0.17 years).

No options were exercised during the current or prior year.

Fair value of options granted

The assessed fair value at grant date of the options granted during the year ended 30 June 2007 was $1.01 per option for the 30 December 2006 grant and $0.54 per option for the 31 May 2007 grant (2006: 35 cents per option). The fair value at grant date is determined using a Binomial option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted as at 31 May 2007, 30 December 2006, and September 2005 respectively included:

Grant date	31 May 2007	30 December 2006	30 September 2005
Consideration	Nil	Nil	Nil
Life	3 years	3 years	3 years
Exercise price	$2.00	$1.60	$1.00
Expiry date	31 August 2010	20 February 2010	19 November 2008
Share price at grant date	$2.00	$2.53	$1.20
Expected price volatility	24%	36%	39%
Expected dividend yield	6%	6%	6%
Risk free interest rate	6.22%	5.93%	5.29%

The expected price volatility is based on the historic volatility of the entity up to the grant date of the options as well as the historic volatility of a number of similar entities (based on a period with a similar life of the options). The fair value of the options granted excludes the impact of any non-market vesting conditions. There were no market based conditions.

Director Options

No such options were granted in the current or prior year.

24. Share-based Payments (continued)

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefit expense were as follows:

	2011 $'000	2010 $'000
Options issued under employee option scheme	–	9

25. Remuneration of Auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity:

(a) Audit Services – Crowe Horwath

Audit or review of the financial reports	122,200	118,000
Total remuneration for audit services	122,200	118,000

(b) Taxation Services – Crowe Horwath

Taxation compliance services	16,881	42,055
Other tax consulting services	13,000	8,690
Total remuneration for taxation services	29,881	50,745
Total auditor's remuneration of Crowe Horwath	152,081	168,745

(c) Taxation Services – Non-Crowe Horwath audit Firms

Taxation compliance services	21,000	–
Total remuneration of non-Crowe Horwath audit firms	21,000	–

There was no other remuneration paid to related practices of the auditor, or other non-related audit firms.

26. Commitments

	2011 $'000	2010 $'000
(a) Finance leases		
Commitments in relation to finance leases are payable as follows:		
Within one year	225	217
Later than one year but not later than five years	413	615
Later than five years	–	–
Minimum lease payments	638	832
Future finance charges		
– Within one year	(53)	(69)
– Later than one year but not later than five years	(37)	(87)
– Later than five years	–	–
	548	676
Representing lease liabilities:		
Current	172	148
Non-current	376	528
	548	676

Finance leases comprise leases of property, plant and equipment, under normal commercial finance lease terms and conditions.

(b) Operating leases

Commitments in relation to non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:

	2011 $'000	2010 $'000
Within one year	143	148
Later than one year but not later than five years	519	465
Later than five years	330	427
	992	1,040

Operating leases mainly comprise leases of premises in Australia (Sydney Bankstown) and in the UK (Blackpool). These leases are under normal commercial terms and conditions including rentals, in certain cases, being subject to periodic review for market and/or CPI increases as well as options for renewal.

(c) Remuneration commitments

Commitments for payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities payable:

	2011 $'000	2010 $'000
Less than one year	–	280
Greater than one year but not later than five years	50	–
	50	280

Remuneration commitments comprise the minimum amounts payable to P Kapel (2010: C Baker and S Ferris) upon termination under their service agreements.

26. Commitments (continued)

(d) Capital commitments

No Capital expenditure contracted for at balance date.

27. Financial Risk Management and Other Financial Instrument Disclosures

Financial Risk Management

The Group's activities expose it to a variety of financial risks; market risk (including foreign exchange risk, price risk, and cash flow and fair value interest rate risk), credit risk, and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by management under policies approved by the Board of Directors. Management identifies, evaluates and addresses financial risks and uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and ageing analysis for credit risk. The Board provides principles for overall risk management, as well as policies covering specific areas, such as mitigating foreign exchange, interest rate and credit risks, use of derivative financial instruments and investing excess liquidity.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group operates internationally and is exposed to foreign exchange risk primarily arising from sale and purchase transactions denominated in US dollars and UK pounds. The risk is measured using sensitivity analysis and cashflow forecasting.

These derivatives are exclusively used for hedging purposes to minimise foreign exchange risk on relevant transactions and the Group does not speculate on foreign currency. The Group manages this risk through matching, to the extent possible, of US dollar denominated receivables and payables. All transactions which are exposed to foreign exchange risk are authorised by senior management.

The Group's exposure to foreign currency risk at the reporting date was as follows:

	30-Jun-11		30-Jun-10	
	USD	GBP	USD	GBP
	$'000	'000	$'000	'000
Cash and cash equivalents	440	4	775	31
Trade and other receivables	14,821	-	15,199	3
Forward exchange contracts	(13)	-	9	-
Trade and other payables	(2,467)	(63)	(1,706)	(138)
Borrowings	(2,858)	-	(2,833)	-
Other liabilities	(192)	-	(415)	-

27. Financial Risk Management and Other Financial Instrument Disclosures (continued)

(a) Market risk (continued)

Group sensitivity

Based on the financial instruments held at 30 June 2011, had the Australian dollar weakened/strengthened by 10% against the USD dollar, with all other variables held constant, the Group's post tax profit for the year would have been $527,000 higher/$644,000 lower (2010: $1,006,000 higher/$839,000 lower), mainly as a result of foreign exchange gains and losses on translation of US dollar denominated financial instruments as detailed in the above table.

Equity would have been $527,000 higher/$644,000 lower (2010: $1,006,000 higher/$823,000 lower) had the Australian dollar weakened/strengthened by 10% against the US dollar due to the reasons noted above. Equity is less sensitive to movements in the Australian dollar/US dollar exchange rates in net US dollar Statement of Financial Position exposure in 2011 compared to 2010 as a consequence of the significant strengthening of the Australian dollar.

The Group's exposure to other foreign exchange movements is not material.

The strengthening of the Australian dollar by 25% from $US 0.85 at 30 June 2010 compared to $US 1.065 at 30 June 2011 has reduced the impact of the +-10% market risk sensitivity calculation.

As the company undertakes the majority of its sales and purchases in US dollars and margin is generated in US dollars it is negatively impacted by this significant, 25%, strengthening of the Australian dollar as demonstrated by the foreign exchange loss in the Statement of Comprehensive Income for 2011 of $A 2,659,000 (2010: loss $697,000).

(ii) Price risk

The Group is not directly exposed to material equity securities price risk or commodity price risk.

(iii) Cash flow and fair value interest rate risk

The Group has significant interest bearing liabilities, as detailed below. The majority of these liabilities bear fixed interest rates. The fair value interest rate risk is not hedged. However, as noted above, the fixed interest rate bank loans are generally used to fund extended credit receivables. Loans from financial institutions are used to purchase and refurbish aviation assets. Although the fair value interest rate risk is not hedged where possible the loans are matched against receivables in currencies that match the interest rate risk. The unsecured notes which bear a fixed interest rate were primarily issued to fund the engine rental pool which derives rental revenue as disclosed in note 2. The unsecured notes were repaid on 31 December 2010.

Variable rate debt (primarily the bank overdraft) is also not hedged.

The Group's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below:

27. Financial Risk Management and Other Financial Instrument Disclosures (continued)

(a) Market risk (continued)

	Effective Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturing 1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Non-Interest Bearing	Total
	%	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2011										
Financial assets										
Cash and cash equivalents	0.73%	665	-	-	-	-	-	-	5	670
Trade and other receivables	-	-	-	-	-	-	-	-	3,243	3,243
Extended credit receivables	13.22%	-	2,003	359	411	9,295	-	-	-	12,068
Total financial assets		665	2,003	359	411	9,295	-	-	3,248	15,981
Financial liabilities										
Trade and other payables	-	-	-	-	-	-	-	-	4,163	4,163
Bank overdraft	7.95%	1,274	-	-	-	-	-	-	-	1,274
Bank Loans	7.00%	2,705	1,994	27	-	-	-	-	-	4,726
Bills payable	9.17%	9,250	3,475	2,210	-	-	-	-	-	14,935
Lease liabilities	10.32%	-	171	255	122	-	-	-	-	548
Insurance Loan	4.23%	-	111	-	-	-	-	-	-	111
Related party loans	9.89%	-	1,470	2,600	-	-	-	-	-	4,070
Total financial liabilities		13,229	7,221	5,092	122	-	-	-	4,163	29,827

27. Financial Risk Management and Other Financial Instrument Disclosures (continued)

(a) Market risk (continued)

	Effective Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturing: 1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Non-Interest Bearing	Total
	%	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2010										
Financial assets										
Cash and cash equivalents	1.18	1,155	-	-	-	-	-	-	6	1,161
Trade and other receivables	-	-	-	-	-	-	-	-	3,051	3,051
Extended credit receivables	13.06	-	2,850	582	449	644	11,486	-	-	16,011
Total financial assets		1,155	2,850	582	449	644	11,486	-	3,057	20,223
Financial liabilities										
Trade and other payables	-	-	-	-	-	-	-	-	4,394	4,394
Bank overdraft	7.42	939	-	-	-	-	-	-	-	939
Bank loans	7.38	294	1,322	2,408	2,355	-	-	-	-	6,379
Bills payable	8.29	5,375	3,140	3,475	2,210	-	-	-	-	14,200
Lease liabilities	10.49	-	148	158	248	122	-	-	-	676
Unsecured notes	14.00	-	4,589	-	-	-	-	-	-	4,589
Related party loans	9.81	-	138	3,068	-	-	-	-	-	3,206
Total financial liabilities		6,608	9,337	9,109	4,813	122	-	-	4,394	34,383

There are no other interest bearing financial assets and liabilities.

Group sensitivity

As the majority of the interest rates are fixed, at 30 June 2011 if interest rates had changed by -/+100 basis points from year-end rates with all other variables held constant, post tax profit and equity for the year would not be materially impacted (2010: immaterial).

Net Fair Values

The net fair values of financial assets and financial liabilities approximate their carrying values.

Derivative Financial Instruments

The Group does not normally use derivative financial instruments except as noted above.

27. Financial Risk Management and Other Financial Instrument Disclosures (continued)

(b) Credit risk

The Group trades only with recognised, creditworthy third parties.

The main credit risk arises from receivables balances. These balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not considered significant by the Directors. Management review the credit rating of each customer, taking into account any previous trading history with the Group, its financial position, and external credit reports where appropriate. Individual risk limits are set based on internal ratings and compliance is regularly monitored by management.

The Group trades only with recognised, creditworthy third parties.

The main credit risk arises from receivables balances. These balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not considered significant by the Directors. Management review the credit rating of each customer, taking into account any previous trading history with the Group, its financial position, and external credit reports where appropriate. Individual risk limits are set based on internal ratings and compliance is regularly monitored by management.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments at balance date except as follows:

- The Group's customers are involved in the airline passenger and freight operation industry;
- There are a number of individually significant receivables. For example at 30 June 2011 the largest 10 debtors comprised approximately 86% (2010: 89%) of total receivables. It should be noted that the largest debtor is an extended credit receivable to a customer in Indonesia which accounts for 69% (2010: 70%) of total receivables. The Group has security over the underlying asset in the event of a default, in conjunction with guarantees of $5 million USD from the parent entity of the customer. There is a broad spread of other trade and extended credit receivables comprising 10% and 12% (2010: 11% and 14%) of total receivables respectively; and
- The receivables are concentrated in six main geographical areas. Refer to note 28 for further information.

At balance date cash was held with the Commonwealth Bank of Australia.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Group also ensures that adequate unutilised borrowing facilities and cash reserves are maintained. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, unsecured notes, and finance leases and finance company loans.

27. Financial Risk Management and Other Financial Instrument Disclosures (continued)

(c) Liquidity risk (continued)

	Consolidated	
	2011 $'000	2010 $'000
Finance Facilities		
Available facilities		
Bank overdraft	1,500	1,587
Bank loans – chattel mortgage	4,437	6,224
– other	376	376
Bills payable – multi option	14,935	14,200
Finance Company Leases & Loans	658	831
Notes	–	4,589
Related party facilities	4,070	3,206
	25,976	31,013
Amounts utilised		
Bank overdraft	1,274	939
Bank loans – chattel mortgage	4,437	6,225
– other	290	179
Bills payable – multi option	14,935	14,200
Finance Company Leases & Loans	658	831
Notes	–	4,589
Related party facilities	4,070	3,206
	25,664	30,169
Unused facilities		
Bank overdraft	226	648
Bank loans – chattel mortgage	–	–
– other	86	197
Bills payable – multi option	–	–
Finance Company Leases & Loans	–	–
Notes	–	–
Related party facilities	–	–
	312	845

27. Financial Risk Management and Other Financial Instrument Disclosures (continued)

(c) Liquidity risk (continued)

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities and net and gross settled derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cashflows.

	1 year or less $'000	1 to 2 years $'000	2 to 3 years $'000	3 to 4 years $'000	4 to 5 years $'000	Over 5 years $'000	Total $'000
Group 2011							
Non-derivatives							
Non-interest bearing	4,163	-	-	-	-	-	4,163
Variable rate	7,706	3,937	-	-	-	-	11,643
Fixed rate	8,607	7,401	128	-	-	-	16,136
Total financial liabilities	20,476	11,338	128	-	-	-	31,942
Group 2010							
Non-derivatives							
Non-interest bearing	4,215	-	-	-	-	-	4,215
Variable rate	2,550	4,610	-	-	-	-	7,160
Fixed rate	10,904	9,943	4,981	129	-	-	25,957
Total financial liabilities	17,669	14,553	4,981	129	-	-	37,332

Bank overdraft

The bank overdraft facilities are subject to annual review and may be drawn at any time. The interest rate is variable and is based on prevailing market rates.

Bank loans

The chattel mortgage loans are repayable by monthly instalments of principal and fixed interest over a period of 2 to 4 years from each draw down date.

The other bank loans are subject to annual review. The interest rate is variable and is based on prevailing market rates.

27. Financial Risk Management and Other Financial Instrument Disclosures (continued)

(c) Liquidity risk (continued)

Related party loans

The related party loans are at the interest rate of 9.5% and 10% per note 23.

Bills payable

The multi-option facility includes variable rate commercial bills of $15,046,000 at a weighted average interest rate of 9.16%. For each drawing of a bill, a rate is quoted by the bank at the time of draw down. The bills have terms between one and two years and the facility is subject to annual review.

Maturities of financial liabilities

The previous tables analyse the Group's financial liabilities, net and gross settled derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cashflows.

28. Segment Information

The Group operates in the following business segments:

- Aircraft Transport; and
- Aircraft and Engines Sales and Rentals: Including trading in airframes, engines, and related parts, repairs, operating lease rentals, and sale on extended credit of aircraft, engines, and related parts (including hire purchase agreements).

Primary Reporting – Business Segments

For the 2010 year the company had no operations or assets employed in the Air Transport Segment.

In the second half of the 2011 year the company has transferred aircraft, formerly in inventory, to form the asset base of a business operating in the Aircraft Transport Sector. No trading has occurred in this segment in the 2011 year with operations expected to commence in the 2012 year.

28. Segment Information (continued)

	Aircraft Transport $'000	Aircraft & Engines Sales/Rentals $'000	Elimination $'000	Total $'000
2011				
Segment revenue				
Sales to external customers	–	31,347	–	31,347
Intersegment sales	–	–	–	–
Total sales revenue	–	31,347	–	31,347
Other revenue/income	–	–	–	–
Total segment revenue/income	–	31,347	–	31,347
Unallocated revenue				–
Consolidated revenue/income				31,347
Segment result				
Segment result	–	–	–	–
Unallocated revenue less unallocated expenses				1,035
Profit before income tax				1,035
Income tax expense				(378)
Profit for the year				657
Assets				
Segment assets	12,330	63,718	–	76,048
Unallocated assets				1,649
Total assets				77,697
Liabilities				
Segment liabilities	–	6,357	–	6,357
Unallocated liabilities				28,107
Total liabilities				34,464
Other segment information				
Acquisition of property, plant and equipment, intangibles and other non- current segment assets	–	354	–	354
Unallocated				–
Total acquisitions				354
Depreciation and amortisation expense	–	1,491	–	1,491
Unallocated				–
Total depreciation and amortisation				1,491

28. Segment Information (continued)

	Aircraft Transport $'000	Aircraft & Engines Sales/Rentals $'000	Elimination $'000	Total $'000
2010				
Segment revenue				
Sales to external customers	-	27,241	-	27,241
Intersegment sales				
Total sales revenue	-	27,241	-	27,241
Other revenue/income	-	-	-	-
Total segment revenue/income	-	27,241	-	27,241
Unallocated revenue				3,633
Consolidated revenue/income				30,874
Segment result				
Segment result	-	(52)	-	(52)
Unallocated revenue less unallocated expenses				2,289
Profit before income tax				2,237
Income tax expense				(590)
Profit for the year				1,647
Assets				
Segment assets	-	80,114	-	80,114
Unallocated assets				1,966
Total assets				82,080
Liabilities				
Segment liabilities	-	7,157	-	7,157
Unallocated liabilities				32,380
Total liabilities				39,537
Other segment information				
Acquisition of property, plant and equipment, intangibles and other non- current segment assets	-	1,193	-	1,193
Unallocated				-
Total acquisitions				1,193
Depreciation and amortisation expense	-	1,929	-	1,929
Unallocated				-
Total depreciation and amortisation				1,929

28. Segment Information (continued)

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/New Zealand, Pacific Islands, North America, Asia, Africa, Europe.

The following table shows the distribution of the Group's sales, assets, and purchase of property, plant and equipment by those geographical markets:

	Segment Revenues From Sales to External Customers		Segment Assets		Purchase of Property, Plant and Equipment	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Australia/NZ	9,693	12,987	43,100	43,345	168	915
Pacific	8,684	4,966	285	2,870	–	–
North America	2,007	2,408	570	235	186	267
Asia	8,784	7,788	16,127	18,935	–	–
Africa	412	225	2,831	753	–	–
Europe	1,134	2,450	14,784	15,939	–	11
Other	633	50	–	3	–	–
	31,347	30,874	77,697	82,080	354	1,193
Unallocated	–	–	–	–	–	–
Total	31,347	30,874	77,697	82,080	354	1,193

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.

All other segment assets are attributed to the geographical location where they are physically located.

29. Dividends

No dividends were paid in the current or prior (2010) year.

30. Subsidiaries

Name	Country of Incorporation	Equity Holding 2011	Equity Holding 2010
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
(2) Incorporated 29 September 2005
(3) Incorporated 4 October 2006
(4) Incorporated 6 November 2006
(5) Purchased as part of business combination on 21 September 2006.
Aeropelican Air Services disposed 30 September 2008.
(6) Incorporated 18 October 2006
(7) Incorporated 13 October 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 for those acquired as part of the business combination in prior years.

31. Deed of Cross Guarantee

On 29 June 2007, PTB Group Limited and all of its subsidiaries, excluding PTB Finance Limited and Pacific Turbine Inc, entered into an arrangement as parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly owned entities have been relieved from the requirements to prepare a financial report and Directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

(a) Consolidated statement of comprehensive income and summary of movements in consolidated retained earnings

PTB Group Limited and its subsidiaries, excluding PTB Finance Limited and Pacific Turbine Inc, represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by PTB Group Limited, they also represent the 'Extended Closed Group'.

Set out below is a consolidated statement of comprehensive income and a summary of movements in consolidated retained profits for the year ended 30 June 2011 of the Closed Group:

	2011 $'000	2010 Restated $'000
Revenue	30,918	27,241
Other income	–	3,633
Total Revenue	30,918	30,874
Cost of goods sold	(15,060)	(13,945)
Employee benefits expense	(5,028)	(4,346)
Depreciation and amortisation	(1,491)	(1,929)
Repairs and maintenance	(70)	(61)
Bad and doubtful debts	120	(395)
Finance costs	(2,397)	(3,809)
Net foreign exchange loss	(2,659)	(697)
Net loss on sale of property, plant and equipment	(441)	(27)
Other expenses	(2,905)	(3,494)
Total expenses	(29,931)	(28,703)
Profit before income tax expense	987	2,171
Income tax expense	(362)	(570)
Profit for the year	625	1,601
Statement of Comprehensive Income		
Profit for the year	625	1,601
Other comprehensive income net of tax	–	–
Total comprehensive income for the year attributable to the owners of the parent entity	625	1,601
Summary of movements in consolidated retained profits		
Retained profits at the beginning of the financial year	13,476	11,592
Reserves	–	283
Profit for the year	627	1,601
Retained profits at the end of the financial year	14,101	13,476

31. Deed of Cross Guarantee (continued)

(b) Consolidated Statement of Financial Position

Set out below is a consolidated statement of financial position as at 30 June 2011 of the Closed Group:

	2011 $'000	2010 Restated $'000
Current Assets		
Cash and cash equivalents	671	1,106
Trade and other receivables	4,819	5,344
Inventories	13,140	29,389
Derivative financial instruments	13	-
Current tax assets	-	266
Other current assets	529	423
Total Current Assets	19,172	36,528
Non-Current Assets		
Trade and other receivables	10,523	16,114
Inventories	7,206	-
Other financial assets	264	264
Property, plant and equipment	34,827	25,603
Deferred tax assets	1,589	1,696
Intangible assets	4,334	4,334
Other non-current assets	47	142
Total Non-Current Assets	58,790	48,153
Total Assets	77,962	84,681
Current Liabilities		
Trade and other payables	4,788	4,380
Borrowings	13,933	6,879
Current tax liabilities	41	41
Provisions	702	674
Other current liabilities	985	1,697
Total Current Liabilities	20,449	13,671
Non-Current Liabilities		
Borrowings	11,418	25,742
Deferred tax liabilities	2,436	2,170
Provisions	164	136
Other non-current liabilities	344	436
Total Non-Current Liabilities	14,362	28,484
Total Liabilities	34,811	42,155
Net Assets	43,151	42,526
Equity		
Contributed equity	29,050	29,050
Reserves	-	283
Retained earnings	14,101	13,193

Total Equity	43,151	42,526

32. Related Party Transactions

a) Parent entity and subsidiaries

The ultimate parent entity of the Group is PTB Group Limited. Interests in subsidiaries are set out in note 30.

b) Key management personnel

Disclosures relating to key management personnel are set out in note 23.

c) Outstanding balances arising from sales/purchases of goods and services

	2011 $'000	2010 $'000
Trade and extended credit receivables	–	400,750
Trade payables	–	–

33. Parent Entity Financial Information

a) Summary financial information

Statement of Financial Position		
Current assets	8,715	9,367
Total Assets	46,881	40,715
Current liabilities	5,641	3,447
Total Liabilities	10,517	5,458
Shareholder's equity		
Issued Capital	29,050	29,050
Reserves		
Share based payments	–	283
Retained earnings	7,314	5,924
	36,364	35,257
Profit or loss for the year	1,107	380
Total comprehensive income	1,107	380

b) Guarantees entered into by the parent entity

Carrying amount included in current liabilities	–	–
	–	–

34. Events after the Balance Date

No matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future years.

35. Contingent liabilities

The Group had the following contingent liabilities as at 30 June 2011.

Favouree	Bank	Date	2011 $'000	2010 $'000
Brisbane Airport Corporation Limited	ANZ	24/10/2003	21	21
Bankstown Airport Limited	CBA	27/03/2007	18	18
			39	39

36. Correction of prior year error and revision of estimates

Tax Consolidation Asset Base Reset – 2009 Financial Year

Groups entering into Tax Consolidation are required to reset the tax asset values. The Group entered into a Tax Consolidated Group effective 1st July 2009 and omitted to undertake the tax asset value reset in the 2009 accounts.

This omission has required amendments to the 2009 accounts and submission of amended income tax returns for 2009 and 2010. These amendments have given rise to an unpaid current tax liability of $41,173 and have no impact on the 2009 result as the net change to deferred tax accounts of $1,000,179 as per accounting standards has been applied to retained earnings.

The error has been corrected via restatement of the comparatives for the year ended 30 June 2010 being the earliest year presented in this annual report. The following table outlines the amount of the corrections for each line item affected included in the restated comparative accounts for the year ended 30 June 2010 and the impact on the opening balances of those restated accounts as at 1 July 2009:

36. Correction of prior year error and revision of estimates (continued)

Restatement – 30 June 2010	2010	Adjustment	2010 restated
	$'000	$'000	$'000
Current assets			
Current tax assets	266	–	266
Total current assets	30,583	–	30,583
Non-current assets			
Deferred tax assets	1,353	347	1,700
Total non-current assets	51,150	347	51,497
Total assets	81,733	347	82,080
Current liabilities			
Current tax liabilities	–	41	41
Total current liabilities	18,232	41	18,273
Non-current liabilities			
Deferred tax liabilities	2,909	(739)	2,170
Total non-current liabilities	22,003	(739)	21,264
Total liabilities	40,235	(698)	39,537
Net assets	41,498	1,045	42,543
Equity			
Retained profits	12,242	1,045	13,287
Total equity	41,498	1,045	42,543
Income tax expense	(635)	45	(590)
Profit for the year attributable to the owners of the parent entity	1,602	45	1647
Total comprehensive income for the period attributable to the owners of the parent entity	1,602	45	1647
	Cents	**Cents**	**Cents**
Basic earnings per share	5.37	0.15	5.52
Diluted earnings per share	5.37	0.15	5.52

36. Correction of prior year error and revision of estimates (continued)

Restatement -1 July 2009	1 July 2009 $'000	Adjustment $'000	1 July 2009 restated $'000
Current assets			
Current tax assets	353	-	353
Total current assets	35,244	-	35,244
Non-current assets			
Deferred tax assets	2,220	224	2,444
Total non-current assets	49,804	224	50,028
Total assets	85,048	224	85,272
Current liabilities			
Current tax liabilities	429	41	470
Total current liabilities	13,446	41	13,487
Non-current liabilities			
Deferred tax liabilities	2,701	(817)	1,884
Total non-current liabilities	32,592	(817)	31,775
Total liabilities	46,038	(776)	45,262
Net assets	39,010	1,000	40,010
Equity			
Retained profits	10,640	1,000	11,640
Total equity	39,010	1,000	40,010

Director's Declaration
for the year ended 30 June 2011

The Directors of the Company declare that:

(a) the attached financial statements and notes, as set out on pages 28 to 81 are in accordance with the *Corporations Act 2001* and:
   (i) comply with Australian Accounting Standards and the Corporations Regulations 2001; and
   (ii) give a true and fair view of the financial position as at 30June 2011 and of the performance for the year ended on that date of the consolidated entity;

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 30 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 31; and

(d) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

The Directors have been given the declarations by the chief executive officer and chief financial officer for the financial year ended 30 June 2011 required by section 295A of the *Corporations Act 2001*.

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

H Parker
Chairman
Brisbane
31 August 2011

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A WHK Group Firm

To the members of PTB Group Limited

Report on the Financial Statements

We have audited the accompanying financial report of PBT Group Limited, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors Responsibility for the Financial Statements

The directors of the company are responsible for the preparation of the financial report that give a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements,* that the financial statements comply with *International Financial Reporting Standards.*

Auditor's Responsibility

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

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

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

Independence

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

Opinion

In our opinion:

(a) the financial report of PTB Group Limited is in accordance with the *Corporations Act 2001*, including:
 (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001;* and
(b) the consolidated financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Remuneration Report

We have audited the Remuneration Report included in pages 13 to 18 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001. Our responsibility is to express* an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of PTB Group Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

Crowe Horwath Brisbane

Crowe Horwath Brisbane

B.D. Worrall

Brendan Worrall
Partner

Signed at Brisbane, 31 August 2011

The shareholder information set out below was applicable as at 27 September 2011.

(a) Distribution of Shareholders:

Category (size of Holding)	Class of equity security: Ordinary Shares	Class of equity security: Options
1 – 1,000	39	-
1,001 – 5,000	153	-
5,001 – 10,000	61	-
10,001 – 100,000	103	-
100,001 and over	33	-
	389	-

(b) The number of ordinary shareholdings held in less than marketable parcels is 100.

(c) The names of the substantial shareholders (including related entities) listed in the company's register are:

	Number of Ordinary Shares Held	Percentage %
RS Ferris	6,908,054	21.44
Keybridge Capital	5,822,033	18.07
River Capital	3,923,032	12.17
CL Baker	1,931,704	6.00
SG Smith	1,843,860	6.00
GD Hills	1,776,000	6.00

(d) Voting Rights

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote. Options carry no voting rights.

(e) 20 Largest Shareholders — Ordinary Shares (Quoted):

	Number of Ordinary Fully Paid Shares Held	Percentage %
RS Ferris	6,908,054	21.44%
Keybridge Capital Limited	5,822,033	18.07%
River Capital Alternate Fund Management	3,923,032	12.17%
Baker Superannuation	1,249,600	3.88%
J Flintoft	888,000	2.76%
G Hills	888,000	2.76%
M Hills	888,000	2.76%
SG Smith & JA Flintoft Superannuation Fund	750,000	2.33%
RG Yannis	625,298	1.94%
Norfolk Enchants Pty Ltd (Trojan Superannuation Fund)	616,565	1.91%
M Yannis	548,690	1.70%
S Martin	491,052	1.52%
M R & S J Gordon Super A/c	446,276	1.38%
CH Croaker	415,414	1.29%
Moat Investments Pty Ltd	354,000	1.10%
David Family Superannuation Fund	337,000	1.05%
H Parker	296,000	0.92%
H Jones	276,000	0.86%
K Ardern & M Ardern (Harpos Super Fund A/c)	260,585	0.81%
G Yannis & T Yannis (Unley Child Care Centre A/c)	257,783	0.80%
Harvels Pty Ltd	200,000	0.62%
C Baker	191,052	0.59%
	26,632,434	82.64%

Unquoted equity securities	Number on issue	Number of holders
Options issued under the PTB Group Ltd Share Option Scheme to take up ordinary shares	-	-

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