PTB GROUP LIMITED

ANNUAL REPORT

30 June 2015

ABN 99 098 390 991

Corporate Directory and Information

Directors
Harvey Parker, Chairman
Craig Baker, Managing Director and CEO
Steve Ferris, Executive Director
Andrew Kemp, Non-executive Director
Nicholas Bolton, Non-executive Director

Company Secretary
Daniel Zgrajewski

Registered Office and Principal Administrative Office
22 Orient Avenue
PINKENBA QLD 4008

Mailing Address
PO Box 90
PINKENBA QLD 4008

Telephone: +61 7 3637 7000
Facsimile: +61 7 3260 1180

Share Registry
Link Market Services
Level 15, 324 Queen Street
BRISBANE QLD 4000

Telephone: 1300 554 474
Facsimile: +61 7 3228 4999

Bankers
Commonwealth Bank
Business and Private Banking
Lvl 3, Tower B, 799 Pacific Highway
CHATSWOOD NSW 2067

Solicitors
Talbot Sayer Lawyers
4/293 Queen Street
Brisbane QLD 4000

Auditor
Williams Hall Chadwick
Level 19
144 Edward Street
BRISBANE QLD 4000

Stock Exchange Listing
The Company is listed on the
Australian Securities Exchange
ASX Code: PTB

Internet address
www.pacificturbine.com.au

PTB GROUP LIMITED

ANNUAL REPORT
30 June 2015

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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.

Chairman and Managing Director's Review

for the year ended 30 June 2015

1. Results

Net profit after tax for the Group is $1.963 million in 2015 compared to a loss of $11.137 million in 2014. Profit per share is 5.33 cents (2014: loss per share of 30.44 cents). Net tangible assets per share (NTA) are $0.73 (2014: $0.80).

An interim fully franked dividend of 5 cents per share was paid in the year ended 30 June 2015 (2014: Nil).

An analysis of the operational earnings is set out below and on the following pages.

2. The 2015 Year in Review

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

	Actual 2015 $'000	Actual 2014 $'000	Actual 2013 $'000	Actual 2012 $'000
PTB Business	2,579	3,339	4,099	3,504
Corporate Overheads	(863)	(993)	(1,275)	(1,443)
PTB : Engine Write-down	-	(100)	-	-
PTB : Foreign Exchange (FX)	(499)	(17)	(313)	(135)
IAP Business	(2,073)	575	280	(205)
IAP : Inventory Write-down	-	(6,475)	-	-
IAP : Aircraft Write-down	(286)	(819)	-	-
IAP : FX	44	(132)	52	(43)
Emerald Assets	3,966	533	(42)	(286)
Emerald : FX	(174)	(54)	(357)	341
Emerald : Inventory Write-down	-	(741)	-	-
Emerald : Aircraft Write-down	-	(8,370)	-	-
Emerald : Impairment of Extended Credit Receivables	(4)	(2,653)	-	-
Emerald : Discount on asset realisation transactions	-	-	(1,859)	40
Profit/(Loss) before Income Tax Expense	**2,690**	**(15,907)**	**585**	**1,773**
Profit/(Loss) before Income Tax Expense (excluding non-cash asset write-downs)	**2,980**	**3,251**	**2,444**	**1,773**

The PTB Business had a solid year contributing $2.579 million to the Group result. The consistent results for this business are driven by long-term engine maintenance contracts.

The IAP Business returned a net loss before tax of $2.073 million. This loss was mainly driven by lower than expected aircraft leasing revenue, redundancy costs, a provision for remediation work on one of our properties and a provision for impairment of a receivable from the 2014 year. A further provision for the write-down of two aircraft has also been included in the 2015 results.

The Emerald Assets Business had a very good year with a net profit before tax of $3.966 million. The result was boosted by the gain on disposal of an ATP aircraft following an incident in Indonesia this year. The aircraft was written-off by the lessee's insurers and the full proceeds have been received by Emerald.

The PTB Business is expected to return a better result for 2016 with incremental gains in productivity.

The 2016 results for IAP are expected to improve significantly with a return to overall profits. Increased revenues from three Jetstream aircraft that were placed on leases from June 2015 and ongoing labour savings following the transfer of the accounting and administration functions to the head office in Brisbane will be the main drivers.

The Emerald Assets Business is expected to make small, consistent profits from ATP aircraft in Indonesia for the next three to four years. All of the legacy issues regarding aircraft have now all been addressed with no idle aircraft remaining.

Managing cash flow to pay down debt, build working capital and provide cash to pay dividends

The Group's cash position has improved significantly compared to the prior year. This is mainly due to proceeds on disposal of aircraft assets during the year. A portion of these proceeds have already been used to fund loan repayments and the payment of a dividend.

The Group has paid down $1.372 million of debt in the 2015 financial year (2014: $1.574 million). The Group will continue to pay down loans in the Emerald Assets business and maintain an appropriate level of debt in the other businesses.

The Company paid a 5 cents per share dividend in June 2015 with $0.418 million being paid out in cash and the remainder in shares under the company's dividend reinvestment plan.

PTB (Brisbane) business

PTB is a focused engine business concentrating on the PT6 and TPE331 engines. The TPE331 engine is a significant contributor to Brisbane's profitability but it is a mature engine with a slowly declining operator base. PTB has a number of TPE331 engine management contracts, which will assist the business to maintain profitability in line with the declining operator base.

The small PT6A engine is the cornerstone of the PTB engine business and will remain so into the future. Over time we expect to become a major player in this global market. Our PT6A engine overhaul shop is geared to produce engines for our contract customers. Due to growth in our contract customer base, the shop does not currently have the capacity to meet all of the demand of both contract and non-contract customers. In order to meet the increased demand, we currently have a number of engines in work in the USA.

The PT6A contribution continues to grow. The bigger Pratt & Whitney approved shops have difficulty making a return in the small PT6A space as there is insufficient margin to cover their overhead costs. This continues to provide opportunities for the smaller, highly skilled, proactive shops with minimal overheads, such as ours. Our emphasis on customer service also provides a competitive advantage.

The Group's focus on the PT6A small engine means it continues to build knowledge in repairs and procurement enabling the business to reduce the cost of rebuilding and maintaining the engine. With the established production plan that contract customers provide, the business can extract maximum value from any opportunist bulk parts buys or engine opportunities that may arise. There continues to be organic growth opportunities for the PT6A Brisbane shop and the Group continues to invest in plant, people and processes that improve efficiencies and profitability.

In addition to this, the Group is planning to partner with or purchase a PT6A engine overhaul facility in the USA. This will allow the business to market its engine maintenance programs to customers across the world. The USA capacity will also provide operational efficiencies and cost reduction opportunities through reduced freight and repair costs.

The USA is the home of turbine engines and the cost of labour, market access and the regulatory environment makes it the favoured option to increase capacity and open new markets. A USA facility would have a further advantage, in that the PTB business would not need to invest in a test cell or EASA and FAA approvals.

The business model has been built around managing the life cycle of customers' engines and providing shared benefits across the life of those engines. These programs could be expanded if the Company had the ability to finance and lease aircraft powered by small PT6A engines. This would enable PTB Brisbane to access the profit opportunities from engines as well as a net return from financing. The key is low cost finance and we continue to investigate possible funding opportunities.

The business will also continue to search out one-off trading opportunities in engines, aircraft and parts. These deals have led to significant profits in past years and are expected to continue to contribute into the future.

IAP Businesss

The IAP business had a difficult year with idle aircraft and one-off costs leading to a significant operating loss for the year.

Three of the idle aircraft were placed on operating leases from June 2015. These aircraft will drive a significant improvement in results for 2015-16.

The structure of the IAP Business was reviewed during the year. It was decided that while the core businesses need to continue to improve returns, the high overheads costs were a major factor in the poor overall results. It was decided that the administration and accounting functions would be combined with the head office in Brisbane. The majority of existing accounting and administration staff in the Sydney office were made redundant in the second half of the financial year. There have been no increases in staff in Brisbane in relation to this leading to an ongoing staff saving for IAP and the Group.

The engine division continues to provide solid margins. The division is mainly focused on Rolls Royce engines and there has been a steady flow of work since Rolls Royce announced that it was discontinuing its Dart support. The knowledge in the engine division enables them to work across a number of turbine engine types and this knowledge will be valuable in evaluating future engine and product line opportunities.

The Airframe division has focused on Fokker and British Aerospace airframes. It also has a major role in supporting the lease customers of Emerald and IAP. The airframe segment is not expected to grow in future years and will continue to extract returns from a sell down of the existing stock, while maintaining an appropriate level of stock to support lease customers.

Idle aircraft has been a major issue for the IAP Business. The IAP business has four Jetstream aircraft and two Metro aircraft available for lease with all but one of these having been idle for the majority of the financial year. The three idle Jetstreams were returned to service in June 2015 and will provide a significant improvement to results for 2016. The IAP business continues to look for opportunities to get the two Metros back into service.

Emerald Assets Business

The 2015 results for the Emerald Assets business were boosted by the gain on disposal of an ATP aircraft. The aircraft was damaged due to an excursion from the runway during a landing in poor weather conditions. No one was injured in the incident but there was significant damage to the landing gear, a wing and one of the engines. The lessee's insurers deemed it a total write-off and the insurance proceeds have been received.

During the year, the business also negotiated a cash deal to close-out the lease of an HS748 to an African customer.

This leaves the Emerald business with one owned ATP aircraft on lease to a long-term customer and another customer owned ATP on a maintenance agreement. The remaining idle ATP aircraft in England has been reduced to spares and will be used to support the other ATP's.

Emerald will make a modest profit and a significant EBITDA contribution in the upcoming years, with the funds used to pay down debt.

3. Commentary on Operations during the Year

A summary of operational results (excluding tax, FX and non-cash asset write-downs) for each business is included below:

	Actual 2015 $'000	**Actual 2014** $'000	**Actual 2013** $'000	**Actual 2012** $'000
PTB Business	2,579	3,339	4,099	3,504
IAP Business	(2,073)	575	280	(205)
Emerald Assets	3,966	533	(42)	(286)
Corporate Overheads	(863)	(993)	(1,275)	(1,443)
Operational results (excluding non-cash asset write-downs and FX)	**3,609**	**3,454**	**3,062**	**1,570**

PTB Business Performance

The PTB Business generated an operational profit of $2.579 million. The consistent results for the business continue to be underwritten by the long-term engine maintenance contracts. The PT6 Workshop had a reasonable year but fell $0.710 million short of the margins that were achieved in the prior year.

Additional requirements under the Civil Aviation Safety Authority (CASA) Part 145 approval, compared to the previous CAR30 approval, led to additional costs and a reduction in productivity. The new Part 145 rules for maintenance organisations commenced in June 2013 and were designed to align Australia with the European (EASA) and USA (FAA) rules that have been in place for decades. We believe that the new rules have added additional layers of complexity above the equivalent FAA rules, which leaves the USA shops with a significant competitive advantage.

The business started to come to grips with the additional requirements from the Part 145 maintenance approval in the final quarter, leading to a corresponding improvement in productivity. The business will continue to work on this and further improvements are expected in 2016.

Availability of suitable staff also had an impact on productivity during peak periods.

Despite the reduced margins compared to the prior year, the PT6 Workshop was still the largest contributor to the overall result.

Engine sales had a very good year. Excellent margins were made from a batch of PT6 engines that were purchased during the year and drove a significant increase in margins compared to the prior year.

Parts sales to non-contract customers were $0.306 million lower than the previous year. This was a disappointing result and the business is focused on improving results in this area in 2016.

Parts sales to contract customers were in line with the prior year and were a significant contributor to the overall margin.

Engine rental income for the year was slightly higher than the prior year. While there are opportunities in this area into the future, it will depend on the availability of capital to purchase additional engines for lease. There may also be opportunities for the rental or leasing of engines from stock where a surplus becomes available.

IAP Business performance

The IAP Business finished the year with a net operational loss (excluding tax, non-cash asset write-downs and FX) of $2.073 million.

The overall loss was driven by:

- Reduced aircraft rentals
- Redundancy costs
- Property rehabilitation provision
- Debtor impairment provision
- Additional depreciation costs.

Aircraft rentals were $0.489 million lower than the prior year due to all but one aircraft remaining idle for the majority of the year. As at June 2015, all four of the Jetstream aircraft are now operating on leases. This is forecast to deliver a $0.592 million increase in returns for 2016. This could be further improved if leases or sales of the two remaining Metro aircraft are found.

The majority of the accounting and administrative functions for IAP were moved to the head office in the final quarter of the 2015 year. This led to the payment of redundancy costs but will deliver a significant reduction in overhead costs for the upcoming year.

Provisions were taken up for possible impairments to debtors. This was made up of two large engine sales where the engines are still in IAP's possession. While it is likely that these debts will either be paid, or the engines sold to another party, it was felt that it was prudent to take up the provision.

Depreciation costs were higher in 2015 due to the idle aircraft. For operating aircraft, the depreciation is charged as part of the cost of sales, rather than as an overhead. This will reduce in the upcoming year in line with the aircraft returning to service. The increased rental returns mentioned previously are net of the depreciation costs.

The core airframe parts and engine sales businesses of IAP returned similar results to the prior year and are forecast to produce similar results for next financial year. These businesses are now well set up to produce consistent returns without a reliance on one-off deals.

Overall, the IAP Business is well positioned to deliver a solid profit for the 2016 year.

Emerald Assets

The Emerald 2015 operating result (excluding tax, non-cash asset write-downs and FX) was a profit of $3.966 million (2014: $0.533 million). The gain on disposal of an ATP aircraft was a significant contributor to the result.

Movements in aircraft during the year were:

- One ATP was delivered on a long-term lease;
- One leased ATP was damaged in a landing incident and has been written-off;
- One ATP was broken down into parts to support the leased aircraft;

Emerald now owns just one aircraft, which is attached to a long-term lease. In addition to this, Emerald has a maintenance contract for a second ATP that is owned by the same customer.

For the next three to four years the Emerald Assets business will provide modest profits from this lease, interest from a hire purchase agreement and the ATP maintenance contract. Funds will primarily be used to pay down debt.

Corporate Overheads

The Group's corporate overheads were $0.863 million (2014: $0.993 million). The Group is continually looking for ways to make savings in overheads and this is reflected in the below budget result.

4. Debt and Equity Finance

The Group has met all of its loan repayments and the CBA's covenant requirements during the year.

The Group refinanced a large proportion of its debt with the CBA during the 2015 financial year. These debts were previously included in current liabilities in 2014 and have now been reclassified as non-current for this report.

Total debt as at June 2015 has reduced to $15.675 million (2014: $16.650 million) with the weighted average interest rate also dropping to 5.77% (2014: 7.58%). Net debt is $11.875 million (2014: $15.508 million).

5. Statement of Financial Position and Net Assets

The net asset position as at June 2015 has increased to $35.101 million (2014: $33.556 million). Included in net assets are:

	2015 $'000	2014 $'000
Emerald Assets Business		
Aircraft assets	3,979	6,563
Extended credit receivables	2,789	2,479
IAP Business		
Land and buildings	3,813	6,618
Aircraft	5,878	6,946
Other fixed assets	57	311
Spare parts inventory	6,029	5,281
PTB Business		
Land and buildings	3,184	319
Other fixed assets	617	370
Spare parts	6,283	6,014
Engines	9,278	6,919
Work in progress	2,815	2,467

Note: The land, buildings and associated plant and equipment for Pinkenba (Brisbane) were transferred from IAP to PTB during the year.

There is also a significant future tax asset balance related to carry forward tax losses for the Group.

These assets are offset by borrowings, including bank overdrafts, of $15.675 million (2014: $16.650 million).

6. Cash Flows

There was a net increase in cash during 2015 of $3.594 million, compared to a decrease of $1.398 million in 2014. The broad sources and applications of funds are set out below:

	2015 $'000
Sources	
Operating (excluding PTB stock)	3,389
Insurance proceeds – Emerald ATP	7,540
Jetstream & other sale proceeds	929
Applications	
Additional stock & engines – PTB	(2,206)
Capital spend (mainly aircraft & engines)	(4,268)
Net Loan Repayments	(1,372)
Dividend – cash portion	(418)
Net Movements in Cash	**3,594**

The business will continue to focus on improving cash generated from operating activities with a view to using these funds to pay dividends and reduce debt.

The PTB Business has continued to build capacity and improve the productivity of the PT6 workshop. This has included an investment additional spare parts and engines.

The Group has invested $4.268 million during the year on assets. This included preparing ATP and Jetstream aircraft for lease, overhauling of rental engines and minor investments in tools and facilities.

The Group has continued to pay down loans during the year with all repayment and covenant requirements having been met. This will continue to be a focus for the Group as improvements in cash generation from each business flow through.

7. PTB Group's Outlook

The Group is now in a significantly better position to move forward and provide greater returns to investors.

The PTB business will continue to make consistent profits from the existing maintenance contracts while continuing to take advantage of one-off trading opportunities.

The IAP business is also in a very good position to provide a solid profit in 2016. The return of three Jetstream aircraft to service will provide a significant boost to the results. The saving in overhead costs from merging the IAP administration and accounting with the Head Office will also boost the results for the business.

The Emerald business will also return a modest profit from the remaining ATP lease and maintenance contract in 2016.

For the next 12 months we will be focused on:

- Managing cash flow to pay down debt and build working capital in each business;
- Managing cash flow to pay regular cash dividends;
- Continue building the capacity of the PT6A repair and overhaul facility;
- Promote profitability in IAP by managing costs and focusing on sales;
- Deploying remaining idle aircraft through sale or lease;
- Continuing to travel the globe to unearth possible purchase opportunities in the Group's core product lines and possible one-off trading opportunities;
- Developing new (or renewing) engine management programs;
- Continuing to focus on turning inventory into cash.
- Investigate funding opportunities to allow funding of aircraft and engines
- Building a USA PT6A capability, including management of USA engine production, a sales presence for engines, PT6A parts and engine management programs.

Harvey Parker
Chairman

Craig Baker
Managing Director

Directors' Report
for the year ended 30 June 2015

Your Directors present the financial report of PTB Group Limited and its controlled entities ("the Group") for the year ended 30 June 2015.

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)
NFJ Bolton	Director (non-executive) – appointed 11 November 2014

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.

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 were 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.

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 2013 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 use the rental fund and
- 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 lapsed as 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;
- 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; and
- Decision made to reduce the scope of the UK refurbishment facility.

FY 2010:

- Emerald financier debt refinanced by CBA 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 the Metro aircraft leased into South Korea; fourth J32 aircraft deployed with NSW RPT operator;
- PTB engine maintenance contracts expanded; and
- Continued strengthening of Australian dollar.

FY 2011:

- Substantial increase in operating performance of PTB Division;
- Good IAP Division result with one-off trading events contributing strongly;
- Debt of $4.5 million paid down; and
- Refinanced $4.6 million of Note finance by $4 million CBA Bank facility.

FY 2012:

- Good operational progress made with the PTB Business and progress made in refocussing the IAP Business;
- Cash flow from operations up to $5.4 million; and
- $3.5 million of debt paid down and $8.4 million of debt converted to USD to better match with USD receivables.

FY 2013:

- PTB Business signed a 5 year extension to the engine maintenance contract with its largest customer;
- Improved operating results from core businesses across the Group;
- Sale of ATP aircraft to existing customer. Accounting loss offset by cash benefit;
- $4.1 million of debt paid down; and
- Fully franked 5.1 cent per share dividend paid.

FY 2014:

- $19.8 million write-down of assets in IAP and Emerald;
- Rationalisation of aircraft assets in Emerald with four sold, one broken down into parts and one placed on lease;
- Focus on building PT6 overhaul capacity to service contracts;
- $1.6 million of debt paid down.

A detailed discussion and analysis of the 2015 year's performance has been provided 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 $1.963 million (2014: $11.137 million loss). Operating profit before tax for the year was $2.690 million (2014: $15.907 million loss).

Financial Position

The net assets of the Group are $35.101 million as at 30 June 2015 (2014: $33.556 million).

Dividends

A fully franked dividend of 5 cents per share was declared and paid for the 30 June 2015 financial year (2014: Nil).

Franking Credits

Franking credits available for subsequent financial years based on a tax rate of 30 per cent are $10.236 million (2014: $11.020 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

Small operators in the global aviation industry continue to experience difficult trading conditions with lower passenger and freight demand, and a shortage of available funding. Increased regulation within the industry has also had a notable impact on small operators. This has provided both challenges and opportunities to the Group.

In response to this, the Group has focused on improving the profitability of its core businesses through rationalising underperforming assets and building on existing long-term, mutually beneficial relationships with customers.

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

- PTB: TPE331 together with PT6A turbine engine repair and overhaul at 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.

Other than as detailed in the Chairman and Managing Director's Review, 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 Airports in Australia. It is required to meet Brisbane Airport Corporation environment regulations and 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 was formerly Chairman of Jumbuck Entertainment Limited (resigned October 2014), Chairman of Australian Natural Proteins Ltd (resigned October 2013) and Chairman of DWS Limited (resigned February 2014). He has held no other Director positions with listed companies in the last three years.

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

Craig Baker was born in 1946 in New Zealand. He has had extensive experience in the aviation industry and is a qualified accountant having been involved in aviation businesses as a General Manager, Director and Finance Manager for over 35 years.

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

Andrew 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 25 years.

Andrew is currently a Director of Silver Chef Limited (from April 2005). He was a director of G8 Education Limited (March 2011 to March 2015) and Trojan Equity Limited (May 2005 to March 2013).

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

Nicholas Bolton (Non-Executive Director)

Nicholas Bolton was appointed as a Non-Executive Director on 11 November 2014. Nicholas is the Managing Director of Keybridge Capital Limited, a significant shareholder of PTB Group Limited, and a director of Australian Style Group Pty Ltd. Over the past 13 years, Nicholas has managed and restructured approximately $1 Billion of assets in the aviation, finance, property, shipping, infrastructure and IT sectors.

Nicholas is focused on delivering superior risk adjusted returns through active management and innovative solutions to challenging issues.

Nicholas is a member of the remuneration committee of the Company.

Company Secretary

Daniel Zgrajewski was appointed as the Chief Financial Officer and Company Secretary effective from 27 November 2013. Daniel holds a Bachelor of Business from Queensland University of Technology and is a Certified Practicing Accountant.

Daniel has over 20 years of experience in finance and has worked in a number of roles in commercialised segments of Brisbane City Council. These roles included Commercial Accountant for Brisbane CityWorks and Principal Financial Accountant for Brisbane Water.

Audit & Risk Management Committee Chairman

Russell Cole B.Com, FCA is the independent Chairman of the Audit and Risk Management Committee. Russell graduated from the University of Queensland with a Bachelor of Commerce and is a Chartered Accountant and Registered Company Auditor.

Russell has over 25 years' experience in public practice as a Chartered Accountant specialising in the corporate sector with significant experience in audit, risk management and corporate governance. He has spent 15 years as an audit & assurance partner of national accounting firms with a particular focus on emerging listed companies.

Remuneration Report (Audited)

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

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

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

A. Key management personnel

The directors and other key management personnel of the consolidated entity during or since the end of the financial year were:

Non-executive directors

Mr H Parker	Chairman, Non-executive director
Mr A P S Kemp	Non-executive director
Mr N F J Bolton	Non-executive director from 11 November 2014

Executive officers

Mr C L Baker	Executive Director
Mr R S Ferris	Executive Director
Mr D Zgrajewski	Company Secretary and CFO

Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year.

B. 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 of 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.

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 caliber 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 to 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.

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 per cent of base pay.

As advised in the following "Section C. Details of Remuneration", no short term incentives were paid to Executive Directors during the financial year (2014: Nil).

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 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).

As advised in the following "Section E Share-Based Payment Compensation" no options were issued under the scheme during the year (2014: Nil).

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.

C. 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* $	Termination Benefits $	Options $	$
2015 Year Directors								
H Parker (Non-Executive Director)	33,000	-	-	-	-	-	-	33,000
CL Baker (Managing Director - Group)	284,071	-	-	31,424	16,091	-	-	331,586
RS Ferris (Managing Director - IAP)	357,270	-	-	34,386	24,570	-	-	416,226
APS Kemp (Non-Executive Director)	21,800	-	-	-	-	-	-	21,800
NFJ Bolton (Non-Executive Director – 11/11/14 to 30/06/15) **	13,827	-	-	-	-	-	-	13,827
Total Directors	709,968	-	-	65,810	40,661	-	-	816,439
Other Key Management Personnel								
D Zgrajewski (Company Secretary and CFO)	177,879	4,000	-	17,254	-	-	-	199,133
Total Other Key Management Personnel	177,879	4,000	-	17,254	-	-	-	199,133
2014 Year Directors								
H Parker (Non-Executive Director)	30,000	-	-	3,000	-	-	-	33,000
CL Baker (Managing Director - Group)	236,414	-	-	35,000	4,279	-	-	275,693
RS Ferris (Managing Director - IAP)	266,700	-	-	23,761	4,268	-	-	294,729
APS Kemp (Non-Executive Director)	21,800	-	-	-	-	-	-	21,800
Total Directors	554,914	-	-	61,761	8,547	-	-	625,222
Other Key Management Personnel								
P Kapel (Company Secretary and CFO - 1/07/13 to 27/11/13)	81,394	-	-	10,417	1,318	99,404	-	192,533
D Zgrajewski (Company Secretary and CFO – 27/11/13 to 30/06/14)	104,685	2,400	-	9,876	-	-	-	116,961
Total Other Key Management Personnel	186,079	2,400	-	20,293	1,318	99,404	-	309,494

** Comprising accrued long service leave*
** Paid to Keybridge Capital Limited*

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 is employed by IAP Group Australia Pty Ltd. 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.

D. Service Contracts

Major provisions of service agreements with Executive Directors and other key management personnel as at 30 June 2015 are set out below:

C L Baker (Managing Director – Group)

- *Term of agreement – 19 December 2013 to 31 December 2015;*
- *Base annual salary – $310,000 excluding superannuation effective from 1 July 2014 and $319,300 excluding superannuation effective from 1 January 2015; and*
- *Notice period – Termination by three months' notice in writing by either party other than for gross misconduct.*

R S Ferris (Managing Director – IAP)

- *Term of agreement – 19 December 2013 to 31 December 2015;*
- *Base annual salary – $310,000 excluding superannuation effective from 1 July 2014 and $319,300 excluding superannuation effective from 1 January 2015; and*
- *Notice period – Termination by three months' notice in writing by either party other than for gross misconduct.*

D Zgrajewski (Company Secretary and Chief Financial Officer)

- *Term of agreement – Three years commencing 22 November 2013;*
- *Base annual salary – $180,250 excluding superannuation; 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.

E. Share-based Payment Compensation

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

F. Additional Information

The number 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.

	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 & DRP)	Balance at date of appointment / resignation	Balance at the end of the year
	Number	Number	Number	Number	Number	Number
2015 Directors						
H Parker	343,175	-	-	65,996	-	409,171
CL Baker	2,356,505	-	-	477,022	-	2,833,527
RS Ferris	7,733,783	-	-	1,487,266	-	9,221,049
APS Kemp	649,635	-	-	178,587	-	828,222
NFJ Bolton*	-	-	-	1,345,775	6,998,027	8,343,802
Other Key management personnel of the Group						
D Zgrajewski	-	-	-	50,077	-	50,077
2014 Directors						
H Parker	343,175	-	-	-	-	343,175
CL Baker	2,324,205	-	-	32,300	-	2,356,505
RS Ferris	7,733,783	-	-	-	-	7,733,783
APS Kemp	593,545	-	-	56,090	-	649,635
Other Key management personnel of the Group						
P Kapel	14,318	-	-	10,000	24,318	N/A
D Zgrajewski	-	-	-	-	-	-

** Shares are held by Keybridge Capital Limited, of which NFJ Bolton is Managing Director.*

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 and/or their related parties

During 2007 PTB (Emerald) Pty Ltd (subsidiary) obtained a loan of $2,000,000 from Steve Ferris (Director). The loan was repaid in full during the year ended 30 June 2015. Interest of 9% (2014: 9%) per annum (fixed) was payable monthly in arrears. The loan was unsecured and the balance outstanding at 30 June 2015 was nil (2014: $2,600,000).

During 2015, Steve Ferris advanced funds to IAP to fund the purchase of a package of parts. There is no interest payable on this advance and the full amount is to be repaid in the 2016 year. The balance outstanding as at 30 June 2015 for this advance is $270,615.

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.

A Director, Mr. R S Ferris, is the major shareholder of Skyforce Aviation Pty Ltd (Skyforce). Mr. R S Ferris is not a Director or employee of Skyforce and did not receive any remuneration from Skyforce during the year (2014: Nil).

During 2015 IAP sold parts and provided aircraft maintenance services to Skyforce and Skyforce provided aircraft maintenance services to IAP. The parts sold and services provided were invoiced at market rates.

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

	2015 $'000	2014 $'000
Amounts invoiced by IAP to Skyforce		
Rental Income for Aircraft	-	130,581
Sale of parts to Skyforce	80,808	139,096
Provision of aircraft maintenance services to Skyforce	-	85,743
	80,808	355,420
Amounts invoiced by Skyforce to IAP		
Provision of aircraft maintenance services to IAP	132,812	247,411
Interest paid on Director's loan	205,272	236,705

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

– current borrowings	270,615	-
– non-current borrowings	-	2,600,000

There were no other transactions conducted between the Group and KMP or their related parties, other than those disclosed above relating to equity, compensation and loans, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those expected under arm's length dealings with unrelated persons.

Details of remuneration: cash bonuses and options

Any grant of options and cash bonuses are discretionary. No options or bonuses were granted during the year.

Share-based compensation: options

There were no options granted during the year. As at 30 June 2015 there are no options on issue.

Share Options

Shares Issued on Exercise of Options

There were no options outstanding as at the commencement of the financial year and no options were issued during the year ending 30 June 2015. No options were issued subsequent to year end.

Shares Under Option

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

Loans to Directors and Executives

There are no loans to Directors and executives.

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	13	11
CL Baker	13	13
APS Kemp	13	13
RS Ferris	13	12
NFJ Bolton	8	8
Remuneration Committee		
H Parker	2	2
APS Kemp	2	2
NFJ Bolton	1	1
Audit and Risk Management Committee		
H Parker	4	3
APS Kemp	4	4

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 willful 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

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, if any, during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

During the year no non-audit service fees were paid or payable for services provided by the auditor of the company (2014: Nil).

The lead auditor’s independence declaration is set out on page 19 and forms part of the Directors’ Report for the year ended 30 June 2015.

Williams Hall Chadwick 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
21 August 2015

WILLIAMS
HALL CHADWICK
CHARTERED ACCOUNTANTS & BUSINESS ADVISORS

Level 19/144 Edward Street
Brisbane Queensland 4000
GPO Box 389
Brisbane Queensland 4001
(07) 3221 2416 **Telephone**
(07) 3221 8341 **Facsimile**
www.wpca.com.au

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 2015 there have been no contraventions of:

(i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Geoffrey Stephens
Director

Williams Hall Chadwick

Dated this 21st day of August 2015

Corporate Governance describes the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled within corporations. It encompasses the mechanisms by which companies, and those in control, are held to account. Good corporate governance promotes investor confidence which is crucial to the ability of the group to compete for capital.

The ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd Edition recommends eight core corporate governance principles for entities listed on the ASX that, in the Council's view are likely to achieve good governance outcomes and meet the reasonable expectations of most investors in most situations. The Recommendations are not mandatory and do not seek to prescribe the corporate governance practices that a listed entity must adopt.

Under Listing Rule 4.10.3 PTB is required to provide a statement disclosing the extent to which it has followed the Recommendations. Where a Recommendation has not been followed, this fact must be disclosed together with the reasons for the departure.

This PTB Group Corporate Governance Statement is structured with reference to the Council's Principles and Recommendations.

Principle 1: Lay solid foundations for management and oversight.

A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.

Recommendation 1.1 — Complies: YES

A listed entity should disclose:

(a) the respective roles and responsibilities of its board and management; and

(b) those matters expressly reserved to the board and those delegated to management.

Recommendation 1.2 — Complies: YES

A listed entity should:

(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and

(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

Recommendation 1.3 — Complies: YES

A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

Recommendation 1.4 — Complies: YES

The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

Recommendation 1.5 — Complies: NO

A listed entity should:

(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;

(b) disclose that policy or a summary of it; and

(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:

 (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or

 (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

Recommendation 1.6	Complies: YES

A listed entity should:

(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and

(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Recommendation 1.7	Complies: YES

A listed entity should:

(a) have and disclose a process for periodically evaluating the performance of its senior executives; and

(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Responsibility of the Board

Responsibility for the Company's 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.

Responsibilities of the Managing Director and Senior Management

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.

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 in June 2015. 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: as per the Group's Securities Trading Policy last updated on 22 December 2010 that is lodged with the ASX; and

h) Communications with shareholders and the market.

Appointment of Board Members

When a vacancy exists, through whatever cause, or where the Board considers that it would benefit from the services of a new member with particular skills, the Board considers a panel of candidates identified and selected by the Board having regard to:

a) what may be appropriate for the Company and the Group;

b) the skills, expertise and experience of the candidates;

c) the mix of those skills, expertise and experience with those of the existing Directors; and

d) the perceived compatibility of the candidates with the Group and with the existing Directors.

Potential candidates to be appointed as Directors are considered by the Board with advice from an external consultant as considered by the Board to be appropriate. The Board then appoints the most suitable candidates who (assuming that they consent to act as Directors) continue in office only until the next AGM and are then eligible for re-election but are not taken into account in determining the number of Directors to retire by rotation at the AGM. Security holders are provided with all material information in the company's possession relevant to a decision on whether or not to elect or re-elect a director

The terms and conditions of the appointment of all new members of the Board must be specified in a letter of appointment.

Service Agreements with Senior Management and Company Secretary

The terms of appointment of senior management are documented in a service agreement. Key details of service agreements with key management personnel are detailed in the remuneration report forming part of the Directors' report in the annual report

The terms of appointment of the company secretary are documented in a service agreement including that the company secretary is accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

Diversity Policy

The Board aims to create a corporate culture that embraces diversity by applying transparent merit based principles to recruitment, training and promotion opportunities.

It supports employment flexibility and employee career development and recognises the importance of creating an environment that is conducive to the appointment of suitably qualified employees, management and Board candidates who will maximise the achievement of the corporate goals.

Best practice recommendations issued by ASX recommend a separate disclosure of measurable objectives for measuring gender diversity and the proportion of women employees in the whole organisation, in senior positions and on the Board.

The Board is of the view that given the size of the Company and of the Board, it is considered that setting diversity targets and measurement systems are not appropriate and hence PTB Group does not fully comply with this guideline.

Board and Committee Evaluation Process

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. It is considered that an informal annual evaluation of the performance of the Board, its committees and the Directors by the Chairman is appropriate given the size and complexity of the business.

Senior Management Evaluation Process

The process for evaluating the performance of senior management includes a process of annual appraisals measuring performance against goals and key performance indicators including contributions to the overall outcomes of the business.

Performance evaluations have taken place in accordance with the process disclosed.

Principle 2: Structure the board to add value.

A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.

Recommendation 2.1 — Complies: YES

The board of a listed entity should:

(a) have a nomination committee which:

(1) has at least three members, a majority of whom are independent directors; and

(2) is chaired by an independent director, and disclose:

(3) the charter of the committee;

(4) the members of the committee; and

(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

Recommendation 2.2 — Complies: YES

A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

Recommendation 2.3 — Complies: YES

A listed entity should disclose:

(a) the names of the directors considered by the board to be independent directors;

(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and

(c) the length of service of each director.

Recommendation 2.4 — Complies: NO

A majority of the board of a listed entity should be independent directors.

Recommendation 2.5 — Complies: YES

The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

Recommendation 2.6 — Complies: YES

A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

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.

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.

Composition of the Board

The Board performs its role and function in accordance with the following principles:

a) The Board should comprise at least three and no more than 10 Directors;

b) The Board must comprise of members with a broad range of experience, expertise, skills and contacts relevant to the Company and its business;

c) At least half of the Board should be non-executive Directors independent from management; and

d) The Chairman of the Board should be one of the independent non-executive Directors.

At 30 June 2015 the Board comprised five members including H Parker (appointed 10/10/2001), an independent non-executive Chairman, APS Kemp (appointed 25/08/2006) an independent non-executive Director, NFJ Bolton (appointed 11/11/2014) a non-executive director and C Baker (appointed 9/10/2001) and RS Ferris (appointed 21/09/2006) 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.

Independence of Board Members

The Board has adopted the following definition of an Independent Director:

An independent Director is a Director who is not a member of management (a non-executive Director) and who:

a) is not a substantial shareholder of the Company or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Company;

b) has not, within the last three years, been employed in an executive capacity by the Company or another Group member, or been a Director after ceasing to hold any such employment;

c) is not a principal of a professional advisor to the Company or another Group member, or an employee materially associated with the service provided, except in circumstances where the advisor might be considered to be independent notwithstanding their position as a professional advisor due to the fact that fees payable by the Company to the advisor's firm represent an insignificant component of its overall revenue;

d) is not a significant supplier or customer of the Company or another Group member, or an officer of or otherwise associated, directly or indirectly, with a significant supplier or customer;

e) has no significant contractual relationship with the Company or another Group member other than as a Director;

f) is free from any interest and any business or other relationship, which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and

g) has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

The Board regularly assesses the independence of each Director in the light of the interests disclosed by them. The independence of Directors is disclosed in the annual report. Where the independence of a Director is lost, this will be immediately disclosed to the market.

Of the five Company Directors, Harvey Parker and Andrew Kemp are independent 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 2.4 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 judgement is achieved and maintained in respect of its decision-making processes:

- The Chairman is an independent non-executive Director;
- 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.

The size and complexity of the business does not warrant additional Directors at the present time.

Board Skills Matrix

A Board skills matrix has been adopted by the board of PTB Group Limited (PTB) to ensure the board maintains an appropriate mix of skills, knowledge, experience, personal attributes and other criteria appropriate for the governance of the Group.

The PTB Board is a skills-based board comprising directors who collectively have the skills, knowledge and experience to effectively govern and direct the organisation including governance skills, industry skills and personal attributes.

The Board skills matrix is reviewed and assessed annually as part of the board evaluation process. Individual board member skills are updated annually as part of the director evaluation process.

A summary of skills, experience and special responsibilities of each director is disclosed in the Directors' Report included in the annual report.

Induction of New Directors, Training and Advice

Directors are provided with relevant information in relation to the Company and the Group before accepting appointment, and also with a relevant induction package on accepting appointment, in each case appropriate for them to discharge their responsibilities in office.

Directors are provided with access to continuing education in relation to the Group extending to its business, the industry in which it operates, and generally information required by them to discharge the responsibilities of their office.

Each Director has the right to seek independent legal or other professional advice at the Company's expense. Prior approval from the Chairman is required but may not be unreasonably withheld or delayed.

Principle 3: Act ethically and responsibly

A listed entity should act ethically and responsibly

Recommendation 3.1	Complies: YES

A listed entity should:

(a) have a code of conduct for its directors, senior executives and employees; and

(b) disclose that code or a summary of it.

Best practice commitment

The Company is committed to achieving and maintaining the highest standards of conduct and has undertaken various initiatives 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 conduct for transactions in securities

The Company has developed and adopted a Securities Trading Policy (lodged with the ASX) to regulate dealings in securities by Directors, senior management, employees and their associates. This is designed to ensure fair and transparent trading in accordance with both the law and best practice.

Charter

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.

Principle 4: Safeguard integrity in corporate reporting

A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.

Recommendation 4.1	Complies: No, 4.1(a)(1) and 4.1(a)(2) not complied with)

The board of a listed entity should:

(a) have an audit committee which:

(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and.

(2) is chaired by an independent director, who is not the chair of the board, and disclose:

(3) the charter of the committee;

(4) the relevant qualifications and experience of the members of the committee; and

(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

Recommendation 4.2	Complies: YES

The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Recommendation 4.3	Complies: YES

A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

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 Russell Cole (Independent External Chairman of ARM Committee), Harvey Parker (Independent Non-Executive Director) and Andrew Kemp (Independent Non-Executive Director).

The Committee performs a variety of functions relevant to risk management and internal and external reporting and reports to the Board following each meeting. Other matters for which the Committee is responsible include 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) 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;

j) Overseeing business continuity planning and risk mitigation arrangements.

Meetings are held four times 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.

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.

While recommendation 4.1 requires all members to be non-executive directors, the chairman of the ARM Committee is not a director of the company but has been appointed because of his specialist expertise in financial reporting, governance and audit related matters and for his independence.

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 included in the annual report.

The Company's auditor attends the AGM of the Company and is available to answer questions in relation to the audit of the financial report.

Principle 5: Make timely and balanced disclosure

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

Recommendation 5.1	Complies: YES

A listed entity should:

(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and

(b) disclose that policy or a summary of it.

Continuous Disclosure Obligations

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.

Principle 6: Respect the rights of security holders

A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.

Recommendation 6.1	Complies: YES

A listed entity should provide information about itself and its governance to investors via its website.

Recommendation 6.2	Complies: YES

A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

Recommendation 6.3	Complies: YES

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

Recommendation 6.4	Complies: YES

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

Shareholder Communications

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. Company information, news, announcements, reporting results and main corporate governance documents are available on the Company's website. Shareholders are encouraged to attend and participate at general meetings and are given an opportunity to put forward questions they would like addressed at annual general meetings. The Company's auditors will always attend the annual general meeting and will be available to answer shareholders' questions.

Principle 7: Recognise and manage risk

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

Recommendation 7.1	Complies: No, (7.1(a)(1) & (2) not complied with refer disclosure under Recommendation (4)

The board of a listed entity should:

(a) have a committee or committees to oversee risk, each of which:

(1) has at least three members, a majority of whom are independent directors; and

(2) is chaired by an independent director, and disclose:

(3) the charter of the committee;

(4) the members of the committee; and

(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

Recommendation 7.2	Complies: YES

The board or a committee of the board should:

(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and

(b) disclose, in relation to each reporting period, whether such a review has taken place.

Recommendation 7.3	Complies: YES

A listed entity should disclose:

(a) if it has an internal audit function, how the function is structured and what role it performs; or

(b)) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

Recommendation 7.4	Complies: YES

A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

Risk Management

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.

The risk management framework included in the Audit and Risk Management Committee Charter is available on the Company's website and is reviewed at least annually. The last review was in June 2015.

Internal Audit

The company currently does not have an internal audit function. Considerable importance is placed on maintaining a strong control environment both financially and operationally. The audit committee and the board continue to monitor the need for an internal audit function as the business grows and through the independent expertise on the audit committee in conjunction with reporting from external auditors and industry certification audits which regularly evaluate the effectiveness of its risk management and internal control processes.

Economic, Environmental and Social Sustainability Risks

The group is not subject to any material exposure to economic, environmental and social sustainability risks.

Principle 8: Remunerate fairly and responsibly

A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.

Recommendation 8.1	Complies: YES

The board of a listed entity should:

(a) have a remuneration committee which:

(1) has at least three members, a majority of whom are independent directors; and

(2) is chaired by an independent director, and disclose:

(3) the charter of the committee;

(4) the members of the committee; and

(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings;43 or

(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

Recommendation 8.2	Complies: YES

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

Recommendation 8.3	Complies: YES

A listed entity which has an equity-based remuneration scheme should:

(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and

(b) disclose that policy or a summary of it.

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. These policies are included in the Company's Corporate Governance Charter. Its current members are Harvey Parker (Chairman), Andrew Kemp and Nicholas Bolton.

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.

The Company's polices relating to Non-Executive Directors' and Executive Directors and Senior Executives' remuneration are set out in the annual report.

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.

Equity-Based Remuneration Scheme

The Company does not currently operate an equity-based remuneration scheme.

Consolidated Statement Of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2015

	Note	2015 $'000	2014 $'000
Revenue	2	35,996	34,732
Total Revenue		35,996	34,732
Changes in inventories of finished goods and work in progress		2,296	(2,504)
Raw materials and consumables used and finished goods purchased for sale		(24,603)	(16,008)
Employee benefits expense		(6,161)	(5,858)
Depreciation and amortisation		(1,445)	(1,619)
Repairs and maintenance		(52)	(76)
Bad and doubtful debts		(1,518)	(227)
Finance costs		(1,286)	(1,540)
Net foreign exchange gain/(loss)		(629)	(203)
Net gain/(loss) on sale of property, plant and equipment		4,060	(2)
Impairment of aircraft		(286)	(9,289)
Impairment of extended credit receivables		–	(2,653)
Impairment of inventory		–	(7,216)
Other expenses		(3,682)	(3,444)
Total expenses		(33,306)	(50,639)
Profit/(Loss) before income tax expense	3	2,690	(15,907)
Income tax benefit/(expense)	4	(727)	4,770
Profit/(Loss) for the year attributable to the owners of the parent entity		1,963	368
Other comprehensive income net of tax		–	–
Total comprehensive income/(loss) for the year attributable to the owners of the parent entity		1,963	(11,137)

	Note	Cents	Cents
Basic earnings per share	21	5.33	(30.44)
Diluted earnings per share	21	5.33	(30.44)

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement Of Financial Position
as at 30 June 2015

	Note	2015 $'000	2014 $'000
Current Assets			
Cash and cash equivalents	20(a)	3,800	1,142
Trade and other receivables	5	5,616	6,242
Inventories	6	21,113	18,817
Other current assets	8	444	230
Total Current Assets		30,973	26,431
Non-Current Assets			
Trade and other receivables	5	1,955	2,027
Property, plant and equipment	9	20,820	22,992
Deferred tax assets	10	4,970	5,866
Intangible assets	11	4,334	4,334
Total Non-Current Assets		32,079	35,219
Total Assets		63,052	61,650
Current Liabilities			
Trade and other payables	12	6,249	5,408
Borrowings	13	3,535	12,364
Derivative financial instruments	14	-	55
Current tax liabilities	7	-	-
Provisions	16	849	821
Other current liabilities	17	1,447	1,573
Total Current Liabilities		12,080	20,221
Non-Current Liabilities			
Borrowings	13	12,412	4,284
Deferred tax liabilities	15	2,388	2,558
Provisions	16	509	100
Other non-current liabilities	17	562	931
Total Non-Current Liabilities		15,871	7,873
Total Liabilities		27,951	28,094
Net Assets		35,101	33,556
Equity			
Issued Capital	18	31,778	30,367
Reserves	19	13,956	13,956
Retained earnings		(10,633)	(10,767)
Total Equity		35,101	33,556

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

Consolidated Statement Of Changes in Equity
for the year ended 30 June 2015

	Note	Issued Capital			Reserves		
		Share Capital $'000	Other Equity Securities $'000	Total Issued Capital $'000	Dividend Appropriation Reserve $'000	Retained Earnings $'000	Total Equity $'000
Balance at 1 July 2013		30,184	183	30,367	13,956	370	44,693
Total comprehensive income:							
Loss for the year		–	–	–	–	(11,137)	(11,137)
Other comprehensive income		–	–	–	–	–	–
Total comprehensive income for the year		–	–	–	–	(11,137)	(11,137)
Transactions with owners in their capacity as owners and other transfers							
Contributions of equity net of transaction cost	18	–	–	–	–	–	–
Transfer to reserves	19	–	–	–	–	–	–
Dividend recognised for the year	19	–	–	–	–	–	–
Balance at 30 June 2014		30,184	183	30,367	13,956	(10,767)	33,556
Balance at 1 July 2014		30,184	183	30,367	13,956	(10,767)	33,556
Total comprehensive income:							
Profit for the year		–	–	–	–	1,963	1,963
Other comprehensive income		–	–	–	–	–	–
Total comprehensive income for the year		–	–	–	–	1,963	1,963
Transactions with owners in their capacity as owners and other transfers							
Contributions of equity net of transaction cost	18	1,411	–	1,411	–	–	1,411
Transfer to reserves	19	–	–	–	–	–	–
Dividend recognised for the year	19	–	–	–	–	(1,829)	(1,829)
Balance at 30 June 2015		31,595	183	31,778	13,956	(10,633)	35,101

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

Consolidated Statement Of Cashflows

for the year ended 30 June 2015

	Note	2015 $'000	2014 $'000
Cash Flow From Operating Activities			
Cash receipts from customers		36,997	38,741
Cash payments to suppliers and employees		(34,813)	(34,862)
Interest received		285	876
Finance costs		(1,286)	(1,540)
Income tax (paid)/ refund		-	-
Net cash provided by operating activities	20(b)	1,183	3,215
Cash Flow From Investing Activities			
Payments for property, plant and equipment		(4,268)	(3,039)
Proceeds on disposal of property, plant and equipment		8,469	-
Net cash (used in)/ provided by investing activities		4,201	(3,039)
Cash Flow From Financing Activities			
Proceeds from borrowings		3,257	479
Repayment of borrowings		(4,595)	(1,915)
Repayment of lease liabilities		(34)	(138)
Payment of dividends	28	(418)	-
Net cash used in financing activities		(1,790)	(1,574)
Net increase/(decrease) in cash and cash equivalents held		3,594	(1,398)
Cash and cash equivalents at the beginning of the year		(240)	1,158
Cash and cash equivalents at the end of the year	20(a)	3,354	(240)

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

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. This Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The Financial Statements were authorised by the Board of Directors for issue on 21 August 2015.

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 profit or loss and other 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 2015 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. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. For details of the subsidiaries refer note 29.

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 ('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

1. Summary of Significant Accounting Policies(continued)

(h) Foreign currency translation (continued)

denominated in foreign currencies are recognised in the statement of profit or loss and other 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.

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 profit or loss and other 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 statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of profit or loss and other comprehensive income 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 the Consolidated Statement of Profit or Loss.

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 profit or loss and other 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 persuasive evidence exists that the significant risks and rewards of ownership of the goods have passed to the buyer, the consideration can be measured reliably and collectability is probable. Risks and rewards are considered passed to the buyer at time of delivery to the customer or where an executed sales agreement, or an arrangement exists, indicating there has been a transfer of the risks and rewards to the customer, the goods are complete and available to be dispatched;
- Revenue from repairs is recognised at the time the service is performed;
- Revenue from the 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;

(f) Unearned revenue

Unearned revenue includes amounts received in advance from customers. Such amounts are recorded as revenue in the statement of profit or loss and other comprehensive income when the above revenue recognition criteria are met.

(g) Income tax

The income tax expense for the year is the tax payable on the current year'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 standalone 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(p). Rental income from operating leases is recognised as set out in note 1(e).

1. Summary of Significant Accounting Policies (continued)

(h) Leased assets (continued)

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 statement of financial position as a finance lease obligation, net of finance charges.

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(t).

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

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 statement of financial position.

(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 statement of profit or loss and other comprehensive income. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

(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 the statement of profit or loss and other comprehensive income, 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 and 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 date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

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. Losses are recognised in the statement of profit or loss and other comprehensive income and reflected in an allowance account. When an event occurring after the impairment was recognised causes the amount of the impairment loss to decrease the decrease in impairment loss is reversed through the statement of profit or loss and other comprehensive income. When the Directors are of the view that collection is no longer possible and the recovery action has ceased the amount in the allowance account is offset against the loan or receivable.

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 reporting 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 reporting 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(p).

1. Summary of Significant Accounting Policies (continued)

(p) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated 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 cash flow 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 profit or loss and other 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. 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 profit or loss and other 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	6-10 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 de-recognised. 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 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 the carrying amount. These are included in the statement of profit or loss and other 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

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(q) 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 27).

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. The line item in the statement of profit or loss and other comprehensive income in which the amortisation of computer software is included is 'depreciation and amortisation' expense.

(r) 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.

(s) 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 profit or loss and other 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.

Borrowings are removed from the statement of financial position 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 date.

(t) 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.

(u) 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 cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges); or
- Hedges of a net investment in a foreign operation (net investment hedges).

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

1. Summary of Significant Accounting Policies (continued)

(u) Derivatives and hedging activities (continued)

be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 14. Movements in the hedging reserve in shareholders' equity are shown in note 18. 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 profit or loss and other 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 profit or loss and other 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 profit or loss and other 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.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the statement of profit or loss and other 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 profit or loss and other comprehensive income within 'other income' or 'other expense'.

Amounts accumulated in equity are recycled in the statement of profit or loss and other 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 statement of profit or loss and other comprehensive income 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 profit or loss and other 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 profit or loss and other 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 profit or loss and other comprehensive income.

Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cash flow 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 profit or loss and other 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 profit or loss and other comprehensive income and are included in 'other income' or 'other expenses'.

(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.

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.

Termination benefits

When applicable, the Group recognises a liability and expense for termination benefits at the earlier of; (a) the date when the Group can no longer withdraw the offer for termination benefits; and (b) when the Group recognises costs for restructuring pursuant to AASB137: Provisions, Contingent Liabilities and Contingent Assets and the costs include termination benefits. In either case, unless the number of employees affected is known, the obligation for termination benefits is measured on the basis of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before 12 months after the annual reporting period in which the benefits are recognised at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long term employee benefits.

Share-based payments

Share based compensation benefits are provided to employees via the PTB Group Limited Employee Share Option Scheme as detailed in note 23.

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 provision where contractually obliged or where there is a past practice that has created a constructive obligation. Bonus payments are discretionary and subject to Board approval.

(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.

1. Summary of Significant Accounting Policies (continued)

(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.

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
- Cash flows are presented on a gross basis and the GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(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

(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 six monthly 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 11 for details of these assumptions and the potential impact of changes to the assumptions.

Long Service Leave (LSL)

The Group estimates the pattern of LSL taken based on history and utilises management's judgement in determining the cash flow estimates of payments of LSL. These estimates are then utilised to determine the NPV of these expected LSL payments and the adequacy of the provision.

Hire Purchase Receivables

Management applies judgement in assessing the recoverability of its hire purchase receivables The Group assesses both the current payment performance and operational knowledge of the debtor's business operation as the Group is in regular contact with the debtor as it is responsible for undertaking scheduled engine maintenance and is a supplier of spare parts for the aircraft under lease to the LT HP debtors maintenance department.

(ae) Fair value of assets and liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible the use of the observable market data.

To the extent possible, the market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participants ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(af) New accounting standards and interpretations

The following new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2014. The following standards have been identified as those which impact the entity in the current reporting period. There is no significant impact to the group on adoption of these standards.

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

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

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods and have not been early adopted by the Group. The following new standards to be applied in future periods are not expected to have a significant impact on the Group:

(i) AASB 9 Financial instruments (application date 1 January 2018). This standard makes significant changes to the way financial assets are classified for the purpose of determining their measurement basis and also to the amounts relating to fair value changes, which are to be taken directly to equity. This standard also makes significant changes to hedge accounting requirements and disclosures.

(ii) IFRS 15 Revenue from Contracts with Customers (application date 1 January 2018). Establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

2. Revenue

	2015 $'000	2014 $'000
Sales revenue		
Sale of goods	28,802	24,552
Services	4,875	5,959
Rental of engines/aircraft		
- Minimum lease payments	921	1,077
- Contingent rentals	1,028	1,275
	35,626	32,863
Other revenue		
Interest		
- Extended credit receivables (hire purchase agreements)	282	855
- Other	2	21
Other	86	993
Total revenue	35,996	34,732

3. Profit/(Loss) before income tax expense

Profit/(Loss) before income tax expense includes the following specific items:

	2015 $'000	2014 $'000
Depreciation		
- Buildings	117	110
- Plant and equipment	137	123
- Rental engines/aircraft	1,105	1,126
- Leasehold improvements	8	9
Amortisation		
- Leased engines/aircraft	78	251
- Leased plant and equipment	-	-
Operating lease rentals – minimum lease payments		
- Premises	124	109
- Equipment and software	62	68
Impairment losses		
- Trade debtors	1,518	227
- Extended credit receivables	-	2,653
- Inventories	-	7,216
- Aircraft	286	9,289
Net foreign exchange (gain)/loss	629	203
Superannuation expense	506	462
Finance costs		
- Interests and finance charges paid/payable	1,286	1,540

4. Income Tax Expense

	2015 $'000	2014 $'000
(a) Income tax expense		
Current tax	-	-
Deferred tax arising from origination or reversal of temporary differences	809	(4,770)
Under/(over) provided in prior years	(82)	-
	727	(4,770)
(b) Numerical reconciliation of income tax expense to prima facie tax		
Profit/(loss) before income tax expense	2,690	(15,907)
Tax at the Australian tax rate of 30% (2014: 30%)	807	(4,772)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
- Sundry items	2	2
	809	(4,770)
Under/(over) provided in prior years	(82)	-
Income tax expense/(benefit)	727	(4,770)

5. Trade and Other Receivables

	2015 $'000	2014 $'000
Current		
Trade receivables	5,829	5,143
Provision for impairment	(1,525)	(123)
	4,304	5,020
Maintenance contract receivables	176	287
Extended credit receivables	1,136	1,786
Provision for impairment – extended credit receivables	-	(1,048)
Other receivables	-	197
	5,616	6,242
Non-Current		
Extended credit receivables	1,653	1,741
Maintenance contract receivables	302	286
	1,955	2,027

Impaired trade receivables

As at 30 June 2015 current trade receivables and extended credit receivables of the Group with a nominal value of $1,525,465 (2014: $1,171,482) were impaired.

5. Trade and Other Receivables (continued)

The ageing of trade receivables is as follows:

	Current	30+ Days	60+ Days	90+ Days	Total
Group – 2015					
Trade receivables	2,427	890	729	1,783	5,829
Impaired trade receivables	-	(7)	(386)	(1,132)	(1,525)
Unimpaired receivables	2,427	883	343	651	4,304
Group – 2014					
Trade receivables	2,818	709	281	1,335	5,143
Impaired trade receivables	-	(2)	(31)	(90)	(123)
Unimpaired receivables	2,818	707	250	1,245	5,020

Past due but not impaired

As at 30 June 2015, 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 holds retention of title over goods sold until cash is received.

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

	2015 $'000	2014 $'000
At 1 July	(1,171)	(5)
Provision for impairment recognised during the year	(1,504)	(1,244)
Receivables written off during the year as uncollectable	1,150	78
At 30 June	(1,525)	(1,171)

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 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 expected to be retained by the customers.

5. Trade and Other Receivables (continued)

	2015 $'000	2014 $'000
Payments in relation to the extended credit receivables are receivable as follows:		
Within one year	1,290	1,012
Later than one year but not later than five years	1,859	2,034
Later than five years	-	-
Minimum hire purchase payments receivable	3,149	3,046
Future finance revenue		
Within one year	(153)	(274)
Later than one year but not later than five years	(207)	(293)
Later than five years	-	-
	(360)	(567)
Total extended credit receivables	2,789	2,479
Representing receivables:		
Current	1,136	738
Non-current	1,653	1,741
	2,789	2,479

Refer note 31 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 26.

6. Inventories

Current		
Work in progress – at cost	2,815	2,467
Finished goods – at cost	18,298	16,350
	21,113	18,817

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.

7. Tax balances – Current

Current tax liabilities	-	-

8. Other Assets

Current		
Prepayments	436	223
Deposits	8	7
	444	230

9. 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:

	2015 $'000	2014 $'000
No later than one year	1,781	983
Later than one year but not later than five years	3,182	2,157
	4,963	3,140

Non-current assets pledged as security

Refer note 13 for information on non-current assets pledged as security.

9. 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
Year ended 30 June 2014										
Opening net book value	6,960	51	-	623	-	17,572	2,092	4,081	348	31,727
Additions	45	-	-	183	-	3,295	-	550	20	4,093
Transfers [1]	-	-	-	-	-	(759)	-	(1,159)	-	(1,918)
Disposals	-	-	-	(2)	-	-	-	-	-	(2)
Impairment [3]	-	-	-	-	-	(5,549)	-	(3,422)	(318)	(9,289)
Depreciation/ amortisation	(110)	(9)	-	(123)	-	(1,126)	(251)	-	-	(1,619)
Closing net book value	6,895	42	-	681	-	13,433	1,841	50	50	22,992
At 30 June 2014										
Cost	7,547	93	-	1,499	-	20,534	2,793	50	50	32,566
Accumulated depreciation	(652)	(51)	-	(818)	-	(7,101)	(952)	-	-	(9,574)
Net book value	6,895	42	-	681	-	13,433	1,841	50	50	22,992
Year ended 30 June 2015										
Opening net book value	6,895	42	-	681	-	13,433	1,841	50	50	22,992
Additions	186	-	-	129	-	3,271	1	6	-	3,593
Transfers [2]	-	-	-	-	-	1,221	(847)	-	-	374
Disposals	-	-	-	-	-	(3,491)	(917)	-	-	(4,408)
Impairment [4]	-	-	-	-	-	(286)	-	-	-	(286)
Depreciation/ amortisation	(117)	(8)	-	(137)	-	(1,105)	(78)	-	-	(1,445)
Closing net book value	6,964	34	-	673	-	13,043	-	56	50	20,820
At 30 June 2015										
Cost	7,733	93	-	1,623	22	20,727	-	56	50	30,304
Accumulated depreciation	(769)	(59)	-	(950)	(22)	(7,684)	-	-	-	(9,484)
Net book value	6,964	34	-	673	-	13,043	-	56	50	20,820

1 2014: Net Transfers of $1,918,000 represents transfer of engine cores and aircraft frames to inventory.
2 2015: Net Transfers of $374,000 represents transfer of engine cores and aircraft frames from inventory.
3 2014: Impairments of $9,289,000 represents a write-down of aircraft in the IAP and Emerald Assets businesses. These write-downs were primarily driven by a change in strategy.
4 2015: Impairments of $286,000 represents a provision for write-down of idle aircraft in IAP. Carrying value was determined to be in excess of the net realisable value.

10. Deferred Tax Assets

	2015 $'000	2014 $'000
The balance comprises temporary differences attributable to:		
Tax losses	3,099	4,116
Accruals	27	60
Employee benefits	284	276
Doubtful debts	458	351
Other	1,102	1,063
Total deferred tax assets	4,970	5,866

Movements	**Tax losses** **$'000**	**Accruals** **$'000**	**Employee benefits** **$'000**	**Doubtful debts** **$'000**	**Other** **$'000**	**Total** **$'000**
At 1 July 2013	563	95	250	1	867	1,776
(Charged)/credited to statement of profit or loss and other comprehensive income	3,553	(35)	26	350	196	4,090
At 30 June 2014	4,116	60	276	351	1,063	5,866
(Charged)/credited to statement of profit or loss and other comprehensive income	(1,017)	(33)	8	107	39	(896)
At 30 June 2015	3,099	27	284	458	1,102	4,970

A deferred tax asset of $4.97 million (2014: $5.866 million) has been recognised at 30 June 2015.This includes $3.099 million attributable to prior years' income tax losses carried forward (2014: $4.116 million). Based on management forecast of expected future taxable profits and the reversal of the temporary differences, it is considered probable that these deferred tax assets will be recovered in the future.

11. Intangible Assets

	2015 $'000	2014 $'000
Goodwill - cost	4,334	4,334
Total Goodwill	4,334	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 IAP business segment. The recoverable amount of the CGU is determined based on value in use calculations. These calculations use cash flow 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 11.7% (2014: 12.6%). An average growth rate of 3% (2014: 3%) has been used. Management determined budgeted net profit based on past performance and Directors' best estimates of profit estimates over a five year period. The discount rate reflects Directors' best estimates of 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.

12. Trade and Other Payables

	2015 $'000	2014 $'000
Trade payables and accruals	6,249	5,408

13. Borrowings

	2015 $'000	2014 $'000
Current		
Secured		
Bank overdraft	446	1,382
Bank loans	2,818	10,964
Lease liabilities	–	18
	3,264	12,364
Unsecured		
Other loans – related parties	271	–
	3,535	12,364
Non-Current		
Secured		
Bank loans	12,412	1,668
Lease liabilities	–	16
	12,412	1,684
Unsecured		
Other loans – related parties	–	2,600
	12,412	4,284

Information concerning the effective interest rates is set out in note 26.

Bank Overdraft, Bank Loans and Bills Payable

The bank overdraft and bank loans including 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 $34.786 million (2014: $33.242 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 the Group has complied with the requirement that, 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 the bank's approval.

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

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

Lease Liabilities

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

Other Loans – Related Parties

Refer to section F of the Remuneration Report for information on other loans from related parties.

Effective Interest Rates

Information concerning the effective interest rates is set out in note 26.

Finance Facilities

Information concerning available facilities including used and unused portion of the finance facilities is set out in note 26.

Assets Pledged as Security

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

14. Derivative Financial Instruments

	2015 $'000	2014 $'000
Current Liabilities		
Forward foreign exchange contracts –cash flow hedges	–	55

15. Deferred Tax Liabilities

	2015	2014
The balance comprises temporary differences attributable to:		
Property, plant and equipment	2,098	2,267
Inventory	12	12
Other	278	279
Total deferred tax liabilities	2,388	2,558

Movements	Property, plant and equipment $'000	Inventory $'000	Other $'000	Total $'000
At 1 July 2013	2,926	103	209	3,238
Charged/(credited) to statement of profit & loss and other comprehensive income	(659)	(91)	70	(680)
At 30 June 2014	2,267	12	279	2,558
Charged/(credited) to statement of profit or loss and other comprehensive income	(169)	–	(1)	(170)
At 30 June 2015	2,098	12	278	2,388

16. Provisions

	2015 $'000	2014 $'000
Current		
Employee benefits	849	821
Service warranties	-	-
	849	821
Non-Current		
Employee benefits	98	100
Remediation provisions	411	-
	509	100

Movements in Provisions	Employee Benefits $'000	Remediation Provisions $'000	Service Warranties $'000	Total $'000
Balance 1 July 2013	834	-	-	834
Provisions made during the year	437	-	-	437
Provisions used during the year	(350)	-	-	(350)
Balance at 30 June 2014	921	-	-	921
Provisions made during the year	457	411	-	868
Provisions used during the year	(431)	-	-	(431)
Balance at 30 June 2015	947	411	-	1,358

(a) Service warranties

Provision is made for the estimated warranty claims in respect of products sold which are still under warranty at the end of the reporting period. Historically there have been no material warranty claims and this is not expected to change in the future.

(b) Remediation Provisions

Provision is made for the estimated expenditure required to restore the leasehold premises to an acceptable standard at the end of the lease term.

(c) Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes accrued annual leave, vesting sick leave and long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. All of these amounts 2015: $849,000 (2014: $821,000) are presented as current, since the group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. Leave obligations expected to be settled after 12 months 2015: $390K (2014: $350K).

17. Other Liabilities

	2015 $'000	2014 $'000
Current		
Deferred revenue	908	965
Deposits in advance	539	608
	1,447	1,573
Non-Current		
Deferred revenue	562	931

Deferred revenue relates to maintenance contract revenue received in advance.

18. Contributed Equity

	2015 $'000	2014 $'000
Share capital		
42,007,656 ordinary shares fully paid (2014: 36,581,727 ordinary shares fully paid)	31,595	30,184
Other equity securities		
Value of conversion rights (net of tax)	183	183
	31,778	30,367

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. All shares rank equally with regards to the Company's residual assets. The holders of ordinary shares are entitled to one vote per share at meetings of the Company.

Movements in ordinary share capital	No. of Shares	$'000
Closing balance 30 June 2013	36,581,727	30,184
Share issues 2014*	-	-
Closing balance 30 June 2014	36,581,727	30,184
Share issues 2015 (under dividend reinvestment plan refer note 28)	5,425,929	1,411
Closing balance 30 June 2015	42,007,656	31,595

Options

As at balance date there are no outstanding options to purchase ordinary shares in the parent entity. All options previously outstanding expired without being exercised in the year ended 30 June 2011.

An employee share option scheme was approved by shareholders on 3 June 2005. Refer to note 23 for details.

18. 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. The group defines capital as its equity and net debt. There has been no change to capital risk management policies during the year.

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.

19. Reserves

	2015 $'000	2014 $'000
Dividend Appropriation Reserve	13,956	13,956
Movements		
Reserve balance 1 July	13,956	13,956
Transfer from retained earnings	–	–
Reserve balance 30 June	13,956	13,956

The dividend appropriation reserve is used to record the retained earnings which can be used for future dividend payments. A fully franked dividend of 5 cents per share (2014: NIL) was paid directly from retained earnings.

20. 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:

	2015 $'000	2014 $'000
Cash and cash equivalents assets – cash at bank and on hand	3,800	1,142
Bank overdraft (note 13)	(446)	(1,382)
	3,354	(240)

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

	2015 $'000	2014 $'000
Profit/(loss) for the year	1,963	(11,137)
Depreciation and amortisation	1,445	1,619
Impairment of aircraft	286	9,289
Impairment of inventory	-	7,216
(Gain)/loss on disposal of property, plant and equipment	(4,060)	2
Movement in impairment of trade receivables	354	1,166
Unrealised foreign currency movements	413	(995)
Changes in operating assets and liabilities		
Increase)/decrease in:		
Trade and other receivables	1,538	4,926
Inventories *	(2,670)	(2,794)
Deferred tax assets	896	(4,090)
Other assets	(215)	(31)
Increase/(decrease) in:		
Trade payables, accruals, and other liabilities	966	(1,363)
Employee benefits	437	87
Current tax liabilities	-	-
Deferred tax liabilities	(170)	(680)
Net cash flow from operating activities	1,183	3,215

* Net of transfers to/from property, plant and equipment

21. Earnings Per Share

	2015 cents	2014 cents
Basic earnings per share	5.33	(30.44)
Diluted earnings per share	5.33	(30.44)
	$'000	**$'000**
Earnings used to calculate basic and diluted earnings per share – (loss)/profit after tax for the year	1,963	(11,137)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	36,804,710	36,581,727
Effect of dilutive securities:		
– Director and employee share options	–	–
Weighted average number of ordinary shares and potential ordinary shares used in calculating diluted earnings per share	36,804,710	36,581,727

22. 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
NFJ Bolton (appointed 11 November 2014)

Other key management personnel

The following person 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
D Zgrajewski	Company Secretary and CFO	PTB Group Limited

Key management personnel compensation

	2015 $	2014 $
Short-term employee benefits	891,847	746,393
Post-employment benefits	83,064	79,054
Other long-term benefits	40,661	9,865
Termination benefits	–	99,404
	1,015,572	934,716

22. Key Management Personnel Disclosures (continued)

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive directors as well as all salary, paid leave benefits and fringe benefits awarded to executive directors and other KMP.

Post-employment benefits

These amounts represent superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service leave benefits accrued during the year.

Further information in relation to the KMP disclosures can be found in the remuneration report contained in the Directors' report.

23. 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 received on the exercise of options are recognised as share capital.

There were no options granted or exercised during the financial year and no options were outstanding at the current or prior financial year end.

24. Remuneration of Auditors

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

	2015 $	2014 $
Audit Services – Williams Hall Chadwick		
Audit or review of the financial reports	130,000	129,641
Total remuneration for audit services	130,000	129,641

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

25. Commitments

	2015 $'000	2014 $'000
(a) Finance leases		
Commitments in relation to finance leases are payable as follows:		
- Within one year	-	20
- Later than one year but not later than five years	-	17
- Later than five years	-	-
Minimum lease payments	-	37
Future finance charges		
- Within one year	-	(2)
- Later than one year but not later than five years	-	(1)
- Later than five years	-	-
	-	34
Representing lease liabilities:		
Current	-	18
Non-current	-	16
	-	34

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:

	2015	2014
Within one year	181	177
Later than one year but not later than five years	534	698
Later than five years	-	21
	715	896

Operating leases mainly comprise leases of equipment and premises in Australia (Bankstown, Sydney). 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 in place at the reporting date but not recognised as liabilities payable:

	2015	2014
Less than one year	499	804
Greater than one year but not later than five years	71	563
	570	1,367

(d) Capital commitments

No Capital expenditure contracted for at balance date.

26. 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 cash flow forecasting.

Where derivatives are used they 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-15		30-Jun-14	
	USD	GBP	USD	GBP
	$'000	£'000	$'000	£'000
Cash and cash equivalents	2,719	7	1,057	6
Trade and other receivables	6,090	2	6,334	-
Other assets	181	-	31	-
Forward exchange contracts	-	-	3,000	-
Trade and other payables	(4,136)	-	(3,535)	(263)
Borrowings	(7,815)	-	(8,254)	-
Other liabilities	(182)	-	(606)	-

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

(a) Market risk (continued)

Group sensitivity

Based on the financial instruments held at 30 June 2015, had the Australian dollar weakened/strengthened by 10% against the USD dollar, with all other variables held constant, the Group's post tax position for the year would have been $320,000 lower/$262,000 higher (2014: profit $164,000 lower/$134,000 higher), 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 $320,000 lower/$262,000 higher (2014: $164,000 lower/$134,000 higher) had the Australian dollar weakened/strengthened by 10% against the US dollar due to the reasons noted above.

It is worth noting that the company undertakes the majority of its sales and purchases in US dollars. Therefore, the majority of profit is generated in US dollars, with the reported AUD profit positively impacted by any weakening of the Australian dollar.

As per above, the Group's exposure to other foreign exchange movements is not material.

(ii) Price risk

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

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

(a) Market risk (continued)

(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.

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 in the following table:

			Fixed Interest Rate Maturing							
	Effective Weighted Average Interest Rate	**Floating Interest Rate**	**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**
2015										
Financial assets										
Cash and cash equivalents	0.00%	3,796	-	-	-	-	-	-	4	3,800
Trade and other receivables	-	-	-	-	-	-	-	-	4,782	4,782
Extended credit receivables	6.12%	-	482	522	566	565	-	-	654	2,789
Total financial assets		3,796	482	522	566	565	-	-	5,440	11,371
Financial liabilities										
Trade and other payables	-	-	-	-	-	-	-	-	6,249	6,249
Bank overdraft	4.20%	446	-	-	-	-	-	-	-	446
Bank Loans	5.60%	-	2,761	991	3,784	-	-	-	-	7,536
Bills payable	6.03%	3,450	-	-	4,188	-	-	-	-	7,638
Lease liabilities	-	-	-	-	-	-	-	-	-	-
Insurance Loan	3.93%	-	56	-	-	-	-	-	-	56
Related party loans	-	-	-	-	-	-	-	-	271	271
Total financial liabilities		3,896	2,817	991	7,972	-	-	-	6,520	22,196

26. 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
2014										
Financial assets										
Cash and cash equivalents	0.00%	1,134	–	–	–	–	–	–	8	1,142
Trade and other receivables	–	–	–	–	–	–	–	–	5,790	5,790
Extended credit receivables	8.51%	–	738	1,741	–	–	–	–	–	2,479
Total financial assets		1,134	738	1,741	–	–	–	–	5,798	9,411
Financial liabilities										
Trade and other payables	–	–	–	–	–	–	–	–	5,408	5,408
Bank overdraft	7.16%	1,382	–	–	–	–	–	–	–	1,382
Bank loans	7.41%	–	7,235	1,555	99	14	–	–	–	8,903
Bills payable	7.17%	1,400	2,275	–	–	–	–	–	–	3,675
Lease liabilities	7.68%	–	18	15	1	–	–	–	–	34
Insurance Loan	4.58%	–	54	–	–	–	–	–	–	54
Related party loans	9.00%	–	–	2,600	–	–	–	–	–	2,600
Total financial liabilities		2,782	9,582	4,170	100	14	–	–	5,408	22,056

There are no other interest bearing financial assets and liabilities.

Group sensitivity

As the majority of the interest rates are fixed, at 30 June 2015 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 (2014: 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.

(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 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 2015 the largest 10 debtors comprised approximately 71% (2014: 73%) of total receivables. It should be noted that the largest debtor is an extended credit receivable to a customer in Indonesia which accounts for 29% (2014: 28%) 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. Other trade receivables comprise 29% (2014: 27%) of total receivables; and
- The receivables are concentrated in six main geographical areas. Refer to note 27 for further information.

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

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

(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, finance leases and finance company loans.

	Consolidated	
	2015 $'000	2014 $'000
Finance Facilities		
Available facilities		
Bank overdraft	654	1,533
Bank loans – chattel mortgage	188	423
– other	7,486	8,578
Bills payable – multi option	7,638	3,675
Finance Company Leases & Loans	–	34
Related party facilities	271	2,600
	16,237	16,843
Amounts utilised		
Bank overdraft	446	1,382
Bank loans – chattel mortgage	188	423
– other	7,404	8,534
Bills payable – multi option	7,638	3,675
Finance Company Leases & Loans	–	34
Related party facilities	271	2,600
	15,947	16,648
Unused facilities		
Bank overdraft	208	151
Bank loans – other	82	44
	290	195

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 cash flows.

	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 2015							
Non-derivatives							
Non-interest bearing	6,520	-	-	-	-	-	6,520
Variable rate	446	-	3,450	-	-	-	3,896
Fixed rate	2,817	991	7,972	-	-	-	11,780
Total financial liabilities	9,783	991	11,422	-	-	-	22,196
Group 2014							
Non-derivatives							
Non-interest bearing	5,408	-	-	-	-	-	5,408
Variable rate	2,782	-	-	-	-	-	2,782
Fixed rate	9,581	4,171	100	14	-	-	13,866
Total financial liabilities	17,771	4,171	100	14	-	-	22,056

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.

Related party loans

No interest is payable on the related party loan of $271,000 (2014: NIL). The prior year related party loan of $2,600,000 was repaid in full during the year and was at an interest rate of 9.0%.

Bills payable

The multi-option facility includes variable rate commercial bills of $7,638,000 (2014: $3,675,000) at a weighted average interest rate of 6.03% (2014: 7.17%). 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 from drawdown date.

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 cash flows.

27. Segment Information

The Group has three reportable segments:

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

Geographical Segments (Secondary Reporting)

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

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

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

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27. Segment Information (continued)

2015	Australia PNG & NZ $'000	Pacific $'000	America North & South $'000	Asia $'000	Africa $'000	Europe $'000	Unallocated $'000	Total $'000
(i) Revenue								
PTB								
Total Segment Revenue	5,138	3,925	4,862	13,566	27	78	-	27,596
Inter-segment Revenue	(23)	-	-	-	-	-	-	(23)
Revenue from external customers	5,115	3,925	4,862	13,566	27	78	-	27,573
Emerald								
Total Segment Revenue	-	-	-	794	178	(19)	-	953
Inter-segment Revenue	-	-	-	-	-	-	-	-
Revenue from external customers	-	-	-	794	178	(19)	-	953
IAP								
Total Segment Revenue	1,663	498	1,576	2,751	424	898	-	7,810
Inter-segment Revenue	(340)	-	-	-	-	-	-	(340)
Revenue from external customers	1,323	498	1,576	2,751	424	898	-	7,470
Unallocated								
Total Unallocated Revenue	-	-	-	-	-	-	-	-
Total revenue from external customers	6,438	4,423	6,438	17,111	629	957	-	35,996
(ii) Adjusted EBITDA								
PTB	415	422	523	1,459	3	8	-	2,830
Emerald	-	-	-	4,050	162	(19)	-	4,193
IAP	(150)	(61)	(193)	(337)	(52)	(110)	-	(903)
Unallocated								
Adjusted EBITDA	265	361	330	5,172	113	(121)	-	6,120

27. Segment Information (continued)

2015	Australia PNG & NZ	Pacific	America North & South	Asia	Africa	Europe	Unallocated	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
(iii) Segment Disclosure Items								
Depreciation & Amortisation								
PTB	438	–	–		–	–	–	438
Emerald	–	–	–	228	–	75	–	303
IAP	584	120	–	–	–	–	–	704
Total	1,022	120	–	228	–	75	–	1,445
Impairment of Goodwill								
PTB	–	–	–	–	–	–	–	–
Total	–	–	–	–	–	–	–	–
Impairment of Assets								
PTB	–	–	–	–	–	–	–	–
Emerald	–	–	–	–	–	–	–	–
IAP	286	–	–	–	–	–	–	286
Total	286	–	–	–	–	–	–	286
Unrealised (Gain)/Loss on Foreign Currency								
PTB	–	105	130	364	1	2	–	602
Emerald	–	–	–	(122)	(5)	–	–	(127)
IAP	–	(5)	(16)	(28)	(4)	(9)	–	(62)
Total	–	100	114	214	(8)	(7)	–	413

27. Segment Information (continued)

2015	Australia PNG & NZ $'000	Pacific $'000	America North & South $'000	Asia $'000	Africa $'000	Europe $'000	Unallocated $'000	Total $'000
Capital Expenditure								
PTB	961	-	-	-	-	-	-	961
Emerald	-	-	-	-	-	1,868	-	1,868
IAP	764	-	-	-	-	-	-	764
Total	1,725	-	-	-	-	1,868	-	3,593
Total Segment Assets								
PTB	27,340	725	710	2,784	265	-	20,257	52,081
Emerald	2,116	-	-	6,173	654	13	(10,904)	(1,948)
IAP	14,135	2,071	148	806	112	30	(9,353)	7,949
Unallocated	-	-	-	-	-	-	-	-
Total	43,591	2,796	858	9,763	1,031	43	-	58,082
Total Assets Includes								
Non-current Assets (other than financial assets and deferred tax)								
PTB	12,038	67	-	80	-	-	20,257	32,442
Emerald	-	-	-	5,176	-	-	(10,904)	(5,728)
IAP	7,733	2,015	-	-	-	-	(9,353)	395
Total	19,771	2,082	-	5,256	-	-	-	27,109
Total Segment Liabilities								
PTB	2,073	986	3,209	1,116	11	1	-	7,396
Emerald	10	-	652	(25)	33	-	-	670
IAP	1,105	81	87	196	-	81	-	1,550
Total	3,188	1,067	3,948	1,287	44	82	-	9,616

27. Segment Information (continued)

2014	Australia PNG & NZ $'000	Pacific $'000	America North & South $'000	Asia $'000	Africa $'000	Europe $'000	Unallocated $'000	Total $'000
(i) Revenue								
PTB								
Total Segment Revenue	6,272	1,934	729	13,494	4	6	–	22,439
Inter-segment Revenue	(401)	–	–	–	–	–	–	(401)
Revenue from external customers	5,871	1,934	729	13,494	4	6	–	22,038
Emerald								
Total Segment Revenue	–	–	–	1,482	619	19	–	2,120
Inter-segment Revenue	–	–	–	–	–	–	–	–
Revenue from external customers	–	–	–	1,482	619	19	–	2,120
IAP								
Total Segment Revenue	2,724	–	3,209	3,734	122	1,088	–	10,877
Inter-segment Revenue	(303)	–	–	–	–	–	–	(303)
Revenue from external customers	2,421	–	3,209	3,734	122	1,088	–	10,574
Unallocated								
Total Unallocated Revenue	–	–	–	–	–	–	–	–
Total revenue from external customers	8,292	1,934	3,938	18,710	745	1,113	–	34,732
(ii) Adjusted EBITDA								
PTB	1,060	267	100	1,860	–	1	–	3,288
Emerald	–	–	–	115	48	1	–	164
IAP	413	–	610	710	23	207	–	1,963
Unallocated	–	–	–	–	–	–	–	–
Adjusted EBITDA	1,473	267	710	2,685	71	209	–	5,415

27. Segment Information (continued)

2014	Australia PNG & NZ	Pacific	America North & South	Asia	Africa	Europe	Unallocated	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
(iii) Segment Disclosure Items								
Depreciation & Amortisation								
PTB	440	–	–	26	–	–	–	466
Emerald	–	–	–	–	247	2	–	249
IAP	654	–	–	–	250	–	–	904
Total	1,094	–	–	26	497	2	–	1,619
Impairment of Goodwill								
PTB	–	–	–	–	–	–	–	–
Total	–	–	–	–	–	–	–	–
Impairment of Assets								
PTB	*100*	–	–	–	–	–	–	100
Emerald	–	–	–	2,346	1,048	8,370	–	11,764
IAP	7,056	–	–	–	238	–	–	7,294
Total	7,156	–	–	2,346	1,286	8,370	–	19,158
Unrealised (Gain)/Loss on Foreign Currency								
PTB	–	(30)	(11)	(210)	–	–	–	(251)
Emerald	–	–	–	(630)	(263)	(8)	–	(901)
IAP	–	–	62	72	2	21	–	157
Total	–	(30)	51	(768)	(261)	13	–	(995)

27. Segment Information (continued)

2014	Australia PNG & NZ $'000	Pacific $'000	America North & South $'000	Asia $'000	Africa $'000	Europe $'000	Unallocated $'000	Total $'000
Capital Expenditure								
PTB	677	–	–	–	–	–	–	677
Emerald	–	–	–	–	–	2,799	–	2,799
IAP	617	–	–	–	–	–	–	617
Total	1,294	–	–	–	–	2,799	–	4,093
Total Segment Assets								
PTB	21,462	454	434	1,294	181	3	20,243	44,071
Emerald	735	–	–	5,988	854	2,857	(11,193)	(759)
IAP	19,184	720	772	640	107	99	(9,050)	12,472
Unallocated	–	–	–	–	–	–	–	–
Total	41,381	1,174	1,206	7,922	1,142	2,959	–	55,784
Total assets includes: Non-current Assets (other than financial assets and deferred tax)								
PTB	8,190	39	–	60	–	–	20,243	28,532
Emerald	–	–	–	5,401	–	1,789	(11,193)	(4,003)
IAP	13,154	720	–	–	–	–	(9,050)	4,824
Total	21,344	759	–	5,461	–	1,789	–	29,353
Total Segment Liabilities								
PTB	2,019	745	1,665	519	4	33	–	4,985
Emerald	31	–	1,129	186	328	222	–	1,896
IAP	1,139	128	200	364	–	121	–	1,952
Total	3,189	873	2,994	1,069	332	376	–	8,833

27. Segment Information (continued)

Other segment information

(i) Segment revenue

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

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

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

	2015 $'000	2014 $'000
Total Segment revenue	36,359	35,436
Intersegment eliminations	(363)	(704)
Interest revenue	-	-
Total revenue from continuing operations (note 2)	35,996	34,732

The Group is domiciled in Australia. The amount of its revenue from external customers in Australia is $6.438 million (2014: $8.292 million) and the total revenue from external customers in other countries is $29.558 million (2014: $26.440 million). Segment revenues are allocated based on the country in which the customer is located.

(ii) Adjusted EBITDA

The Board assesses the performance of the operating segments based on a measure of adjusted EBITDA.

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

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

	2015 $'000	2014 $'000
Adjusted EBITDA	6,120	5,415
Unrealised gain/(loss) on foreign Currency	(413)	995
Impairment of inventory	-	(7,216)
Impairment of extended credit receivables	-	(2,653)
Impairment of aircraft	(286)	(9,289)
Depreciation and amortisation	(1,445)	(1,619)
Finance Costs	(1,286)	(1,540)
Profit/(Loss) before income tax from continuing operations	2,690	(15,907)

27. Segment Information (continued)

(iii) Segment assets

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

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

	2015 $'000	2014 $'000
Segment Assets	58,082	55,784
Unallocated:		
Deferred tax assets	4,970	5,866
Total assets as per the statement of financial position	63,052	61,650

The total of non current assets other than financial instruments and deferred tax assets located in Australia is $19.771 million (2014: $21.344 million), and the total of these non current assets located in other countries is $7.338 million (2014: $8.009 million). Segment assets are allocated to countries based on where the assets are located.

(iv) Segment liabilities

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

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

	2015 $'000	2014 $'000
Segment Liabilities	9,616	8,833
Unallocated:		
Derivative financial instruments	-	55
Deferred tax liabilities	2,388	2,558
Current borrowings	3,535	12,364
Non-current borrowings	12,412	4,284
Total liabilities as per the statement of financial position	27,951	28,094

28. Dividends

	2015 $'000	2014 $'000
Dividends paid during the year		
Interim dividend for 30 June 2015 of 5 cents per share (2014: Nil) fully franked (at 30%) paid on 16 June 2015	1,829	-

Dividends paid in cash or satisfied by the issue of shares under dividend reinvestment scheme during the year were as follows:

Paid in cash	418	-
Satisfied by the issue of shares	1,411	-
	1,829	-

	Consolidated		Parent Entity	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Franking credits				
Franking credits available for subsequent financial years based on a tax rate of 30% (2014: 30%)	10,236	11,020	10,236	11,020

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

a) franking credits that will arise from the payment of the amount of the provision for income tax;

b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and

c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

29. Subsidiaries

		Equity Holding	
Name	Country of Incorporation	2015	2014
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.

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

30. 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 profit & loss and other 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 profit & loss and other comprehensive income and a summary of movements in consolidated retained profits for the year ended 30 June 2015 of the Closed Group:

	2015 $'000	2014 $'000
Revenue	35,996	34,732
Total Revenue	35,996	34,732
Changes in inventories of finished goods and work in progress	2,296	(2,504)
Raw materials and consumables used and finished goods purchased for sale	(24,603)	(16,008)
Employee benefits expense	(6,161)	(5,858)
Depreciation and amortisation	(1,445)	(1,619)
Repairs and maintenance	(52)	(76)
Bad and doubtful debts	(1,518)	(227)
Finance costs	(1,286)	(1,540)
Net foreign exchange loss	(629)	(203)
Net gain / (loss) on sale of property, plant and equipment	4,060	(2)
Impairment of aircraft	(286)	(9,289)
Impairment of extended credit receivables	-	(2,653)
Impairment of inventory	-	(7,216)
Other expenses	(3,682)	(3,444)
Total expenses	(33,306)	(50,639)
Profit/(Loss) before income tax expense	2,690	(15,907)
Income tax expense	(727)	4,770
Profit/(Loss) for the year	1,963	(11,137)
Statement of Comprehensive Income		
Profit/(Loss) for the year	1,963	(11,137)
Other comprehensive income net of tax	-	-
Total comprehensive income for the year attributable to the owners of the parent entity	1,963	(11,137)
Summary of movements in consolidated retained profits/(losses)		
Retained (losses)/profits at the beginning of the financial year	(10,893)	244
Transfer to dividend appropriation reserve	-	-
Profit/(loss) for the year	1,963	(11,137)
Dividend paid during the year	(1,829)	-
Retained (losses)/profits at the end of the financial year	(10,759)	(10,893)

30. 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 2015 of the Closed Group:

	2015 $'000	2014 $'000
Current Assets		
Cash and cash equivalents	3,800	1,142
Trade and other receivables	5,616	6,242
Inventories	21,113	18,817
Current tax assets	–	–
Other current assets	444	230
Total Current Assets	30,973	26,431
Non-Current Assets		
Trade and other receivables	1,641	1,713
Inventories	–	–
Other financial assets	265	265
Property, plant and equipment	20,820	22,992
Deferred tax assets	4,970	5,866
Intangible assets	4,334	4,334
Other non-current assets	–	–
Total Non-Current Assets	32,030	35,170
Total Assets	63,003	61,601
Current Liabilities		
Trade and other payables	6,249	5,408
Borrowings	3,535	12,364
Derivative financial instruments	–	55
Current tax liabilities	–	–
Provisions	849	821
Other current liabilities	1,447	1,573
Total Current Liabilities	12,080	20,221
Non Current Liabilities		
Borrowings	12,412	4,284
Deferred tax liabilities	2,388	2,558
Provisions	509	100
Other non-current liabilities	562	931
Total Non-Current Liabilities	15,871	7,873
Total Liabilities	27,951	28,094
Net Assets	35,052	33,507
Equity		
Contributed equity	31,855	30,444
Reserves	13,956	13,956
Retained earnings	(10,759)	(10,893)
Total Equity	35,052	33,507

31. Related Party Balances and 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 29.

b) Key management personnel

Disclosures relating to key management personnel are set out in the Directors' Report and note 22.

c) Other Transactions with Subsidiaries

The following transactions occurred with subsidiaries:

	Parent Entity	
	2015	2014
Parent Entity	$	$
Revenue – sale of engines	–	303,322
Revenue – sale of goods and services	35,714	38,251
Revenue – engine rentals	–	58,676
Revenue – dividend	–	–
Purchase of goods and services	–	–
Rent and property related expenses	168,281	364,959

In addition to the above sales, the parent has also provided, free of charge, other administrative and accounting assistance to the subsidiaries.

d) Outstanding balances of Loans to Subsidiaries

Loans to subsidiaries	19,939,917	19,925,633

The loans are non-interest bearing, unsecured, at call and repayable in cash.

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

Trade and extended credit receivables	–	–
Trade payables	–	–

No provisions for doubtful debts have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

32. Parent Entity Financial Information

a) Summary financial information

	2015 $'000	2014 $'000
Statement of Financial Position		
Current assets	19,639	15,539
Total Assets	65,513	58,160
Current liabilities	7,187	8,228
Total Liabilities	17,025	10,165
Shareholder's equity		
Issued Capital	31,855	30,444
Reserves	12,127	13,956
Retained earnings	4,506	3,595
	48,488	47,995
Profit or loss for the year	911	1,429
Total comprehensive income	911	1,429

b) Guarantees entered into by the parent entity

Carrying amount included in current liabilities	–	–
	–	–

33. 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.

34. Contingent liabilities

The Group had the following bank guarantees as at 30 June:

Favouree	Bank	Date	2015 $'000	2014 $'000
The President of Islamic Republic of Pakistan	CBA	5/03/2014	–	21
Bankstown Airport Limited	CBA	27/03/2007	18	18
			18	39

The Directors of the Company declare that:

(a) the attached financial statements and notes, as set out on pages 31 to 84 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 30 June 2015 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 29; 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 Managing Director and Chief Financial Officer for the financial year ended 30 June 2015 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
21 August 2015

WILLIAMS
HALL CHADWICK
CHARTERED ACCOUNTANTS & BUSINESS ADVISORS

Level 19/144 Edward Street
Brisbane Queensland 4000
GPO Box 389
Brisbane Queensland 4001
(07) 3221 2416 **Telephone**
(07) 3221 8341 **Facsimile**
www.wpca.com.au

Independent Auditor's Report

To the members of PTB Group Limited

Report on the Financial Statements

We have audited the accompanying financial report of PTB Group Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other 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 gives 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 (IFRS).

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 report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, 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 report 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.

Auditor's 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 company's and consolidated entity's financial position as at 30 June 2015 and of their performance for the year ended on that date; and
(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 11 to 16 of the directors' report for the year ended 30 June 2015. 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.

Auditor's Opinion

In our opinion the Remuneration Report of PTB Group Limited for the year ended 30 June 2015, complies with section 300A of the Corporations Act 2001.

Geoffrey Stephens
Director

Williams Hall Chadwick

Dated this 21st day of August 2015

The shareholder information set out below was applicable as at 13 August 2015.

(a) Distribution of Shareholders:

Category (size of Holding)	Class of equity security	
	Ordinary Shares	Options
1 – 1,000	22	–
1,001 – 5,000	99	–
5,001 – 10,000	39	–
10,001 – 100,000	88	–
100,001 and over	41	–
	289	–

(b) The number of ordinary shareholdings held in less than marketable parcels is 34.

(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	9,221,049	21.95%
Keybridge Capital	8,343,802	19.86%
River Capital	4,548,266	10.83%
CL Baker	2,833,527	6.75%
SG Smith	2,209,317	5.26%

(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 %
MR ROYSTON STEPHEN FERRIS	9,221,049	21.95%
KEYBRIDGE CAPITAL LIMITED	8,205,568	19.53%
RIVER CAPITAL ALTERNATE FUND MANAGEMENT PTY LTD	4,548,266	10.83%
BAKER SUPERANNUATION PTY LTD	2,188,708	5.21%
MR STEPHEN GARRY SMITH & MRS JUDITH ANN FLINTOFT	1,321,317	3.15%
MILTON YANNIS	1,206,002	2.87%
GRAEME HILLS	1,061,066	2.53%
MARGARET HILLS	999,038	2.38%
ROCKET SCIENCE PTY LTD	897,261	2.14%
JUDITH FLINTOFT	888,000	2.11%
ROSS GEORGE YANNIS	864,370	2.06%
MR GEORGE YANNIS & MRS THELMA YANNIS	644,649	1.53%
MS CECILIA HAMILTON CROAKER	481,621	1.15%
M R & S J GORDON PTY LTD	478,669	1.14%
DAVID FAMILY SUPERANNUATION FUND PTY LTD	465,847	1.11%
MR EDWARD JAMES DALLY & MRS SELINA DALLY	435,207	1.04%
HARVEY PARKER	409,171	0.97%
HUGH JONES	381,525	0.91%
MRS SUSAN DEBORAH MARTIN-BAKER	380,721	0.91%
HUNTINGTON GROUP PTY LIMITED	370,924	0.88%
	35,449,029	84.39%

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

	2015	2014	2013	2012	2011
Revenue ($'000)	35,996	34,732	27,704	32,275	31,347
+-Net (loss)/profit ($'000)	1,963	(11,137)	368	1,375	657
Net Assets ($'000)	35,101	33,556	44,693	45,575	43,200
Cash Flow from Operating Activities ($'000)	1,183	3,215	6,496	5,413	2,079
Ordinary Shares fully paid ('000)	42,008	36,582	36,582	32,225	32,225
Return on average shareholders' funds (%)	4.92	(28.47)	0.82	3.13	1.53
Share price at year-end ($)	0.30	0.29	0.40	0.23	0.25
NTA backing per Share (Cents)	73	80	110	125	121
Dividend paid (Cents) per share in respect of each financial year	5	Nil	5.1	Nil	Nil
Average AUD/USD exchange rate	$0.84	$0.92	$1.03	$1.03	$0.99

Notes:

Notes:

Notes:

PTB GROUP LIMITED

PO Box 90 PINKENBA QLD 4008
22 Orient Avenue PINKENBA QLD 4008
t 61 7 3637 7000
f 61 7 3260 1180