PTB GROUP LIMITED

PTB Group Limited

ABN 99 098 390 991

ASX Code: PTB

Preliminary Final Report
Appendix 4E

30 June 2010

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Appendix 4E

Pacific Turbine Brisbane

INTERNATIONAL AIR PARTS

Results for Announcement to the Market

Summary of Financial Information

Extracts from this report for announcement to the market:

	12 months ended 30 June 2010 $A'000	12 months ended 30 June 2009 $A'000	Movement $A'000	Movement %
Revenue from ordinary activities	27,241	38,526	(11,285)	(29.29)
Net profit after tax for the Year attributable to members	1,602	103	1,499	1,455
Net profit for the Year attributable to members	1,602	103	1,499	1,455

Highlights of Results

	Current Year 30.6.10 A$'000	Previous Year 30.6.09 A$'000
Total Revenue	27,241	38,526
Other Revenue	3,633	652
Expenses	(28,637)	(38,845)
Profit before tax	2,237	333
Income tax	(635)	(230)
Net Profit after tax	1,602	103
Cash Assets	1,161	466
Property, Plant and Equipment	25,603	27,086
Other Assets	54,970	57,497
Liabilities	(40,236)	(46,039)
Net Assets	41,498	39,010
Return on average shareholders funds (%)	3.98%	0.3%
Basic earnings per share (cents/share)	5.37	0.4
Diluted earnings per share (cents/share)	5.37	0.4
Net tangible asset backing ($/share)	$1.15	$1.26

No dividend has been declared or paid for the 30 June 2010 financial year (2009: $Nil).

CHAIRMAN AND MANAGING DIRECTOR'S REVIEW

Results

Net profit after tax increased from $0.1 million in 2009 to $1.602 million in 2010. Basic earnings per share were 5.37 cents (0.4 cents in 2009).

This represents a return on average shareholders' funds of 3.98 per cent (0.3 per cent in 2009). No dividend will be paid for the June 2010 year (2009: nil). The emphasis on debt reduction means that it is highly unlikely that a dividend will be paid in the 2011 year.

The 2010 Year in Review

As detailed in our 2009 Annual Report, the default by the Middle Eastern operator on the two ATP LFD aircraft during the global financial crisis was a major setback for the Group. As this was to be a cash sale, the Group was faced with many external challenges, including the renegotiation of $14.7 million in external debt that would have otherwise been extinguished as a result of the sale.

In recognition of these challenges, the Group implemented several key initiatives including the strategic shift back to core trading operations, the focus on asset utilisation and deployment, the restructuring of financing facilities, and expanding the engine care and maintenance contracts.

While the global downturn in aviation activity and the relatively high Australian dollar continues to impact on underlying sales and profitability, significant progress has been made in these key areas as detailed below:

- The AUD/USD averaged .8850 for the financial year compared to .74 in the previous year. This had a significant impact by reducing margins across the Group. In recognition of the continuing impact of the AUD and the slow recovery in aviation activity on core operating businesses, Management have procured strategic purchases such as the MD90 project as part of the refocus on trading. The MD90 project was a tender of an aircraft in Indonesia that was secured by IAP in order to break the aircraft down for parts. The purchase was funded by an international aviation Group on a 50% profit share basis. The Group is currently in discussions with several customers for the sale of the engines and other parts. The profit to IAP will be significant and underpins IAP parts margins over the 2011 year;

- On 6 January 2010 the Group completed its Commonwealth Bank refinancing of the Emerald Financier and the ANZ bank. The Emerald Financier accepted a total payment of $10.4 million in cash, together with the issue of approximately 4.6 million shares, in full settlement of the outstanding loan balance of approximately $15 million. The profit on settlement of the transaction was approximately $3.6 million.

- It is significant to note that as a result of the refinancing and the loan repayments from working capital, the outstanding debt relating to the Emerald facility has reduced from approximately $15 million as at 31 December 2009, to $8.825 million as at 30 June 2010. This is a significant achievement and one of our core strategic initiatives. However the drain on working capital has meant that some trading opportunities were foregone, and key initiatives such as the Test Cell were delayed;

- Significant assistance was provided to the LFD ATP aircraft operator in Indonesia to ensure these aircraft were deployed on a timely basis. In addition one of the Metro aircraft was leased into Korea;

- Closure of UK Emerald refurbishment operation;

- During the year, all of the existing PTB engine maintenance contracts were renewed or extended for periods of up to five years. A five year contract was also signed with an operator in the Maldives which has one of the largest PT6 fleets in the world;

- PTB now has over 122 engines under lease and care and maintenance. In a very competitive environment this provides a strong base and profit opportunity for the engine business; and

- In addition, IAP renewed the aircraft leases with a regional NSW based RPT operator, including the deployment of a fourth aircraft. These types of long term support contracts are a key competitive advantage for the Group.

Activities covered under PTB Group's Aviation Asset Management Operations

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

- PTB: TPE331 together with PT6A turbine engine repair and overhaul in the repair facility in Brisbane, and trading in spare parts for engines, and engines;

- 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.

Commentary on operations during the year

A summary of results for the year is as follows:

Division	Actual 2010 $'000	Revised Budget 2010 $'000	Variance $'000	Actual 2009 $'000
PTB Business	1,594	1,682	(88)	3,228
IAP Business	598	817	(219)	2,178
Emerald Assets	628	665	(37)	2,630
Emerald Currency	(265)	(818)	553	(3,147)
Emerald Interest	(2,212)	(2,384)	172	(3,004)
Corporate Overheads	(1,344)	(1,595)	251	(1,583)
Sale of Aeropelican	-	-	-	652
Keybridge Deal	3,633	3,633	-	-
Bad and doubtful debts	(395)	-	(395)	(621)
Profit before Tax	2,237	2,000	237	333

The Group had a profit downgrade in November 2009 to reflect the ongoing effects of the global financial crisis (GFC) and the resulting downturn in global aviation passenger and freight activity. Although profitability was skewed towards the second half in recognition of improving trading conditions, Management did not believe the shortfall would be fully recovered by year end.

The Group had a profit upgrade in February to reflect the profit from the refinance of the Emerald Financier loan by the CBA, offset by the continuing reduction of business from the GFC.

The effect of the continued strengthening of the $A against the $US was also a major impact on Group performance for the year, and significant unrealised losses were budgeted and incurred on the net USD receivables exposure of the Group. These would normally have been funded in USD thus providing a natural hedge. Unfortunately constraints from one of our previous financiers has meant the Group was unable to achieve this balance in one sector and this had a material effect on the results to date. Due to the depreciation of the AUD with respect to the USD at balance date, the unrealised exchange loss impact is less than forecast.

The aviation assets we buy and sell are world commodities sold in $US. The continuing weakness of the $US has a major impact on our margin. An item sold for $US200 with a US$100 margin at an $AUD/$US exchange rate of .75 produces a margin of $A133. At a $A/$US exchange rate of .90 the margin is $A111. This is a 17% reduction in margin. This requires a 20% increase in sales volume to achieve the same overall forecast dollar margin.

Pacific Turbine Brisbane

The Pacific Turbine Brisbane (PTB) business was slightly behind the revised budget for 2010 and was well behind the prior year's results.

The major contributors were a $990,000 exchange effect as a result of the strong $A, an unrealized exchange loss of $360,000 and the short fall in the engine rental business.

The rental engine business was down on budget as a result of the flow through of operators parking aircraft or going out of business. The air ambulance aircraft was out for three months on scheduled maintenance. Rental engine results will improve in 2011 with the air ambulance forecast to operate well ahead of the 2010 result.

The PTB engine business performed well during the GFC. Actual physical production was ahead of the prior year. The engine business result was underwritten by the Engine Maintenance Contract agreements we have with operators around the world.

Our business with the USA based engine parts wholesalers was down on previous years as a result of the economic slowdown, the adequate level of existing inventory holdings at some of our key customers, and the lack of cash in the USA for investing in new parts.

PTB's prospects for the future are very positive.

The benefits of its Engine Maintenance Contract agreements cannot be underestimated as to their value in providing the engine business a base load. PTB continues to develop its regional customer base and each of its new and established customers is another potential Power by the Hour customer.

Brisbane has a number of future initiatives that will grow and strengthen the business.

Engine finance is a very valuable engine sales tool and in today's financial climate would generate new business. With the Group's new banking arrangements we expect at some time in the future to be in a position to again offer engine finance which will enhance future growth in this area.

The cash support from PTB for our Emerald Financier repayments and now the CBA, and the continued rationalisation of Emerald's UK operation has reduced PTB's ability to generate additional speculative engine sales and opportunistic engine parts purchases. Once the Group's CBA loan repayment becomes self funding, PTB will have cash available for additional speculative engine transactions.

The PTB business has commenced planning for the installation of a PT6A engine test cell. A test cell would significantly expand the profit opportunities for Brisbane in the PT6A engine repair and overhaul business. PTB currently subcontracts all the major overhaul and PT6A repair work to shops in the USA. With a test cell PTB would only carry out selected high profit repair and overhaul PT6A work that it currently subcontracts to the USA.

The engine cell will have the capacity to test additional engine types. This will provide the basis for further growth in the future through an additional engine line. The key to progressing the engine test cell is our ability to finance the $2.2 million of capital expenditure.

IAP Business

The IAP business was down on budget and well down on prior year's result.

The comparison with the prior year's result illustrates the negative effect on IAP of the GFC and the strengthening of the $A against the $US. A major contributor was a $700,000 exchange effect as a result of the strengthened $A against the $US. The unrealised exchange loss was immaterial. The balance of the shortfall is as a direct result of the GFC and slow down in global aviation activity.

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

In spite of the 2010 difficulties for IAP, the future prospects are promising.

The MD90 aircraft in Indonesia has been dismantled and the engines have been received and evaluated by the engine overhaul shop. IAP expects to sell the engines in the 2011 financial year and the profit from this sale will underwrite any short fall in IAP sales as a result of the GFC.

The lease of the four J32 aircraft continues to create long-term part sales opportunities for IAP and engine repair and overhaul opportunities for PTB.

The lease of the Metro 23 to Korea will create sales opportunities for IAP and engine opportunities for Brisbane. The Korean's would take our second Metro 23 but the financier is unable to release the aircraft for operation in Korea. This is an excellent long-term profit opportunity on which IAP is currently unable to capitalise.

The two LFD ATP's in Indonesian have been slow to build up their flying hours. In the last two months they have increased aircraft utilisation on contract flying. This will provide a long-term base for a new product lines in ATP parts sales for IAP.

IAP is actively working on an initiative that if successful will underpin IAP's parts business for a number of years.

Again, working capital is important: the future growth of the core IAP business is dependent upon access to working capital for aircraft part-out opportunities.

Emerald Assets

The global financial crisis, the resulting restriction in available finance, and the number of aircraft parked around the world continues to have a major effect on this division and the Group's results.

The aim is to have this operation profitable and self-funding by maximising aircraft deployment and asset utilisation. The renegotiation of the loan and new CBA financing package is a major step in reducing the current trading loss. Every additional aircraft deployed enhances rental and leasing revenue and is also an additional parts sale opportunity for IAP.

The two LFD ATP freighters have been successfully deployed to Indonesia. The Indonesian operator has been slow to build up flying hours but this is increasing. They now have a requirement for a Passenger ATP aircraft. This aircraft is in work in the UK and will deploy to Indonesia before the end of the year.

A further passenger ATP has been mothballed and is stored at Blackpool in the UK. At a later date the Company will complete the refurbishment when it has the appropriate commercial opportunity.

The cost to keep the aircraft in care and maintenance in the UK is significant. With the dispatch of the PAX ATP the Group will be left with two HS748 Freighters on care and maintenance. As soon as the funds become available it will deploy these aircraft to a lower cost environment or find work.

Emerald has a number of aircraft assets not deployed at present. These aircraft are all future opportunities.

Brief details are:

- *Completed PAX ATP:* Our Indonesian operator is expected to lease this aircraft;

- *Two UK HS748's:* The two HS748 aircraft returned off lease by a UK operator. Available on care and maintenance program in the UK;

- *African LFD HS748:* The new operator in Africa has not commenced operations as the intended UN contracts have been delayed due to a current lack of available funding; and

- *Bangladesh HS748:* One aircraft was returned. However we have a further two HS748's flying in Bangladesh and both customers have expressed an interest in operating this aircraft.

The Company is working to finding alternative markets for the unused HS748's.The continued weakness in the European and US economies have reduced the leasing options.

The Group is working its way toward obtaining an Australian AOC. The AOC will enable the HS748 aircraft to be offered crewed and maintained which significantly expands the lease potential for the aircraft. The process has been slowed to conserve working capital.

Corporate Overheads

Corporate overhead costs are below budget at $1.344 million (Budget: $1.595 million) to 30 June 2010, and have reduced significantly from $1.58 million in the prior year. As a result of ongoing efficiency improvements reductions in insurance, legal, audit and accounting fees were achieved. This was also facilitated by the absence of any business disposals or other such activities. Reductions in Director's fees and employee share option expenses were also achieved, with salary and wage costs remaining stable.

Bad and Doubtful Debts

Bad and doubtful debts expense for the year totaled $0.394 million (2009: $0.6 million). These expenses were largely attributable to customers on long-standing open account operating regional passenger and freight airline operations in Australia and the Pacific Islands who were largely affected by the global downturn in passenger and freight activity. A provision for impairment of $0.819 million (2009: $0.6 million) has been booked at year end. Management is confident however that recovery efforts will realise funds which will reduce the final amount to be written off on these customers.

We conduct business with second and third tier aviation companies and extending credit is a risk of the business. An engine sale or engine repair is often of high monetary value with significant margin and credit levels evolving over time.

Debt and Equity Finance

PTB Emerald Finance Facility

On 6 January 2010 the Group completed the Commonwealth Bank sourced refinancing which enabled the payout of the Emerald Financier and the ANZ bank. The Emerald Financier accepted a total payment of $10.4 million in cash, together with the issue of approximately 4.6 million shares, in full settlement of the outstanding loan balance of approximately $15 million.

The facilities provided by the Commonwealth Bank consist of a $10 million commercial bill relating to the Emerald operations at an average rate of 10%, and the refinancing of the ANZ bank via a $2 million commercial bill relating to PTB Group at a current rate of 7%. The terms are three and two years respectively and will significantly reduce interest and other costs of financing concurrent with the reduction in net debt exposure.

It is significant to note that as a result of the refinancing and the loan repayments from working capital, the outstanding debt relating to the Emerald facility has reduced from approximately $15 million as at 31 December 2009 to $8.825 million as at 30 June 2010. This is a significant achievement and one of our core strategic initiatives. However the drain on working capital has meant that some trading opportunities were foregone, and key initiatives such as the Test Cell were delayed.

Equity

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

Other Matters

Exchange rates

The exchange rate has been volatile over the past six months ranging from 0.81 at 30 June 2009, to a high of 0.94 in November 2009, and falling to 0.85 at balance date.

While the group has a natural hedge in respect to its assets and liabilities, the fact that a large part of PTB Group's trading is undertaken in US dollars and in US dollar valued assets means that the conversion to Australian dollars has a significant negative impact on the gross margins and sales of the PTB and IAP businesses when the AUD appreciates against the USD.

Significant unrealised losses were budgeted and incurred on the net USD receivables exposure of the Group. These would normally have been funded in USD thus providing a natural hedge.

Unfortunately constraints from a previous financier has meant that the Group was unable to achieve this balance in one sector and this had a material effect on the results to date. It is expected that some or all of this unrealised loss will reverse over the life of these transactions, some of which extend to five years.

Asset Values

Aviation inventory and assets are global commodities and are valued, bought, and sold in USD. The Directors are of the opinion that assets are carried in the books at conservative values.

Balance Sheet and Net Assets

The net asset position has increased from $39.010 million as at 30 June 2009 to $41.498 million at 30 June 2010. The increase is mainly attributable to the net effect on profit of refinancing the Emerald facility.

Included in net assets are:

The Emerald assets: These are predominantly aircraft and make up $12.9 million (2009: $13.3 million) of Inventories, $3.1 million (2009: $3.2 million) of property, plant and equipment, and $1.55 million (2009: 16.6 million) of extended credit receivables, mainly consisting of the hire purchase type arrangements.

As previously disclosed above, the remaining inventory largely consists of completed ATP and 748 aircraft, with one incomplete PAX ATP aircraft remaining that can be refurbished or parted-out. The completed aircraft will either be sold outright to reduce debt and generate working capital, or moved to the financing and rentals pool (classified as plant and equipment non-current assets).

Cashflows

The positive operating cashflow of $4.807 million (2009: $2.110 million) has been predominantly due to the continued realisation of inventory and reduction in the days to collect accounts receivable. As mentioned in previous years, the Group will normally have a negative operating cashflow as short-term debt is utilised to acquire aviation asset inventory which are either sold or placed in the recurring earnings lease and rental pool as non-current assets. The short-term debt is then reduced and substituted with longer-term debt secured over the leased or rented assets. The overall positive net cash inflow of $0.676 million (2009: $1.121 million net cash outflow) is due to the use of operating cashflow and working capital to pay down long-term borrowings, and complete the refurbishment of aircraft for deployment.

Management

The Company now has a small team with the financial skills to meet its management and reporting requirements and obligations. The Company continues to work at building the systems and processes to meet the complexities of a multicurrency, multi-country business. In the Operations area, the PTB Business has a good team which can handle growth.

The aim is to have good support, financial, and other management staff freeing up the deal doers to spend a greater proportion of their time creating sales and new business.

PTB Group's Outlook

The Group has completed a number of initiatives that has allowed it to "weather the storm" of an unprecedented global aviation slowdown in passenger and freight activity. Management of IAP and PTB have concentrated on their core businesses and built a strong foundation for future improved performance and profitability.

The rental and lease side of the business, widely perceived as an annuity income stream has not lived up to this expectation. Even tier one operators are cancelling or renegotiating leases. The ordinary IAP and PTB businesses are vital as they provide a platform for the creation of entrepreneurial, and lease and rental opportunities.

The turboprop market is our core business and is well placed to generate sound levels of activity in the present economic climate. We wrote about this in last year's annual report and a section on this aspect is detailed below. It has several key characteristics:

- Fuel efficiency and low operating costs;
- Relatively low capital cost; and
- Relatively low numbers of aircraft available due to the concentration on small jets through the 1990's and into the early years of this century.

While finance availability for customers is very limited, PTB Group has aircraft available for rental and lease and the above dynamics of our low cost fuel efficient aircraft work in our favour.

The Board and management have experienced a number of economic cycles and downturns in the aviation industry. While economic indicators remain mixed, the Board are confident that the Group has experienced the worst of the trading environment that has occurred over the past two years, and are confident that conditions will continue to improve over future reporting periods.

For the next 12 months we will be concentrating on:

- Executing our core trading and business capabilities to capitalise on improving trading conditions;
- Deploying our underutilised aircraft back out on lease and generating income, or selling to generate cash;
- Renegotiating new engine care and maintenance contracts and continuing to build on this competitive advantage;
- Using cash flows to pay down debt and limiting the effect on working capital, while continuing to seek less expensive alternate funding for facilities requiring renewal; and
- Completing strategic initiatives such as the Test Cell feasibility and realisation of profit and cashflows from special projects such as the MD90 part out.

Once recovery begins aircraft start flying and often these aircraft require maintenance catch-up. This leads to additional parts sales, engine repair and overhaul work, and rental and lease opportunities which will underpin future growth.

PTB Group Limited

Harvey Parker
Chairman

Craig Baker
Managing Director

PTB GROUP LIMITED AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2010

	Consolidated	
	2010	**2009**
	$'000	**$'000**
Revenue	27,241	38,526
Other income	3,633	652
Cost of goods sold	(13,945)	(18,808)
Employee benefits expense	(4,346)	(5,116)
Depreciation and amortisation	(1,929)	(1,442)
Airport charges and taxes	-	(750)
Repairs and maintenance	(61)	(256)
Fuel costs	-	(553)
Bad and doubtful debts	(395)	(621)
Finance costs	(3,727)	(4,569)
Net foreign exchange loss	(697)	(2,517)
Net loss on sale of plant and equipment	(27)	(136)
Other expenses	(3,510)	(4,077)
Total expenses	(28,637)	(38,845)
Profit before income tax expense	2,237	333
Income tax expense	(635)	(230)
Profit for the year attributable to the owners of the parent entity	1,602	103
Other comprehensive income net of tax	-	-
Total comprehensive income/(loss) for the period attributable to the owners of the parent entity	1,602	103
	Cents	**Cents**
Basic earnings per share	5.37	0.4
Diluted earnings per share	5.37	0.4

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

PTB GROUP LIMITED AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2010

	Note	Consolidated	
		2010	2009
		$'000	$'000
Current Assets			
Cash and cash equivalents		1,161	466
Trade and other receivables		5,344	4,673
Inventories		23,389	28,494
Derivative financial assets		-	-
Current tax receivables		266	353
Other		423	1,258
Total Current Assets		30,583	35,244
Non-Current Assets			
Trade and other receivables		13,718	15,797
Inventories		6,000	-
Property, plant and equipment		25,603	27,086
Deferred tax assets		1,354	2,221
Intangible assets		4,334	4,334
Other		142	367
Total Non-Current Assets		51,151	49,805
Total Assets		81,734	85,049
Current Liabilities			
Trade and other payables		4,394	3,458
Borrowings		11,468	7,823
Current tax liabilities		-	429
Provisions		674	702
Derivative financial liabilities		9	-
Other		1,687	1,034
Total Current Liabilities		18,232	13,446
Non-Current Liabilities			
Borrowings		18,522	29,462
Deferred tax liabilities		2,910	2,702
Provisions		136	150
Other		436	279
Total Non-Current Liabilities		22,004	32,593
Total Liabilities		40,236	46,039
Net Assets		41,498	39,010
Equity			
Contributed equity		28,973	28,096
Reserves		283	274
Retained profits	2(a)	12,242	10,640
Total Equity		41,498	39,010

The balance sheet should be read in conjunction with the accompanying notes.

PTB GROUP LIMITED AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2010

Consolidated	Contributed Equity		Reserves		Retained Profits	Total
	Issued Capital	Other Equity Securities	Share Based Payments	Hedging Reserve		
	$'000	$'000	$'000	$'000	$'000	$'000
At 30 June 2008	27,780	183	241	1,484	10,537	40,225
Profit for the period	-	-	-	-	103	103
Employee share options	-	-	33	-	-	33
Dividends paid	-	-	-	-	-	-
Issue of share capital (net of transaction costs)	133	-	-	-	-	133
Settlement of cashflow hedge	-	-	-	(1,484)		(1,484)
At 30 June 2009	27,913	183	274	-	10,640	39,010
Profit for the period	-	-	-	-	1,602	1,602
Employee share options	-	-	9	-	-	9
Dividends paid	-	-	-	-	-	-
Issue of share capital (net of transaction costs)	877	-	-	-	-	877
Settlement of cashflow hedge	-	-	-	-	-	-
At 30 June 2010	28,790	183	283	-	12,242	41,498

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

PTB GROUP LIMITED AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated 2010 $'000	Consolidated 2009 $'000
Cash Flow From Operating Activities			
Cash receipts in the course of operations		28,268	39,592
Cash payments in the course of operations		(21,834)	(33,248)
Interest received		1,338	524
Finance costs		(3,489)	(3,449)
GST recovered/(paid)		73	209
Income taxes (paid)/refunded		451	(1,518)
Net cash provided by/(used in) operating activities	2(h)(b)	4,807	2,110
Cash Flow From Investing Activities			
Proceeds from sale of subsidiaries (net of cash disposed)		-	271
Payments for property, plant and equipment		(1,365)	(5,789)
Proceeds on disposal of property, plant and equipment		37	1,909
Net cash used in investing activities		(1,328)	(3,609)
Cash Flow From Financing Activities			
Proceeds from borrowings		10,474	5,384
Repayment of borrowings		(13,016)	(4,927)
Repayment of lease liabilities		(247)	(72)
Proceeds from issue of shares		-	-
Share issue transaction costs		(14)	(7)
Dividends paid		-	-
Net cash provided by/(used in) financing activities		(2,803)	378
Net increase/(decrease) in cash and cash equivalents		676	(1,121)
Cash and cash equivalents at the beginning of the year		(454)	667
Cash and cash equivalents at the end of the year	2(h)(a)	222	(454)

The cash flow statement should be read in conjunction with the accompanying notes.

Notes to the Preliminary Final Report

1. Basis of accounting

This Preliminary Final Report has been prepared in accordance with ASX listing rule 4.3A. The required information has been presented in this report for PTB Group Limited and its controlled entities for the year ended 30 June 2010. This report is currently in the process of being audited and the Directors are not aware of any dispute or qualification that is likely to arise.

The Preliminary Final Report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board Interpretations and the *Corporations Act 2001.* Only that information deemed relevant for the purposes of listing rule 4.3A has been included for the purposes of the Preliminary Final Report.

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the Preliminary Final Report of PTB Group Limited complies with International Financial Reporting Standards (IFRS).

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of PTB Group Limited as at 30 June 2010 and the results of all subsidiaries for the year then ended. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

The accounting policies adopted in this report have been consistently applied by each entity in the consolidated entity, and are consistent with those in the previous year.

2. Other notes to the Preliminary Final Report

(a) **Retained Profits**	**2010 $'000**	**2009 $'000**
Retained profits at the beginning of the year	10,640	10,537
Profit for the year	1,602	103
Dividends	-	-
Retained profits at the end of the year	12,242	10,640

(b) Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

Name	Country of Incorporation	Equity Holding 30.6.10	Equity Holding 30.6.09
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 was 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.

In the previous year, IAP Group Australia Pty Limited (ACN: 003 675 867) a subsidiary of PTB Group Limited, disposed of Aeropelican Air Services Pty Ltd (ACN: 000 653 083). The profit on sale of the subsidiary was $651,820. The profit before tax on ordinary activities of Aeropelican during the previous period, and the corresponding prior period was $160,354 and a loss of $239,206 respectively.

All subsidiaries except for PTB Finance Limited and Pacific Turbine Inc have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission.

(c) Business Combination

There were no business combinations during the current year.

(d) Profit ratios

	Current year	Previous year
Profit before tax/revenue Profit before tax as a percentage of revenue	8.21%	0.9%
Profit after tax/equity interests Profit after tax as attributable to members as a percentage of equity at the end of the period	3.86%	0.3%

(e) Net tangible assets backing per security (NTA)

	Current year	Previous year
Net tangible assets backing per ordinary security	$1.15	$1.26

(f) Dividend Reinvestment Plan (DRP)

Shareholders may participate in the DRP in respect of all of their shares entered in the register or a specific number of shares. The Board may set a limit on the number of shares which shareholders may nominate for participation in the DRP.

The DRP applies only in respect of an eligible dividend payable to a participant in respect of a fully paid participating share.

(g) Segment Information

Business Segments (Primary Reporting)

The Group operates predominantly in the following business segments:

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

During the previous year the existing Aircraft Transport segment, formerly comprised of the Aeropelican Air Services operation was sold, however the Group continues to pursue opportunities in this area. The remaining segment consists of a number of interrelated activities comprising the sale, lease or rental of aviation parts, including whole airframes and engines and does not constitute separately identifiable operating segments.

(g) Segment Information (continued)

	Aircraft Transport $'000	Aircraft & Engines Sales/Rentals $'000	Elimination $'000	Total $'000
2010				
Segment revenue				
Sales to external customers	-	27,241	-	27,241
Intersegment sales	-	-	-	-
Total sales revenue	-	27,241	-	27,241
Other revenue/income	-	-	-	-
Total segment revenue	-	27,241	-	27,241
Unallocated revenue				3,633
Consolidated revenue				30,874
Segment result				
Segment Profit/(Loss)	-	(52)	-	(52)
Unallocated revenue less unallocated expenses				2,289
Profit before income tax				2,237
Income tax expense				(635)
Profit for the year after tax				1,602
Assets				
Segment assets	-	80,114	-	80,114
Unallocated assets				1,620
Total assets				81,734
Liabilities				
Segment liabilities	-	7,336	-	7,336
Unallocated liabilities				32,900
Total liabilities				40,236
Other segment information				
Acquisition of property, plant and equipment, intangibles and other non-current segment assets		1,365		1,365
Unallocated				-
Total acquisitions				1,365
Depreciation and amortisation expense	-	1,929	-	1,929
Unallocated				-
Total depreciation and amortisation				1,929

(g) Segment Information (continued)

	Aircraft Transport $'000	Aircraft & Engines Sales/Rentals $'000	Elimination $'000	Total $'000
2009				
Segment revenue				
Sales to external customers	2,380	36,146	-	38,526
Intersegment sales	-	1,159	(1,159)	-
Total sales revenue	2,380	37,305	(1,159)	38,526
Other revenue/income	-	-	-	-
Total segment revenue	2,380	37,305	(1,159)	38,526
Unallocated revenue				652
Consolidated revenue				39,178
Segment result				
Segment Profit/(Loss)	160	1,218	(113)	1,265
Unallocated revenue less unallocated expenses				(932)
Profit before income tax				333
Income tax expense				(230)
Profit for the year after tax				103
Assets				
Segment assets	-	82,475	-	82,475
Unallocated assets				2,574
Total assets				85,049
Liabilities				
Segment liabilities	-	5,623	-	5,623
Unallocated liabilities				40,416
Total liabilities				46,039
Other segment information				
Acquisition of property, plant and equipment, intangibles and other non-current segment assets	-	6,244	-	6,244
Unallocated				-
Total acquisitions				6,244
Depreciation and amortisation expense	158	1,284	-	1,442
Unallocated				-
Total depreciation and amortisation				1,442

(h) Cash Flow Information

	Consolidated	
(a) Reconciliation of Cash and Cash Equivalents	**2010 $'000**	**2009 $'000**
Cash and cash equivalents assets – cash at bank and on hand	1,161	466
Bank overdraft	(939)	(920)
	222	(454)

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

	2010 $'000	2009 $'000
Profit for the year	1,602	103
Depreciation and amortisation	1,929	1,442
(Gain)/loss on disposal of property, plant and equipment	27	136
(Gain)/loss on disposal of subsidiary	-	(652)
(Gain)/loss on refinancing of borrowings	(3,633)	-
Share-based payments	9	32
Interest capitalised	-	1,297
Non-cash interest on unsecured notes	-	62
Unrealised foreign currency movements	939	2,167
Movement in provision for doubtful debts	205	443
Other		
Changes in operating assets and liabilities, net of effects from disposal of controlled entities		
(Increase)/decrease in:		
Receivables**	263	342
Inventories	(40)	(1,222)
Deferred tax assets*	867	(1,146)
Other assets	1,059	(837)
Increase/(decrease) in:		
Trade payables and accruals	1,061	(387)
Other creditors and accruals	9	-
Employee benefits	(42)	68
Deferred revenue	686	124
Current tax liabilities	(342)	(830)
Deferred tax liabilities*	208	968
Net cash flow from operating activities	4,807	2,110

* net of amounts charged or credited directly to equity
** excluding non-operating items

Directors

The names of directors in office at any time during the year and up to the date of this report are:

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

Information on Current Directors

Harvey Parker (Non-Executive Chairman)

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

He is presently Chairman of DWS Advanced Business Solutions Limited (since 9 May 2006), Director of Riding for the Disabled Association of Victoria Limited, and Director and Chairman of Jumbuck Entertainment Limited (since February 2009). During the past three years Mr Parker was also a Director of the Volante Group (until April 2006) and Chairman of Intermoco from (2 May 2007 to 31 May 2008). He has held no other Director positions with other listed companies in the last three years.

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

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

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

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

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

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

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

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

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

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

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

Company Secretary

James Barbeler was appointed as the Chief Financial Officer from 28 May 2007, and Company Secretary on 15 June 2007. James has a Bachelor of Business (Accountancy) from Queensland University of Technology, a MBA with an IT major, and is a member of the Institute of Chartered Accountants. James has over 23 years experience in all aspects of financial accounting, auditing, treasury, Board, and statutory reporting.

James has held various positions including Audit Manager in a Chartered Accounting firm, CFO, Company Secretary, and CEO of various agribusiness and commercial entities in both public and private companies.

Compliance Statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act.
2. This statement does give a true and fair view of the matters disclosed.
3. The financial statements are in the process of being audited.
4. The Company has a formally constituted audit committee.

PTB Group Limited

HARVEY PARKER
Chairman

CRAIG BAKER
Managing Director

Dated 31st August 2010