



PTB GROUP Limited



*Authorised Service Centre &
Commercial Representative*

PTB Group Limited

ABN 99 098 390 991

ASX Code: PTB

Preliminary Final Report Appendix 4E

30 June 2009

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Pacific Turbine Brisbane

INTERNATIONAL AIR PARTS IAP

Results for Announcement to the Market

Summary of Financial Information

Extracts from this report for announcement to the market:

	12 months ended 30 June 2009 \$A'000	12 months ended 30 June 2008 \$A'000	Movement \$A'000	Movement %
Revenue from ordinary activities	38,526	46,608	(8,082)	(17%)
Net profit after tax for the Year attributable to members	103	3,131	(3,028)	(97%)
Net profit for the Year attributable to members	103	3,131	(3,028)	(97%)

Highlights of Results

	Current Year 30.6.09 A\$'000	Previous Year 30.6.08 A\$'000
Total Revenue	38,526	46,608
Other Revenue	516	2,019
Expenses	(38,709)	(44,465)
Profit before tax	333	4,162
Income tax	(230)	(1,031)
Net Profit after tax	103	3,131
Cash Assets	466	1,200
Property, Plant and Equipment	27,086	24,329
Other Assets	57,497	58,527
Liabilities	(46,039)	(43,831)
Net Assets	39,010	40,225
Return on average shareholders funds (%)	0.3%	8.3%
Basic earnings per share (cents/share)	0.4	11.86
Diluted earnings per share (cents/share)	0.4	11.85
Net tangible asset backing (\$/share)	\$1.26	\$1.36

No dividend has been declared or paid for the 30 June 2009 financial year (2008: \$Nil).

CHAIRMAN AND MANAGING DIRECTOR'S REVIEW

Results

Net profit after tax decreased from \$3.1 million in 2008 to \$0.1 million in 2009, representing a reduction of 97 per cent. Basic earnings per share were 0.4 cents (11.86 cents in 2008).

This represents a return on average shareholders' funds of 0.3 per cent (8.3 per cent in 2008). No dividend will be paid for the June 2009 year (2008: nil). The emphasis on debt reduction means that it is highly unlikely that a dividend will be paid in the 2010 year.

The 2009 Year in Review

In our 2008 Annual Report the key changes in the business we detailed included:

- The strategic shift in the business back to trading;
- That there would be less concentration on rental of aircraft because of the lack of returns (relative ease of finance had meant that aircraft prices had been too high);
- The engine rental business would continue as it was relatively easy to fund; and
- The group had to focus on achieving its targeted return on assets.

The 2009 financial year has seen a number of unexpected challenges and a number of very significant achievements which are outlined in this report. The most significant events, linked to the matters noted above are:

- The strategic shift back to trading continued and contributions from these sectors of the business were significantly improved;
- The sale of the two large freight door (LFD) ATP aircraft to the Middle East operator did not proceed and this was replaced by a long-term finance lease to an established operator in Indonesia. This was significant in that the Middle East transaction was for cash and when this did not proceed we had to extend the \$14.7 million Emerald loan to an amortising facility over four years; and
- Our engine financing facility was not renewed by one of our bankers meaning that the previously reliable contribution from this section of our business was significantly reduced.

The combination of these factors, in particular the negative impact of the ATP sale cancellation, the time taken to replace it, and the resulting interest and currency costs, led to the breakeven year in 2009.

Looking back we can now see that the financial crisis was far worse than we anticipated and was a significant factor in our ATP sale to the Middle East operator not proceeding, as well as the cutting of our engine financing facility. However in hindsight, and given the suddenness and severity of the financial crisis, the Company was overexposed on the Emerald transaction. This will be foremost in our thinking and planning in the future.

Importantly, there were a number of critical initiatives completed during the year. These are summarised below and commented on later in the review:

- Settlement of Belmont Airport land at Newcastle to a listed property developer;
- Completion and settlement of the new workshop and office complex in Brisbane;
- Rollover of \$4.5M of Notes;
- Sale of Newcastle RPT operator Aeropelican;
- Completed two LFD and one passenger ATP in UK;
- Replaced Middle East cash sale of LFD ATP aircraft with a finance lease type arrangement to an established operator in Indonesia;
- Extension of short term \$14.7M loan to a four year term loan;
- Closure of UK Emerald refurbishment operation;
- Extended ANZ funding facilities to 31 October 2009;
- Core operating business for IAP and PTB exceeded prior year and current forecasts in a difficult year; and
- The refocus on core PTB business to compensate for withdrawal of the key bank engine finance facility.

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. The rental of the two LFD ATP's and the expected rental of the ATP passenger aircraft will add to the rental pool.

Commentary on operations during the year

A summary of results for the year is as follows:

Division	Actual 2009 \$'000	Budget 2009 \$'000	Variance \$'000	Actual 2008 \$'000
PTB Business	3,228	2,928	300	1,686
IAP Business	2,178	2,108	70	785
Emerald Assets	2,630	3,316	(686)	1,719
Emerald Currency	(3,147)	-	(3,147)	2,095
Emerald Interest	(3,004)	(1,092)	(1,912)	(1,067)
Corporate Overheads	(1,583)	(1,567)	(16)	(1,761)
Sale of Belmont land	-	-	-	1,839
Sale of Aeropelican	652	-	652	-
Bad and doubtful debts	(621)	(310)	(311)	(1,134)
Profit before Tax	333	5,383	(5,050)	4,162

PTB Business

The Brisbane business was ahead of budget for the year by 10% and 91% ahead of the corresponding 12 months to June 2008. The last quarter's result was behind budget primarily as a result of a continued shortfall in engine sales. The year's result is a strong result in today's climate.

The loss of our engine finance facility has had a major impact on our engine sale business. Engine finance was a very valuable engine sales tool and in today's financial climate would have been even more valuable in generating new business.

The cash support from Brisbane for our Emerald Financier repayments and the close down of Emerald's UK operation has reduced Brisbane's ability to generate additional speculative engine sales and opportunistic engine parts purchases.

We have been able to add to our parts sales team and this has significantly increased our parts sale business which has gone some way to compensating for a decline in engine sales.

The new building has created efficiencies with Brisbane staff under one roof. We had expected to set up a Dart engine line in Brisbane. However a lack of funding has currently prevented this strategic initiative being implemented. IAP has since developed a relationship with an overseas Dart engine shop which meets its needs as an interim measure.

The Brisbane business is reviewing the feasibility of installing a PT6A engine test cell. A test cell would significantly expand the profit opportunities for Brisbane in the PT6A engine repair and overhaul business. This cell can be made multi-engine thus enhancing its value to the Group. The key to progressing this is finance, and this will be a significant project for the coming year.

Brisbane's engine and rental business is slowing as a result of the slowdown in the aviation sector. We expect the rental business to improve as the global economy recovers.

IAP Business

The IAP result was slightly ahead of budget for the year and 177% ahead of the previous year. This is an outstanding result.

Early in the financial year IAP purchased for part-out a BAE 146 in Australia, a BAE ATP in India, and a 737-200 in Indonesia.

The lease of the J32 aircraft to Aeropelican will create excellent long-term part sales opportunities for IAP and engine repair and overhaul opportunities for Brisbane. The finance leases of the LFD ATP's to the Indonesian operator will also provide a base for significant long-term ATP parts sales opportunities for IAP.

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.

With the placement of the ATP's in Indonesia, and the closure of the UK facility, Steve Ferris will be able to spend more time on the core business this year, thus enhancing growth in that sector.

Emerald Assets

The global financial crisis and resulting restriction in available finance has had a major effect on this division and the Group's results.

The sale of the two LFD ATP's was expected to be completed early in this financial year. The company contracted to the end user was unable to finance the purchase and the deteriorating financial climate meant the end user was no longer prepared to underwrite the project. The failure to settle has had a major impact on the division as the sale would have cleared its expensive funding and substantially reduced the Emerald interest cost of \$3 million for the year.

Our Emerald Financier converted our facility to AUD during the period, an action which cost the PTB Group approximately \$2.4 million in foreign currency losses during the year.

In addition, the expected cash sale of the two passenger (PAX) ATP aircraft to a European operator did not occur, reducing the Group's forecast profit by a further \$2.2 million for the year.

An Indonesian operator accepted delivery of the two LFD ATP aircraft in June 2009 under an extended credit type arrangement. These aircraft were delivered in early August.

To limit the operational cash drain a decision was made to close the UK refurbishment facility and complete one PAX ATP, one LFD HS748 and reduce to spares the remaining HS748's as part of the closedown. The closedown, completion of the aircraft, part-out of HS748's, and termination of the workforce was completed as planned.

One PAX ATP has been mothballed and stored at Blackpool in the UK. At a later date we will complete the refurbishment when we have the appropriate commercial opportunity.

Steve Ferris, IAP's managing director, has done an absolutely outstanding job in closing the facility as planned and deploying the aircraft to approved facilities where the care and maintenance programs can be managed. He has also completed the sale and deployment of the two LFD ATP's to the Indonesian customer, a major task on its own, with the additional pressures of meeting UK and Indonesian aviation regulation requirements.

Emerald has a number of aircraft assets not deployed at present. These aircraft are all future opportunities that we are confident can be leased or sold as conditions improve.

Brief details are:

- *Completed PAX ATP:* We have had a number of enquiries to lease the PAX ATP however to date the potential customers have not been able to meet our financial requirements. Our Indonesian operator is keen to lease the aircraft and is the logical future operator of this aircraft;
- *Two UK HS748's:* The two HS748 aircraft on finance leases with a UK operator have been returned as UK Post terminated the operator's contract as a result of difficult trading conditions;
- *African LFD HS748:* The operator in Africa has returned the aircraft after meeting all financial requirements and getting the aircraft on line in Africa, as the expected UN contracts were no longer forthcoming; and
- *Bangladesh HS748:* This aircraft was returned. One of our HS748 operators in Bangladesh has expressed an interest in operating this aircraft.

We are working to finding alternative markets for the unused HS748's. The combination of new markets and improved economic conditions will see these aircraft redeployed.

Corporate Overheads

Corporate overhead costs are slightly ahead of budget at \$1.58 million (Budget: \$1.57 million) to 30 June 2009, however they have reduced significantly from \$1.76 million in the prior year. Additional legal and financing costs were incurred during the year due to the various asset and business disposals, and the number of refinancing activities undertaken. These costs were offset by reductions in Director's fees and employee share option expenses, with salary and wage costs remaining stable.

Bad and Doubtful Debts

Bad and doubtful debts expense for the year totaled \$0.6 million (2008: \$1.13 million). These expenses were largely attributable to three customers on long-standing open account. The customers operated regional passenger and freight airline operations in Australia, the Pacific Islands, and Bangladesh and were largely affected by the global downturn in passenger and freight activity. A provision for impairment of \$0.6 million (2008: \$0.3 million) has been prudently booked at year end. Management are 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.

Financing Facilities

PTB Emerald Finance Facility

Due to the inability of our Middle East customer to settle for cash on the two LFD ATP freighters, the Group was forced to renegotiate the terms of this facility to match the extended credit terms offered to the Indonesian customer. Key terms of the arrangement previously disclosed to the market include an interest rate of 15% per annum (previously 22%), minimum monthly loan repayments of \$165,000, a four year loan term (i.e. to 31 July 2013), and the existing security arrangements to remain in place. The balance at 30 June 2009 was \$14.9 million (2008: \$11.9 million).

In addition while there is money owed to the Financier, no return of capital, dividends or payments can be made to ordinary shareholders in PTB or related parties without its approval. The Financier has been granted 2,875,000 ordinary shares in PTB on the basis that these shares can be issued progressively over five tranches. The first tranche of shares, i.e. for 1.2 million shares, was issued on 30 June 2009 as approved by the shareholders on that date. The share issue has been structured in this way to minimise the potential dilutive effect on shareholders by allowing an early repayment of this facility.

Unsecured Notes (PTB Rentals)

During the year the Group's \$4.588 million Note facility was extended for two years to 30 November 2010 at an interest rate of 14% (previously 11.5%).

In addition, PTB Group will issue to each Noteholder one Option in relation to ordinary shares for each two Notes held by that Noteholder at an issue price of \$0.40 per share, in four six monthly tranches commencing from the issue date of 1 December 2008. The exercise period expires on 30 November 2010. The option issue has also been structured in this way to minimise the potential dilutive effect on shareholders by allowing an early repayment of this facility.

ANZ Facility (PTB Group)

As a result of a change to its internal lending policies, the ANZ Bank is limiting further lending to certain industries, including our second tier aviation industry sector. As the PTB Group requires ongoing financing to fund its business growth, the Group has agreed to consolidate its financing facilities with another provider. The Group's net exposure to the ANZ is less than \$2.0 million at this reporting date and it is planned that this transition will be completed prior to October 2009.

Other Matters

Exchange rates

The current year has been volatile with AUD/USD exchange rate movements from 0.94 at June 2008, to 0.62 in November 2008, and a closing rate at 30 June 2009 of 0.81.

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.

As mentioned above, the inability of our Emerald Financier to continue to finance their facility in USD led directly to a realised foreign currency loss of \$2.4 million, of which approximately \$1.7 million would otherwise have reversed to 30 June 2009. In conjunction with the Emerald interest expense, this was one of the largest negative impacts on Group trading performance for the year.

Asset Values

Aviation inventory and assets are global commodities and are valued, bought, and sold in USD. Before the fall in the exchange rate from 30 June 2008, the Directors were of the opinion that assets were carried in the books at conservative values. The fall in the \$AUD/\$USD exchange rate of around 13% to 30 June 2009 has created an additional buffer in asset values.

Sale of Aeropelican

Following an unsolicited approach, Aeropelican Air Services Pty Ltd was sold effective 30 September 2008. The profit on sale of the subsidiary was \$651,820. The sale includes the lease of three J32 aircraft currently owned by IAP on an ongoing basis with potential to deploy further aircraft as the new operations expand. Since the end of the financial year, Aeropelican has agreed to take a fourth aircraft on lease from IAP commencing October 2009.

Brisbane relocation

In November 2008 the Company moved into its new combined engineering, warehouse and office facility near Brisbane airport. Funding was provided by the CBA. This has enabled the business to once again combine under one roof and will enable the expansion of the PT6 and TPE331 engine repair and overhaul business as opportunities develop. The business also has space to add additional engine lines.

Balance Sheet and Net Assets

The net asset position has decreased from \$40.2 million as at 30 June 2008 (2007: \$35.5m) to \$39.0 million at 30 June 2009. The decrease is mainly attributable to the settlement of the effective foreign currency hedges and the reversal of the related derivative financial instrument and hedging reserve totaling \$1.5 million.

Included in net assets are:

The Emerald assets: These are predominantly aircraft and make up \$13.3 million (2008: \$15.3 million) of Inventories, \$3.2 million (2008: \$3.3 million) of property, plant and equipment, and \$16.6 million (2008: 11.2 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 has been predominantly due to the 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 negative net cashflow is predominantly due to the net investment by the PTB Group in the new building in Brisbane as detailed earlier in this report.

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 to allow it to “weather the storm” and establish a platform for the future. Management of IAP and PTB have concentrated on their core businesses and their improved performance has been most important.

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 not perceived as positively by the market, but 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.

For the next 12 months we will be concentrating on:

- Getting our unused aircraft back out on lease and generating income;
- Using cash flows to pay down expensive loans without destroying working capital, while seeking less expensive alternate funding; and
- Continuing to manage our working capital to enable our core business to 'deal' as necessary.

In a recovery year we are expecting to generate a pre-tax profit of approximately \$2.7 million skewed towards the second half as conditions improve. However, as a recovery commences we expect to see other significant profit making opportunities.

Senior management have been through a number of down turns in the aviation industry and there is always a bottom and a recovery. Our business tends to prosper in these recovery times as buying opportunities occur.

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.

An extract from the 2008 Preliminary announcement reviewing the turboprop aviation sector, has again been included overleaf due to its continuing relevance.

2008 Preliminary announcement extract:

“PTB Group’s aviation sector outlook

The Turboprop market has gone from strength to strength since a downturn in 2001.

Airlines have realised that the future was not necessarily in the small regional jets and have flocked back to turboprops due to their fuel efficiency and low operating costs. This is a worldwide phenomenon, where we are seeing major carriers making huge investments in Bombardier, Dash 8 and ATR aircraft to replace both small and large jet transport aircraft. With the high cost of fuel, this trend seems to be increasing at a staggering rate which has effectively seen the death of the small regional jet, the aircraft that replaced and squeezed the turboprop out of the same market.

The aviation industry pre 2000 effectively wrote the turboprop off in favour of the regional jet and almost all manufacturers ceased production prior to the downturn.

Only ATR and Bombardier remained, concentrating on the larger 50+ seat turboprop aircraft. Today the smallest new commercial turboprop available is the 50 seat ATR42 selling at USD 16 million.

Times have come full circle and the high cost of fuel has made airlines look again at the turboprop, but they are now faced with little choice and very tight availability. This has resulted in driving turboprop prices up – in some cases up to three times what we saw immediately after 9/11.

Low time, well cared for aircraft are in short supply and hard to source. There is only a very limited supply of fewer than 50 seat aircraft and this pool is continually diminishing as older aircraft are retired. Supply is further hampered as soon after 2001, many of the “newer” turboprops were snapped up by the freight market. These are now dedicated freighters and no longer available to cycle through the passenger networks. No new aircraft are coming in to top up this pool except in the 50+ range.

The 19 seat sector is in the biggest short supply. These are in demand from both the smaller passenger operator and the freighter market. The power plant for most 19 seat aircraft is the P&W PT6 engine or the Honeywell TPE331 engine, both products extensively handled by PTB.

The 19 to 50 seat market is also dominated by 1970’s, 80’s and 90’s build aircraft that cannot be replaced, regardless of funding. Many smaller operators and freight operators rely upon this size aircraft and we are now seeing even 1950’s turboprop aircraft flying in Australia carrying freight. Unthinkable just five years ago.

From our point of view this is all good news for the PTB Group as there is a limited amount of spares and engines in the marketplace and the demand for parts and support can only increase. The value of inventory is climbing as the larger manufacturers are unwilling to make small production runs of new parts.

The primary focus for the group is aircraft and engines in the turboprop market and the group is well placed to continue to build business in this section of the market. Our existing inventories are the largest within Australia and our extensive experience in this sector bodes well for our growth in the coming year.”

PTB GROUP LIMITED AND CONTROLLED ENTITIES
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated	
	2009	2008
	\$'000	\$'000
Revenue	38,526	46,608
Other income	516	2,019
Cost of goods sold	(18,808)	(24,961)
Employee benefits expense	(5,116)	(5,457)
Depreciation and amortisation	(1,442)	(2,224)
Airport charges and taxes	(750)	(2,343)
Repairs and maintenance	(256)	(626)
Fuel costs	(553)	(1,483)
Bad and doubtful debts	(621)	(1,135)
Finance costs	(4,569)	(2,836)
Net foreign exchange loss	(2,517)	-
Other expenses	(4,077)	(3,400)
Total expenses	(38,709)	(44,465)
Profit before income tax expense	333	4,162
Income tax expense	(230)	(1,031)
Profit for the year	103	3,131
	Cents	Cents
Basic earnings per share	0.4	11.86
Diluted earnings per share	0.4	11.85

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

PTB GROUP LIMITED AND CONTROLLED ENTITIES

BALANCE SHEET

AS AT 30 JUNE 2009

	Note	Consolidated	
		2009 \$'000	2008 \$'000
Current Assets			
Cash and cash equivalents		466	1,200
Trade and other receivables		4,673	17,614
Inventories		28,494	27,691
Derivative financial assets		-	1,770
Current tax receivables		353	517
Other		1,258	545
Total Current Assets		35,244	49,337
Non-Current Assets			
Trade and other receivables		15,797	3,914
Property, plant and equipment		27,086	24,329
Deferred tax assets		2,221	2,026
Intangible assets		4,334	4,334
Other		367	116
Total Non-Current Assets		49,805	34,719
Total Assets		85,049	84,056
Current Liabilities			
Trade and other payables		3,458	4,626
Borrowings		7,823	18,404
Current tax liabilities		429	1,423
Provisions		702	826
Other		1,034	1,072
Total Current Liabilities		13,446	26,351
Non-Current Liabilities			
Borrowings		29,462	14,397
Deferred tax liabilities		2,702	2,685
Provisions		150	201
Other		279	197
Total Non-Current Liabilities		32,593	17,480
Total Liabilities		46,039	43,831
Net Assets		39,010	40,225
Equity			
Contributed equity		28,096	27,963
Reserves		274	1,725
Retained profits	2(a)	10,640	10,537
Total Equity		39,010	40,225

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

PTB GROUP LIMITED AND CONTROLLED ENTITIES

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2009

Consolidated	<u>Contributed Equity</u>		<u>Reserves</u>		Retained Profits	Total
	Issued Capital	Other Equity Securities	Share Based Payments	Hedging Reserve		
	\$'000	\$'000	\$'000	\$'000		
At 1 July 2007	27,773	183	163	-	7,406	35,525
Profit for the period	-	-	-	-	3,131	3,131
Employee share options	-	-	78	-	-	78
Dividends paid	-	-	-	-	-	-
Issue of share capital (net of transaction costs)	7	-	-	-	-	7
Recognition of effective cashflow hedge	-	-	-	1,484	-	1,484
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

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

PTB GROUP LIMITED AND CONTROLLED ENTITIES

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated	
		2009 \$'000	2008 \$'000
Cash Flow From Operating Activities			
Cash receipts in the course of operations		39,592	40,840
Cash payments in the course of operations		(33,248)	(41,030)
Interest received		524	596
Finance costs		(3,449)	(2,136)
GST recovered/(paid)		209	394
Income taxes paid		(1,518)	(1,290)
Net cash provided by/(used in) operating activities	2(h)(b)	2,110	(2,626)
Cash Flow From Investing Activities			
Proceeds from sale of subsidiaries (net of cash disposed)		271	-
Payments for property, plant and equipment		(5,789)	(3,684)
Proceeds on disposal of property, plant and equipment		1,909	2,309
Net cash used in investing activities		(3,609)	(1,375)
Cash Flow From Financing Activities			
Proceeds from borrowings		5,384	14,147
Repayment of borrowings		(4,927)	(8,372)
Repayment of lease liabilities		(72)	(161)
Proceeds from issue of shares		-	7
Share issue transaction costs		(7)	-
Dividends paid		-	-
Net cash provided by financing activities		378	5,621
Net increase/(decrease) in cash and cash equivalents		(1,121)	1,620
Cash and cash equivalents at the beginning of the year		667	(953)
Cash and cash equivalents at the end of the year	2(h)(a)	(454)	667

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 2009. 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 2009 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	2009	2008
	\$'000	\$'000
Retained profits at the beginning of the year	10,537	7,406
Profit for the year	103	3,131
Dividends	-	-
Retained profits at the end of the year	<u>10,640</u>	<u>10,537</u>

(b) Subsidiaries

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

Name	Country of Incorporation	Equity Holding	
		30.6.09	30.6.08
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%
Aeropelican Air Services Pty Ltd ⁽⁵⁾	Australia	0%	100%
International Air Parts UK Limited ⁽⁶⁾	United Kingdom	100%	100%
PTB Emerald Limited ⁽⁷⁾	United Kingdom	100%	100%
PTB Asset Management 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

All subsidiaries are 100% owned by PTB Group Limited which is incorporated in Australia. All share capital consists of ordinary shares in each company.

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) on 30 September 2008. The profit on sale of the subsidiary was \$651,820. The profit before tax on ordinary activities of Aeropelican during the period, and the corresponding previous 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	0.9%	8.93%
Profit after tax/equity interests Profit after tax as attributable to members as a percentage of equity at the end of the period	0.3%	7.8%

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

	Current year	Previous year
Net tangible assets backing per ordinary security	\$1.26	\$1.36

(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 – Operation of Aeropelican Air Services
- Aircraft and Engines Sales and Rentals – Repair, rental and sale of aircraft, engines and related parts (including hire purchase agreements).

	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	-	516	-	516
Total segment revenue	2,380	37,821	(1,159)	39,042
Unallocated revenue				-
Consolidated revenue				39,042
Segment result				
Segment Profit/(Loss)	160	1,870	(113)	1,917
Unallocated revenue less unallocated expenses				(1,584)
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	-	5,349	-	5,349
Unallocated liabilities				40,690
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

(g) Segment Information (continued)

	Aircraft Transport \$'000	Aircraft & Engines Sales/Rentals \$'000	Elimination \$'000	Total \$'000
2008				
Segment revenue				
Sales to external customers	7,238	33,870	-	41,108
Intersegment sales	-	827	(827)	-
Total sales revenue	7,238	34,697	(827)	41,108
Other revenue/income	9	2,010	-	2,019
Total segment revenue	7,247	36,707	(827)	43,127
Unallocated revenue				5,500
Consolidated revenue				48,627
Segment result				
Segment Profit/(Loss)	(239)	4,401	-	4,239
Unallocated revenue less unallocated expenses				(77)
Profit before income tax				4,162
Income tax expense				(1,031)
Profit for the year after tax				3,131
Assets				
Segment assets	3,449	73,855	-	77,304
Unallocated assets				6,752
Total assets				84,056
Liabilities				
Segment liabilities	2,729	6,772	-	9,501
Unallocated liabilities				34,330
Total liabilities				43,831
Other segment information				
Acquisition of property, plant and equipment, intangibles and other non-current segment assets	66	3,151	-	3,217
Unallocated				31
Total acquisitions				3,248
Depreciation and amortisation expense	343	1,862	-	2,205
Unallocated				19
Total depreciation and amortisation				2,224

(h) Cash Flow Information

	Consolidated	
	2009 \$'000	2008 \$'000
(a) Reconciliation of Cash and Cash Equivalents		
Cash and cash equivalents assets – cash at bank and on hand	466	1,200
Bank overdraft	(920)	(533)
	(454)	667
(b) Reconciliation of Net Cash Flow from Operating Activities to Net Profit for the Year:		
Profit for the year	103	3,131
Depreciation and amortisation	1,442	2,224
(Gain)/loss on disposal of property, plant and equipment	136	(209)
(Gain)/loss on disposal of subsidiary	(652)	-
Share-based payments	32	78
Interest capitalised	1,297	566
Non-cash interest on unsecured notes	62	130
Unrealised foreign currency movements	2,167	(934)
Movement in provision for doubtful debts	443	-
Other		32
Changes in operating assets and liabilities, net of effects from disposal of controlled entities (Increase)/decrease in:		
Receivables**	342	(7,511)
Inventories	(1,222)	(856)
Deferred tax assets*	(1,146)	(619)
Other assets	(837)	380
Increase/(decrease) in:		
Trade payables and accruals	(387)	550
Employee benefits	68	49
Deferred revenue	124	-
Current tax liabilities	(830)	271
Deferred tax liabilities*	968	92
	2,110	(2,626)

* 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

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 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 was previously a Director of S8 Limited from February 2004 until January 2007.

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

Information on 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 20 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, and 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 27th August 2009