

PACIFIC TURBINE BRISBANE LTD

ABN 99 098 390 991

NSX Preliminary Final Report

30 June 2005

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Results for Announcement to the Market

Summary of Financial Information

Pacific Turbine Brisbane Limited listed on the Stock Exchange of Newcastle Ltd on 10 March 2005 and prior to listing raised \$4,107,563 to expand the engine finance and trading business.

The Company achieved total revenues of \$11,063,249, with a profit after tax from ordinary activities of \$1,510,388 for the year to 30 June 2005.

With total assets of \$11,417,152 the Company held cash reserves of \$1,346,434 at 30 June 2005.

Full Year Comparison

	12 months ended 30 June 2005 \$A'000	12 months ended 30 June 2004 \$A'000	Movement \$A'000	Movement %
Revenue from ordinary activities	11,063	10,715	348	3.3
Profit/(loss) from ordinary activities after tax attributable to members	1,510	1,043	467	44.8
Net profit/(loss) for the Year attributable to members	1,510	1,043	467	44.8

Dividends

		Amount per security Cents	Franked amount per security at 30% tax
Final Dividend	Current Year	6 cents	Fully Franked
	Previous Year	Nil	Nil

No interim dividends were paid.

		Current Year A\$'000	Previous Year A\$'000
Total dividend	Ordinary shares	702	Nil

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. Shareholders were required to have completed their election forms by 31 August 2005.

Significant Dates

	Date
Annual Report and Notice of Proxy mailed by	30 September 2005
Annual General Meeting *	3 November 2005
Dividend Record Date	3 November 2005
Dividend Payable Date	15 November 2005

* The Annual General Meeting will be held at McCullough Robertson on Level 11, Central Plaza Two, 66 Eagle Street, Brisbane on 3 November 2005 at 9:30am.

Highlights of Results

	Note	Current Year A\$'000	Previous Year A\$'000
Revenue from Ordinary Activities		9,458	10,615
Revenue from Interest		199	95
Other Revenue		1,406	5
Total Revenue	2	11,063	10,715
Expenses from Ordinary Activities	2	(8,910)	(9,202)
Profit/(loss) from ordinary activities before tax		2,153	1,513
Income tax on ordinary activities		(643)	(470)
Net Profit from ordinary activities after tax		1,510	1,043
Cash Assets		1,346	115
Property, Plant and Equipment		4,022	393
Other Assets		6,050	6,238
Liabilities		(2,982)	(3,695)
Net Assets		8,436	3,051

Review of Operations

The Company was founded in 2001 and commenced trading in October 2001. At incorporation the Company acquired the Brisbane assets of Pacific Turbine Pty Ltd.

The Company specializes in two turbine aircraft engine types the Pratt & Whitney PT6A and Honeywell TPE331. The Company buys and sells TPE331 and PT6A engines and parts throughout the world. In addition, it provides finance, rentals, lease and engine maintenance programs for its engine customers.

The Company is CASA (Civil Aviation Safety Authority, Australia) approved to perform up to and including Pratt & Whitney PT6A and Honeywell TPE331 turbine engine overhauls. Currently the Brisbane repair and overhaul facility performs Pratt & Whitney hot section inspections and power section overhauls and up to full engine overhauls for the Honeywell TPE331 engines.

Aircraft turbine engines are a world commodity maintained in accordance with the manufacturer's maintenance program and supported by the relevant aviation regulatory authority.

The Company listed on the Stock Exchange of Newcastle Ltd (NSX) in March 2005 and prior to listing issued 4,303,897 shares and raised \$4,107,563 to expand the engine finance and trading business. The capital raising enabled the Company to complete the purchase of National Flight Services Inc's (NF) Honeywell TPE331 rental engine fleet. NF has four Honeywell TPE331 overhaul shops in North America. The rental engine fleet is used to support the overhaul shop's customer while the customer's engines are being overhauled.

NF and a number of Honeywell shops in North America have access to the TPE331 rental pool. The pool has provided engine trading and long term lease opportunities both in the Australia/New Zealand region and overseas.

Operating Results

The amount of the profit of the Company for the financial year, after providing for income tax, was \$1,510,388 (2004: \$1,042,841), an increase of 45%.

Operating profit before taxation for the year was \$2,153,552 (2004: \$1,512,685) an increase of 42% above the previous year. This also represents an increase of 17% over the forecast net profit before taxation of \$1.826 million detailed in the Prospectus issued by the Company in January 2005.

Significant Changes in State of Affairs

- On 13 December 2004 the Company changed its status from a private to a public company.
- On the 10 March 2005 the Company was admitted to the official list of the NSX.
- Additional capital of \$4,107,563 was raised during the year
- Purchase of the National Flight Services, Inc rental engine fleet

Other than the above there were no significant changes in the state of affairs of the Company.

Full Year Financial Statements

Condensed Statement of Financial Performance

	Note	Current Year A\$'000	Previous Year A\$'000
Revenue from ordinary activities	2	11,063	10,715
Expenses from ordinary activities	2	(8,910)	(9,202)
Profit/(loss) from ordinary activities before tax		2,153	1,513
Income tax on ordinary activities		(643)	(470)
Profit/(loss) from ordinary activities after tax		1,510	1,043
Profit/(loss) from extraordinary activities after tax		-	-
Net profit/(loss)		1,510	1,043
Net profit/(loss) attributable to outside equity interests		-	-
Net profit/(loss) for the Year attributable to members		1,510	1,043

The above statement of financial performance should be read in conjunction with the accompanying notes to the financial statements.

Condensed Statement of Financial Position

	Note	At end of Current Year A\$'000	At end of Previous Year A\$'000
Current			
Cash assets		1,346	115
Receivables		3,301	3,475
Inventories		2,000	1,781
Other		90	154
Total Current Assets		6,737	5,525
Non-Current Assets			
Receivables		658	752
Property, plant and equipment (net)		4,022	393
Deferred tax assets		-	76
Total Non-Current Assets		4,680	1,221
Total Assets		11,417	6,746
Current Liabilities			
Payables		813	1,096
Interest-bearing liabilities		1,003	1,493
Current tax liabilities		244	300
Provisions		137	124
Other		88	123
Total Current Liabilities		2,285	3,136
Non-Current Liabilities			
Interest-bearing liabilities		523	498
Deferred tax liability		104	-
Provisions		70	61
Total Non-Current Liabilities		697	559
Total Liabilities		2,982	3,695
Net Assets		8,435	3,051
Equity			
Contributed equity	4	3,878	4
Retained profits	3	4,557	3,047
Total Equity		8,435	3,051

The above statement of financial position should be read in conjunction with the accompanying notes to the financial statements.

Condensed Statement of Cash Flows

	Note	Current Year A\$'000	Previous Year A\$'000
Cash Flow from Operating Activities			
Cash receipts in the course of operations		10,627	8,316
Cash payments in the course of operations		(8,687)	(9,510)
Interest received		199	95
Borrowing costs paid		(131)	(131)
Income taxes paid		(520)	(512)
Net cash provided by/(used in) operating activities		1,488	(1,742)
Cash Flow From Investing Activities			
Payments for property, plant and equipment		(4,593)	(155)
Proceeds on disposal of property, plant and equipment		928	-
Net cash used in investing activities		(3,665)	(155)
Cash Flow From Financing Activities			
Proceeds from borrowings		1,151	1,943
Repayment of borrowings		(1,184)	(500)
Repayment of lease liabilities		(44)	(47)
Proceeds from issue of shares		4,108	-
Share issue transaction costs		(233)	-
Repayment of director loans		-	(75)
Net cash provided by/(used in) financing activities		3,798	1,321
Net Increase/(decrease) in cash held		1,621	(576)
Cash at the beginning of the year		(360)	216
Cash at the end of the year	5	1,261	(360)

The above statement of cash flows should be read in conjunction with the accompanying notes to the financial statements.

Notes to the Financial Statements

1. Basis of accounting

This financial report is a general purpose financial report prepared in accordance with the listing rules and with the requirements of the Corporations Act 2001, including applicable accounting standards and other professional reporting requirements.

The same accounting policies have been applied in this financial report as those applied in the previous year.

2. Revenue and expenses from ordinary activities

	Current Year	Previous Year
	A\$'000	A\$'000
Revenue from ordinary activities		
Revenue from ordinary activities	9,458	10,615
Interest revenue	199	95
Other	1,406	5
	11,063	10,715
Details of relevant expenses		
Cost of sale of goods	(6,000)	(7,381)
Employee benefits and related costs	(1,065)	(1,038)
Carrying value of property, plant and equipment disposed	(731)	(1)
Net foreign exchange losses	(38)	(77)
Depreciation and amortisation	(231)	(65)
Borrowing costs	(131)	(132)
Building and equipment rental	(48)	(46)
Other expenses from operating activities	(666)	(462)
Expenses from ordinary activities	(8,910)	(9,202)

3. Retained profits

Retained profits at the beginning of the year	3,047	2,004
Net profit	1,510	1,043
Retained profits at the end of the year	4,557	3,047

4. Issued and quoted shares at the end of the year

Ordinary shares

	No of shares	Issue Price	\$
Opening balance	4,000		4,000
Additional shares arising from share split	7,396,000		-
Private share placement	1,308,897	0.85	1,112,563
Public offer	2,995,000	1.00	2,995,000
Share issue costs			(233,413)
Total ordinary shares	11,703,897		3,878,150

Options

	Grant date	No of options	Exercise price \$	Exercise date from	Expiry date
Issued during current period					
CL Baker	10 March 2005	200,000	1.15	10 March 2006	10 March 2008
SG Smith	10 March 2005	200,000	1.15	10 March 2006	10 March 2008
APS Kemp	10 March 2005	150,000	1.15	10 March 2006	10 March 2008
Total Options issued		550,000			

5. Reconciliation of cash

Reconciliation of cash at the end of the financial year (as shown in the statement of cash flows) to the related items in the accounts is as follows:

	Current year \$A'000	Previous year \$A'000
Cash on hand and at bank	1,346	115
Bank overdraft	(85)	(475)
	1,261	(360)

6. Segment reporting

Business Segments (Primary Reporting)

The Company operates in a single business segment, being the repair, sale and rental of aircraft turbine engines and related parts.

Geographical Segments (Secondary Reporting)

The Company's management and operations are located in Brisbane, Australia including all assets such as cash assets, inventory and property, plant and equipment. Its customers, however, are located in four main geographical markets – Australia/New Zealand, Pacific Islands, Maldives and United States of America.

	Segment Revenues From Sales to External Customers		Segment Receivables	
	2005	2004	2005	2004
	\$	\$	\$	\$
Australia/NZ	4,346,363	5,840,694	1,654,446	2,404,416
Pacific Islands	2,268,931	3,148,670	915,498	1,561,092
USA	2,248,206	824,630	350,629	51,311
Maldives	1,563,947	835,684	640,176	181,510
Other	441,927	58,735	353,630	29,734
	10,869,374	10,708,413	3,914,379	4,228,063
Unallocated	193,875	6,957	44,215	-
Total	11,063,249	10,715,370	3,958,594	4,228,063

7. Contingent assets and liabilities

Directors are not aware of any contingent liabilities that are likely to have a material effect on the results of the Company as disclosed in these financial statements.

8. Commitments for Expenditure

There are no Commitments for capital expenditure that have been contracted for.

9. Earnings per share (EPS)

Details of the basic and diluted EPS reported separately in accordance with paragraph 9 and 18 of AASB 1027: Earnings per Share are as follows:

	Current period	Previous period
Basic EPS (cents)	16.4	*
Diluted EPS	16.4	*
Weighted Average number of ordinary shares – Basic (number)	9,236,707	*
Weighted Average number of ordinary shares – Diluted (number)	9,236,707	*

* Comparative figures have not been provided as the Company completed an IPO and listing on 10 March 2005 and comparatives are considered not meaningful due to the change in numbers of securities and status of the Company to a listed entity.

10. Events subsequent to balance date

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

11. Impact of Adoption of Australian Equivalents to International Financial Reporting Standards

The consolidated entity is in the process of transitioning its accounting policies and financial reporting from current Australian Accounting Standards (AGAAP) to Australian equivalents of International Financial Reporting Standards (AIFRS), which will be applicable for the financial year ended 30 June 2006. Priority has been given to the preparation of an opening balance sheet in accordance with AIFRS as at 1 July 2004, which will form the basis of accounting for AIFRS in the future.

Set out below are the key areas which accounting policies are expected to change on adoption of AIFRS and the best estimate of the quantitative impact of the changes based on work performed to date.

The issues and figures disclosed are management's best estimate of the material impact of the changes as at the date of preparing the 30 June 2005 financial report. The actual effects of transition to AIFRS may differ from the estimates disclosed due to (a) ongoing work being undertaken; (b) potential amendments to AIFRS's and Interpretations thereof being issued by the standard-setters and IFRIC; and (c) emerging accepted practice in the interpretation and application of AIFRS and UIG Interpretations.

The tables below show the impact of the adjustments under AIFRS as at 1 July 2004 and for the year ended 30 June 2005. The adjustments are indicative only and actual results may vary.

(a) Reconciliation of equity as presented under AGAAP to that under AIFRS

	Notes	30 June 2005 A \$	1 July 2004 B \$
Total equity under AGAAP		8,435,743	3,051,205
<i>Adjustments to retained earnings (net of tax)</i>			
Share-based payment expense	(2)	(75,405)	-
Tax benefit of share issue costs	(1)	(14,005)	-
		<hr/>	<hr/>
<i>Adjustments to other reserves (net of tax)</i>		8,346,333	3,051,205
Share-based payment expense	(2)	75,405	-
Tax benefit of share issue costs	(1)	56,020	-
		<hr/>	<hr/>
Total equity under AIFRS		<u>8,477,758</u>	<u>3,051,205</u>

(b) Reconciliation of net profit under AGAAP to that under AIFRS

Year ended 30 June 2005	Notes	2005 \$
Net profit as reported under AGAAP		1,510,388
Share-based payment expense	(2)	(75,405)
Adjustment to income tax expense	(1)	<u>(14,005)</u>
Net profit under AIFRS		<u><u>1,420,978</u></u>

(1) Income Tax

Under AASB 112 “Income Taxes”, there is a requirement that the company adopt a balance sheet approach to income tax accounting rather than the current income statement approach. Additionally, the tests for the recognition of deferred tax assets, such as future income tax benefits, will be based on where realisation of the benefit is “probable” rather than where realisation of the benefit can be regarded as being assured beyond any reasonable doubt or virtually certain.

Income tax relating to items recognised directly in equity is itself recognised directly in equity. Included in the financial report are transaction costs relating to capital raisings which are recognised directly in equity. These costs will be deductible for taxation purposes over five years. The adjustment on transition to AIFRS is an increase in deferred tax assets of \$56,020 with a corresponding increase in equity. The impact on the 2005 statement of financial performance had it been prepared under IFRS is \$14,005.

(2) Share Based Payments

Under AASB 2 “Share Based Payments” equity based compensation paid to directors and employees and to other counterparties in return for goods and services shall be measured at the more readily determinable of fair value of the goods/services or the fair values of the equity instrument. This amount will be expensed in the statement of financial performance. This will result in a change to the current accounting policy where no expense is recognised for equity based compensation paid to directors and employees.

During the 2005 year 550,000 options were issued as equity based remuneration as disclosed in note 19. The resulting expense and increase in equity for the 2005 year had it been prepared under AIFRS is \$75,405.

(3) Other disclosures under AIFRS

Property, Plant & Equipment

Included in property, plant & equipment is computer software (purchased) with a written down value of \$22,210. These assets will be transferred to Intangibles on transition to AFRIS and continued to be amortised over their useful life. This is a reclassification only.

Premises Operating Lease

In accordance with AASB 117 the accounting for the premises lease which has a determinable escalation clause has been adjusted to reflect a straight line basis.

Impairment of Assets

Under AASB 136 “Impairment of Assets”, the recoverable amount of an asset will be determined as the higher of fair value less costs to sell and value in use. Where applicable, value in use will be determined on a discounted cash flow basis. The existing policy is to assess the recoverable amount of an asset on the basis of undiscounted cash flows. Reliable estimation of future financial effects of this change in accounting policy is impracticable because the conditions under which impairment will be assessed are not yet known. However, it is likely that this change will lead to impairments being recognised more often than under the existing policy.

Financial instruments

The Company has elected to apply the first-time adoption exemption to defer the date of transition of AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement to 1 July 2005. Accordingly, there are no quantitative impacts on the 30 June 2005 financial statements. The Company has determined the classifications that will apply to the various financial assets and financial liabilities, other than derivatives, from 1 July 2005. This classification determines the measurement basis, being fair value or amortised costs, to be adopted.

The financial instruments project team is in the process of determining the impact that adopting these standards would have on the opening balance sheet at 1 July 2005. Based on a preliminary assessment, no material issues have been identified.

Format of financial statements

In addition to the transitional adjustments detailed above, which will impact the measurement and recognition of certain items, the adoption of IFRS will introduce a number of changes to the format of the income statement, balance sheet and other financial statement disclosures.

12. Franking credits

	2005	2004
	\$	\$
Franking credits available for subsequent financial years	1,828,153	1,365,233

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 current tax liability;
- (b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- (c) franking credits that may be prevented from being distributed in subsequent financial years

Other notes to the condensed financial statements

Ratios

	Current period	Previous period
Profit/(loss) before tax/revenue Profit/(loss) from ordinary activities before tax as a percentage of revenue	19.5%	14.1%
Profit after tax/equity interests Profit/(loss) from ordinary activities after tax as attributable to members as a percentage of equity at the end of the period	17.9%	34.2%

Earnings per security (EPS)

	Note	Current period Cents	Previous period Cents
Basic earnings per security	9	16.4	*
Diluted earnings per security	9	16.4	*

Net tangible assets backing per security (NTA)

	Note	Current period Cents	Previous period Cents
Net tangible assets backing per ordinary security		0.72	*

Commentary on Results

Trading conditions continue to be buoyant and the prospects for the continuing performance and growth of the Company remain sound. The Company is maintaining a very strong focus on its core competencies and had identified a number of further initiatives that are expected to enhance its prospects

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.

PACIFIC TURBINE BRISBANE LIMITED

CRAIG BAKER
MANAGING DIRECTOR

Dated 13th September 2005