Pacific Turbine Brisbane Limited

ABN 99 098 390 991

PROSPECTUS

For:

- a non-renounceable Rights Issue of New Shares on the basis of 1 New Share for every 10 Shares held at an issue price of $2.00 for each New Share; and
- an Additional Offer of New Shares at an issue price of $2.00 for each New Share, so that the total number of New Shares issued under this Prospectus is 2.5 million.

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Note: Pacific Turbine Brisbane Limited is intended to be renamed PTB Group Limited with effect from 24 November 2007.

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IMPORTANT NOTICES

Defined terms and abbreviations used in this Prospectus are explained in the Glossary.

This Prospectus is dated 8 November 2006. A copy of this Prospectus was lodged with the Australian Securities and Investments Commission on that date. Neither ASIC nor the ASX takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. No Shares will be allotted or transferred on the basis of this Prospectus after the expiry date. This Prospectus expires on 7 December 2007.

Application will be made for listing of the Company's securities offered by this Prospectus to ASX. The fact that ASX may list the securities of the Company is not to be taken in any way as an indication of the merits of the Company or the listed securities. ASX takes no responsibility for the contents of this document, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this document.

The Offer is available to Australian residents in each State and Territory of Australia and New Zealand residents in New Zealand. The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and therefore persons who obtain this Prospectus should seek advice on and observe any such restrictions. The Offer is only available to New Zealand residents who receive a copy of the New Zealand 'wrap around' document as well as this Prospectus. Any failure to comply with such restrictions may constitute a violation of applicable securities law. This Prospectus does not constitute an offer in any place where, or to any person to whom, it would not be lawful to make such an offer.

No person is authorised to provide any information or to make any representation in connection with the Offer described in this Prospectus which is not contained in this Prospectus. Any information or representations not so contained may not be relied on as having been authorised by PTB Group or any other person in connection with the Offer.

This Prospectus provides information for investors to decide if they wish to invest in PTB Group and should be read in its entirety. The assumptions underlying the financial forecasts and the risk factors that could affect the financial performance of PTB Group should be examined. You should consider carefully these factors in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest. This Prospectus does not take into account the investment objectives, financial situation and particular needs of investors.

All financial amounts shown in this Prospectus are expressed in Australian dollars unless otherwise stated.

This Prospectus is available in electronic form via www.pacificturbine.com.au. The New Zealand circulated prospectus will also be made available electronically on the same website. Applicants using the Application Form attached to the electronic version of this Prospectus must be located within Australia or New Zealand. Persons who receive an electronic version of this Prospectus should ensure they download and read the entire Prospectus. Persons who received a copy of this Prospectus in its electronic form may, during the Offer period, obtain a paper copy of the Prospectus (free of charge) by telephoning +61 7 3637 7000. Applications for Shares may only be made on the Application Form attached to this Prospectus or in its paper copy form as downloaded in its entirety from www.pacificturbine.com.au.

THIS DOCUMENT IS IMPORTANT AND SHOULD BE READ IN ITS ENTIRETY.

LETTER FROM THE CHAIRMAN

BVQi ISO 9002 IAS-ANZ
Quality Approved Company

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ABN 99 098 390 991

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Facsimile: 61 7 3860 4006

8 November 2006

Dear Investor

PTB Group is seeking to raise up to $5 million from the issue of up to 2.5 million New Shares at $2.00 each.

This Prospectus sets out details of PTB Group's non-renounceable Rights Issue to Australian and New Zealand resident Shareholders registered as at 16 November 2006 as well as the Additional Offer.

The Offer is not underwritten.

Existing Shareholders will be entitled to apply for one New Share for every 10 Shares held on the Record Date at a price of $2 per New Share.

PTB Group is also seeking:

- to increase its spread of shareholders to meet ASX listing requirements;
- to give Existing Shareholders the opportunity to increase their proportionate stake in the Company; and
- to attract interest from small institutions and other private investors.

To encourage new shareholders to join PTB Group and allow Existing Shareholders to increase their holding, Craig Baker and Steve Ferris (and their associated entities) will only take up a small proportion of their Entitlement. Stephen Smith participated in recent placements of Shares and will not take up any of his Entitlement. The holdings of the Directors as a percentage of PTB Group's issued capital at 30 June, after the IAP Group acquisition and as expected after this issue is set out in section 1.4 of this Prospectus.

The Company will therefore offer Shareholders and other investors the opportunity to apply for Additional Shares so that the total number of Shares issued will be 2.5 million.

The funds raised by the Offer will be used to:

- provide working capital for IAP Group. The funds previously raised for this purpose were used to contribute to the funding of the acquisition of the Emerald Assets which is detailed in this Prospectus;
- provide equity for the expected growth in PTB Group's aircraft and engine financing pool; and

- repay debt.

Background and recent acquisitions

PTB Group was established in 2001, when it was incorporated to acquire the Brisbane assets of Pacific Turbine Pty Ltd ACN 079 166 653.

The Company initially focused on providing services in relation to the Pratt & Whitney PT6A and Honeywell TPE331 turbine engines. The Company listed on NSX in March 2005, raising approximately $4 million equity to fund an acquisition of rental engines in the US.

PTB Group completed the acquisition of IAP Group in September 2006. IAP Group is a Sydney-based niche aviation asset management company providing aircraft inventory support, encompassing:

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

Its business operations are highly complementary to PTB Group's business.

The merger created a larger and more diverse business and management team. Steve Ferris, the founder of IAP Group took approximately 80 per cent of his consideration in the form of PTB Group Shares. He will hold approximately 25 per cent of the expanded group after the capital raising under this Prospectus and the move to ASX.

PTB Group's management has known and dealt with Steve Ferris for a number of years.

On 17 October 2006, the Company announced that it had entered into an agreement to acquire the aircraft and associated parts of the UK companies, Emerald Airways Limited and Emerald Airways Engineering Limited for approximately $16 million.

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

The Company expects that over an 18 month period a number of the Emerald aircraft and engines will be deployed as part of its expanding finance arm. The Shorts aircraft and related parts will be sold while parts will be containerised and shipped back to the IAP Group's warehouse in Australia for processing and, in due course, marketing.

The acquisition was funded by a combination of a $10 million debt facility from a third party financier, a $2 million unsecured loan from Steve Ferris and $4 million cash funds. The cash component was sourced from a combination of the Company's cash reserves and a $3.1 million placement at $1.60 per share. The placement is subject to shareholder approval at the Company's annual general meeting.

Financial performance

A table of trading and key financial information is set out below, including the Forecasts to 30 June 2007 and 30 September 2007:

		June 05	June 06	June 07	Sept 07
	($000)	Actual (a)	Actual (a)	Forecast (b)	Forecast (c)
Total Revenue and other income		10,135	16,982	44,571	50,489
Earnings before interest, tax, depreciation and amortisation		2,531	3,092	10,105	12,017
Depreciation and amortisation ($000)		(268)	(582)	(1,085)	(1,308)
Earnings before interest and tax		2,263	2,236	9,020	10,709
Borrowing costs expense		(186)	(426)	(2,413)	(3,146)
Profit before tax		2,077	2,666	6,607	7,563
Income tax expense		(657)	(805)	(1,982)	(2,269)
Profit after tax		1,420	1,861	4,625	5,294
Basic earnings per share	cents	15.4	15.9	17.6	20.2
Issued capital at year-end	($000)	11,704	11,739	26,234	26,234
Net Assets	($000)	8,482	9,889	35,996	37,651
Return on average shareholders funds	%	24.6	20.2	15%	16.8%

(a) Historical performance for FY2005 and FY2006 is set out for PTB Group, prior to acquisition of IAP Group and the Emerald Assets

(b) FY2007 forecast: IAP Group has been included for the nine months to 30 June 2007 (since its acquisition) and the Emerald Assets have been included for eight months trading (the period from its acquisition). For separate trading details for each section of the business see section 5.

(c) Forecast for the year to 30 September 2007: trading for the PTB Business and IAP Business is for 12 months while for the Emerald Assets is for 11 months. For separate trading details for each section of the business see section 5.

Structure of business units in the future

Under its aviation asset management umbrella, PTB Group's operations include initial sale and/or financing, maintenance and spares supply during operational life and extraction of residual value when retired from service in relation to engines, aircraft parts and whole airframes.

This is underpinned by the opportunistic acquisition of aircraft, engines and spare parts.

Going forward from the IAP Group acquisition, PTB Group will have three broad business groupings under its aviation asset management umbrella:

- **PTB:** TPE331 and PT6A turbine engine repair and overhaul in the repair facility in Brisbane and trading in spare parts for engines;
- **IAP:** spare parts supply and the continued acquisition of aircraft and redundant spares. 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:** financing by lease, rental or other methods of aircraft and engines, purchase of engines and aircraft for lease, and sale of engines and aircraft from the aircraft and engine pool.

Earnings from Financing and Rentals

The Financing and Rentals division, with recurring earnings being a significant feature, generates strong returns. Contributions from this source include:

- financing of aircraft and engines by lease, rental or other methods;
- purchase of engines and aircraft for lease; and
- profit on sale of engines and aircraft from the aircraft and engine pool.

Based on performance to date in PTB Group it is expected to generate returns in excess of 25 per cent per annum on employed assets. The addition of IAP Group has enabled PTB Group to add airframes (ie whole aircraft) to the financed assets pool model and accelerate its growth.

However, we are conservatively aware of the risk of external factors affecting the reliability of past returns as a benchmark. Hence, forecasts made here and elsewhere in the Prospectus should be read in the context of the assumptions and risks disclosed.

PTB Group earned approximately 37 per cent of its June 2006 earnings from Financing and Rentals. IAP Group was substantially lower than this. The Directors expect the Emerald Assets to contribute to a substantial increase (in absolute terms) in recurring earnings during the next 12 months.

This will come at a short term cost to earnings per share. In the future the Company will be reporting contribution from the Financing and Rentals division separately and will be emphasising the attractive nature of these earnings to shareholders and in investor presentations. The Directors believe in due course this will be reflected in enhanced shareholder value.

Dividend Policy

PTB Group has a stated policy of paying 45 to 55 per cent of after tax profits as dividends. This policy is subject to cash requirements to fund growth. For FY2006, PTB Group has declared a 6 cent dividend on increased capital which will absorb 54 per cent of the year's profit. Future dividend payments are expected to see the payout percentage in the range 40 to 55 per cent. This is subject to future business conditions and opportunities and the cash flow requirements of the Company. Investors in this Prospectus will not participate in the final dividend to be paid in December.

In future, dividends are expected to be paid twice per annum.

Yours sincerely

Harvey Parker
Chairman

OFFER AT A GLANCE

Who is the issuer of this Prospectus?	Pacific Turbine Brisbane Limited.
What is offered?	Existing Shareholders are offered the opportunity to subscribe for 1 New Share for every 10 Shares they currently hold. In addition, Existing Shareholders or other Applicants may apply for additional New Shares. Under this Prospectus, the Company will issue up to 2.5 million New Shares at an issue price of $2 per New Share to raise a total of up to $5 million.
What makes an investment in PTB Group attractive?	• Expected strong earnings growth built on high margins • Growth in the financing and rentals division with recurring earnings being a significant feature • New opportunities resulting from the expansion of the Company's business through the recent acquisitions detailed in this Prospectus • Potential for growth in the international market
When does the Offer open?	8 November 2006
When does the Offer close?	4 December 2006
How do I apply?	Complete the relevant Application Form attached to this Prospectus, and return it in accordance with the directions on the form.
How can investment advice be obtained?	By speaking to your financial adviser, accountant, stockbroker, lawyer or other professional adviser.
Contact details	For further contact details, please refer to the Corporate Directory set out in this Prospectus.

Subject to the requirements of the Corporations Act, the NSX Listing Rules and the ASX Listing Rules, PTB Group may close the Offer early, or extend the Offer period, without prior notice.

This is a summary only. Investors should read the entire Prospectus prior to making an investment decision.

Key Offer highlights

Offer price per New Share	$2.00
New Shares offered under this Prospectus	2.5 million
Total number of Shares on issue following the Offer	26,234,500
Maximum amount to be raised under the Offer	$5 million
Market capitalisation at the Offer Price	$52,469,000

1. DETAILS OF THE OFFER

1.1 The Offer

The Company is offering New Shares pursuant to a non-renounceable Rights Issue.

Existing Shareholders have the opportunity to subscribe for 1 New Share for every 10 Shares held, at an issue price of $2 per New Share. Craig Baker and Steve Ferris (and their associated entities) will only take up a small proportion of their Entitlement. Stephen Smith participated in recent placements of Shares and will not take up any of his Entitlement.

The Rights Issue is only open to Existing Shareholders.

In addition, the Company is offering further New Shares pursuant to the Additional Offer so that the total number of New Shares issued under this Prospectus will be up to 2,500,000.

A total of $5 million will be raised provided that the Additional Offer is fully subscribed.

1.2 Important dates

Lodgement of Prospectus with ASIC and Offer opens	8 November 2006
Shares quoted on an 'ex' basis on NSX	10 November 2006
Record date for Rights Issue	16 November 2006
Prospectus dispatched to Existing Shareholders	17 November 2006
Offer closes	4 December 2006
End of trading of the Shares on NSX	4 December 2006
New Shares issued and despatch of holding statements	11 December 2006
Commencement of normal trading of the Shares on ASX	18 December 2006

These dates are indicative only. Subject to the requirements of the Corporations Act, the NSX Listing Rules and the ASX Listing Rules, PTB Group reserves the right to vary the dates of the Offer without prior notice, including closing the Offer before the scheduled Closing Date. Investors are encouraged to submit their Application Forms as soon as possible.

Existing Shareholders may apply for:

- their Entitlement;
- any lesser number of New Shares; or
- their Entitlement as well as additional New Shares.

Other applicants must apply for a minimum of 1,000 New Shares ($2,000) and thereafter in multiples of 250 New Shares ($500).

1.3 Purpose of the Offer and utilisation of funds

A breakdown of the use of funds raised by the Offer is set out below:

Use of proceeds	Funds applied
IAP Group working capital	$2,500,000

Repayment of debt	$2,135,000
Expenses of the Offer	$365,000
TOTAL FUNDS RAISED	$5,000,000

The Directors believe that the Company will have enough working capital to carry out its stated objectives.

1.4 Shareholding structure

Following closure of the Offer, the shareholding structure of PTB Group will be as follows:

Shareholders	Number of Shares	Percentage of ownership
Entities associated Directors other than Steve Ferris[1,2]	4,381,540	16.7
Steve Ferris[1]	6,908,054	26.3
Other Existing Shareholders[2]	12,444,906	47.4
Holders of New Shares[3]	2,500,000	9.6
TOTAL	26,234,500	100%

1 Excluding New Shares issued pursuant to this Prospectus

2 Includes the 1,937,500 Shares to be issued immediately after the Company's annual general meeting to be held on 24 November 2006.

3 Includes the New Shares issued to Existing Shareholders pursuant to the Rights Issue.

The Company also has on issue 4,588,800 PTB Notes and 2,219,600 Options. The terms of the PTB Notes are set out in full in section 8.8 and the terms of the Options are set out in full in section 8.9.

1.5 How to apply for New Shares in the Offer

An application for New Shares pursuant to the Rights Issue may only be made by an Existing Shareholder. An Existing Shareholder who wishes to participate in the Rights Issue must complete their personalised Entitlement and Acceptance Form which accompanies this Prospectus, in accordance with the instructions on the form.

The Rights Issue Offer is non-renounceable. Existing Shareholders may accept the Rights Issue Offer only for that number of shares (or part thereof) appearing on their personalised Entitlement and Acceptance Form. If they take no action in respect of this Offer, they will receive no New Shares, and have their shareholding diluted.

The number of New Shares to which each Existing Shareholder is entitled is calculated as at the Record Date, and is shown on their personalised Entitlement and Acceptance Form. Fractional entitlements to New Shares will be rounded up to the nearest whole New Share.

Applications for New Shares under the Additional Offer can be made by completing and lodging the Additional Offer Application Form in accordance with the instructions on the guide to the form.

Applications for New Shares under the Additional Offer may be made by Existing Shareholders or other Applicants.

An Application Form must be accompanied by a cheque in Australian dollars for the value of New Shares applied for and made payable to 'Pacific Turbine Brisbane Limited Share Offer' and crossed 'Not Negotiable'.

An Application Form may only be distributed attached to a complete and unaltered copy of this Prospectus. Application Forms included with this Prospectus contain a declaration that the investor has personally received the complete and unaltered Prospectus prior to completing the Application Form.

PTB Group will not accept a completed Application Form if it has reason to believe that the Applicant has not received a complete paper or electronic copy of this Prospectus or if it has reason to believe that the Application Form or electronic copy of the Prospectus has been altered or tampered with in any way.

While PTB Group believes that it is extremely unlikely that during the period of the Offer the electronic version of the Prospectus will be tampered with or altered in any way, the Company cannot give any absolute assurance that this will not occur. Any investor in doubt concerning the validity or integrity of an electronic copy of the Prospectus should immediately request a paper copy of the Prospectus directly from PTB Group or their financial adviser.

Applications should be:

Posted to Pacific Turbine Brisbane Limited Share Offer		**Delivered to Pacific Turbine Brisbane Limited Share Offer**	
Link Market Services Limited Locked Bag A14 Sydney South NSW 1235	OR	Link Market Services Limited Level 12 300 Queen Street Brisbane QLD 4000	Link Market Services Limited Level 12 680 George Street Sydney NSW 2000

Lodgement of an Application Form constitutes an irrevocable offer made in accordance with the provisions of the guidelines to the Application Form.

Enquiries about the Offer should be directed to Annette Abrahams on +61 7 3637 7003 during business hours.

1.6 Allotment

Allotment of New Shares will be made as soon as possible after the Closing Date.

PTB Group reserves the right to allocate the New Shares offered under the Additional Offer in full on any application, or to allocate any lesser number, or to decline any application. Where no allotment is made, the amount tendered will be returned in full with interest, with the relevant Application Form.

Where the number of Shares allotted is less than the number of Shares applied for, the surplus Application Money will be despatched to the applicant within 21 days of the Closing Date.

1.7 Underwriting

The Offer is not underwritten.

1.8 Dividend policy

PTB Group has a stated policy of paying 40 to 55 per cent of after tax profits as dividends.

For FY2006, PTB Group has declared a 6 cent dividend which will absorb 54 per cent of NPAT. New Shares issued under this Prospectus will not participate in this dividend, which will be paid on 2 December 2006.

Subject to future business conditions and opportunities and the cash flow requirements of the Company, future dividend payments are expected to represent 40 to 55 per cent of NPAT.

In future, dividends are expected to be paid twice per annum.

The Company has established a dividend reinvestment plan to provide Shareholders with the opportunity to reinvest their distributions in the Company. Full details of this plan are set out in section 8.10.

1.9 Restricted securities

The Company has entered into NSX restriction agreements in relation to Shares controlled by three of its Directors, Craig Baker, Stephen Smith and Steve Ferris.

Details of the restrictions imposed are set out in the table below:

Director	Shares controlled	Expiry of voluntary restriction agreement
Craig Baker	888,000	10 March 2007
Stephen Smith	888,000	10 March 2007
Steve Ferris	6,908,054	20 September 2008

These NSX restriction agreements will be terminated upon the Company's transition to ASX but the three Directors have entered into voluntary restriction deeds in relation to Shares set out above.

A summary of the terms of each voluntary restriction deed is set out in section 8.7.

1.10 ASX listing

Within seven days after the date of issue of this Prospectus, PTB Group will apply for admission to the official list of ASX and for the quotation of its Shares on ASX.

The Directors expect that the Shares will cease trading on NSX on 4 December 2006 and commence trading on ASX on 18 December 2006. Shareholder approval has been obtained for the withdrawal of the Company's listing on NSX subject to the admission of the Company to ASX.

The fact that ASX may admit PTB Group to its official list is not to be taken in any way as an indication of the value or merits of the Company or the Shares offered for subscription. If the Company has not been admitted to the official list of ASX within three months after the date of this Prospectus, all Application Money will be refunded with interest.

1.11 Foreign selling restrictions

No action has been taken to register or qualify the New Shares or the Offer, or otherwise to permit a public offering of the New Shares, in any jurisdiction outside Australia or New Zealand.

This Prospectus does not constitute an offer or invitation in any jurisdiction where, or to any person to whom, such an offer or invitation would be unlawful. The distribution of this Prospectus in jurisdictions outside Australia or New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Each Applicant will be taken to have represented, warranted and agreed that such person:

- is an Australian or New Zealand citizen or resident, is located in Australia or New Zealand at the time of such Application and is not acting for the account or benefit of any person in the United States, a United States person or any other foreign person; and
- will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia or to an United States person, except in transactions exempt from registration under the United States Securities Act of 1933 as amended, and in compliance with all applicable laws in the jurisdiction in which such Shares are offered and sold.

The Offer is only available to New Zealand residents who receive a copy of the New Zealand 'wrap around' document as well as this Prospectus.

1.12 Rights attaching to Shares

The New Shares will rank equally with the Company's existing Shares. The rights attaching to the Shares are detailed in the constitution. A summary of the major provisions of the constitution is set out in section 8.2 of this Prospectus. New Shares will not be eligible to participate in dividends until after payment of the December 2006 dividend.

1.13 Withdrawal

The Company reserves the right not to proceed with the Offer at any time before the allocation of Shares to successful Applicants. If the Offer does not proceed, the Company will return all Application Money within 21 days of giving notice of its withdrawal.

1.14 Recent Share issues

In August and September 2006, the Company conducted placements to sophisticated and professional investors pursuant to which it issued 3,111,020 Shares at $1.53 per Share, raising $4,760,559.

These shares were issued to raise working capital and the cash component of the consideration payable for the acquisition of IAP Group.

At its annual general meeting which will be held on 24 November 2006, the Company will seek shareholder approval to the issue to sophisticated and professional investors of a further 1,937,500 Shares at $1.60 per Share to raise $3.1 million.

1.15 Risk factors

Investment in the Company as described in this Prospectus is subject to both general and specific risks. Some of the risks are described in section 5 of this Prospectus. Before deciding to invest in the Company, prospective Investors should read the entire Prospectus and, in particular, should consider the risk factors that could affect the future performance of the Company.

2. PACIFIC TURBINE - THE BUSINESS

2.1 PTB Group

Establishment

PTB Group was established in 2001, when it was incorporated to acquire the Brisbane assets of Pacific Turbine Pty Ltd ACN 079 166 653.

The Company initially focussed on providing services in relation to the Pratt & Whitney PT6A and Honeywell TPE331 turbine engines. It:

- operated a specialist turbine engine repair and overhaul business based at Brisbane Airport;
- conducted trading operations in Australia and internationally in aircraft turbine engines and related parts; and
- provided finance for PT6A and TPE331 turbine engines for customers.

Initial public offering and listing on NSX

PTB Group raised approximately $4 million in equity in November 2004 and February 2005 and listed on NSX in March 2005. The funds raised were used to acquire National Flight Services Inc's engine pool and for working capital.

Initiatives during FY2006

During FY2006, PTB Group:

- used its increased equity base to expand its financing and rental business through a $4.59 million unsecured PTB Note issue to sophisticated investors. Investors received 1 option to acquire a Share exercisable at $1.60 for every $3 they invested in PTB Notes. Further details of the terms of the PTB Notes are set out in section 8.8;
- entered into an hourly engine maintenance agreement with Island Aviation Services Limited for its five TPE 331 engines;
- increased its sales force to sell additional parts, services and manufacturer approved overhauls to established customers;
- contracted with Landmark Aviation to jointly provide fixed price TPE331 overhauls. Landmark Aviation is a major US based aviation company owned by the Carlyle Group; and
- was appointed as sales representative for Australia and the surrounding region for Dallas Airmotive and was accredited as a Dallas Airmotive authorised service centre.

Dallas Airmotive services most of the turbine engine models used in business and general aviation. As a sales representative, PTB Group will focus primarily on the PT6A powered aircraft that dominate the region, and also will represent Dallas Airmotive's full range of engine product lines and associated services. As an authorised service centre, PTB Group will offer PT6A hot section inspection services and support Dallas Airmotive field service efforts in the region. Dallas Airmotive will supply engine overhaul services and new parts support to PTB Group.

Acquisition of IAP Group

In September 2006, PTB Group acquired IAP Group and its subsidiary, Aeropelican for approximately $12.9 million. IAP Group is a highly complementary asset management company.

Incorporated in 1987, the Directors believe it is the largest independent stockist of commercial and military aircraft spare parts in the Asia Pacific region. It holds spares for aircraft ranging from turbo-props to Airbus and Boeing models. It also buys, sells and leases various types of aircraft and engines.

Aeropelican is a commuter airline based at Williamtown Airport just north of Newcastle in New South Wales. IAP Group purchased Aeropelican from the liquidator of Ansett in 2002. Included in the purchase were four aircraft and the Belmont Airport, located on the shores of Lake Macquarie.

Steve Ferris, the founder of IAP Group, received approximately 80% of the consideration in the form of 6,908,054 PTB Group Shares. In addition to the Shares issued to Steve Ferris, PTB Group placed 3,111,020 Shares at $1.53 to raise funds for the $2.5 million cash consideration and to fund working capital.

The acquisition of IAP Group will enable expansion in:

- the engine types in which IAP Group has expertise; and
- the aircraft in which IAP Group has airframe and in-house engineering expertise.

In particular, the Directors expect PTB Group's financing and rental business to benefit from the acquisition.

Acquisition of Emerald Assets

On 17 October 2006, the Company announced that it had entered into an agreement to acquire the aircraft and associated parts of the UK companies Emerald Airways Limited and Emerald Airways Engineering Limited for approximately $16 million.

The assets being acquired comprise five British Aerospace ATP's, 14 HS 748's, 10 Shorts 360's and their related spare parts along with a lease of an engineering facility at the Blackpool Airport. The HS 748 aircraft are assets which IAP Group has a long term history of trading and managing.

The Company expects that over an 18 month period, a number of the Emerald aircraft and engines will be deployed as part of its expanding finance arm. The Shorts aircraft and related parts will immediately be onsold to BAC Leasing Limited under an agreement the Company has entered into. Spare parts will be shipped back to the Company's warehouse in Australia for processing and, in due course, marketing.

The acquisition was funded by a combination of a $10 million debt facility from a third party financier, a $2 million unsecured loan from Steve Ferris and $4 million cash. The cash component was sourced from a combination of the Company's cash reserves and a $3.1 million placement at $1.60 per share. The placement is subject to shareholder approval at the Company's annual general meeting

Structure of business units in the future

Under its aviation asset management umbrella, PTB Group buys and sells, refurbishes, maintains and overhauls aircraft, engines and spare parts.

The Company's success in its operations is underpinned by its ability to opportunistically acquire aircraft, engines and spare parts at a significant discount to their intrinsic value.

Going forward, the Company will have three broad divisions:

- a specialist aircraft turbine engine repair and overhaul facility and turbine engine and spare parts trading operation, based at Brisbane Airport;
- buying and selling aircraft and related parts from its aircraft parts warehouse located in Warriewood, Sydney; and
- financing aircraft and engines by lease, rental or other means, including purchasing aircraft and engines for leasing purposes and selling aircraft and engines from the Company's rental pool.

Further details of the Company's business are set out below.

2.2 Turbine engine operations

PTB Group specialises in two types of aircraft turbine engine – the Pratt & Whitney PT6A and the Honeywell TPE331.

PTB Group's turbine engine operations include:

- rebuilding PT6A and TPE331 engines at its engine repair and overhaul facility at Brisbane Airport;
- managing the rebuilding of engines conducted by other overhaul facilities, and in particular, those operated by Dallas Airmotive and Landmark Aviation; and
- trading in spare parts for engines as well as trading in parts other than engines for PTB Group clients.

A more detailed background to PTB Group's turbine engine operations is set out in the Company's prospectus dated 4 January 2005.

2.3 IAP Group operations

IAP Group's key activities are set out below.

Spare parts supply

IAP Group acquires 'redundant' spare parts from airlines that have changed their aircraft types and remarkets them to other operators.

The Directors believe that IAP Group is the largest surplus spare parts dealer in the southern hemisphere.

The Directors consider that IAP Group's purchasing systems have been well honed over many years and its network of contacts gives it access to lucrative purchasing and selling opportunities.

IAP Group also has a strong parts brokering business, particularly through its contacts in Asian markets.

Acquisition and sale of aircraft and parts

As a sideline to is spare parts business, IAP Group has bought and sold many aircraft where it is able to do so profitably.

The aircraft it has bought and sold range in size from Islanders to Boeing 737's and Airbus A300's. The Company's engineering operation at Bankstown airport has significant capability to perform aircraft refurbishment.

IAP Group also has experience in acquiring aircraft and breaking them up into parts. Typically, some of the parts can be sold immediately to recoup a proportion of the cost of the aircraft with the remainder shipped to its warehouse in Sydney for marketing and sale over time.

One of IAP Group's key operating guidelines is that it will only acquire aircraft at prices which are underwritten by the value of their parts.

2.4 Financing and rental operations for aircraft and engines

Aircraft and engines

PTB Group provides engine financing by way of short or medium term rental or lease for:

- engines including the Pratt & Whitney PT6A, Honeywell TPE331; Rolls Royce Dart turbo prop and Rolls Royce Spey turbo fan; and
- airframes including the Metro 23; EMB Bandeirante; HS 748 and Twin Otter.

The Directors expect that PTB Group will provide financing for other engine and aircraft types in the near future including the British Aerospace ATP, F27 and Beechcraft King Air.

PTB Group's financing division also manages the sale of surplus assets from its leasing pools.

PTB Group has identified a niche in providing rental engines to PT6A and TPE331 engine shops. These shops generally provide rental engines to their customers while they are overhauling or repairing the customer's engine.

The engine repair and overhaul business is a capital intensive business and the shops often do not have the capital to invest in rental engines.

Similarly, aircraft operators face difficulties in financially supporting their fleets for aircraft and IAP Group has identified a niche in providing generally medium to longer term financing facilities to this sector.

The Directors believe that PTB Group can continue to build its recurring earnings from the financing and lease of aircraft and engines and anticipate that by operating in the niches the Company has identified, PTB Group can earn in excess of 25 per cent per annum on assets employed.

Underpinning of risk

PTB Group's asset management businesses underpins the risk of the financing and rentals division.

Aircraft engines are written down systematically during their useful life and as a result, are generally carried at a value which reflects their market value.

Similarly, financed aircraft are carried at values supported by open market values or where appropriate, a 'sum or the parts' value. If an aircraft is returned to the Company and cannot be re-rented or re-leased, its value can be realised by parting it out.

2.5 Aeropelican and Belmont Airport

IAP Group owns and operates Aeropelican which is based at Williamtown airport just north of Newcastle in New South Wales. Aeropelican has operated for over 30 years and provides commuter services from Newcastle to Sydney's Kingsford-Smith airport. Aeropelican currently operates one Metro 23 and one EMB Bandeirante.

Aeropelican is the owner of the former Belmont Airport which ceased operations in FY2005. Belmont Airport occupies a 14.48 hectare parcel of land on the shores of Lake Macquarie in New South Wales. The Directors believe that the land may be able to be developed residentially and have entered into a joint venture deed with McCloy Group Pty Limited.

Further details of the joint venture deed are set out in section 8.6.

2.6 Competitive position and growth

PTB Group operates in a sector of the aviation industry with significant barriers to entry. In particular, participants have great difficulty sourcing finance.

The Directors believe that the capacity of the Company to raise equity and debt capital combined with the complementary nature of its asset management and financing activities provides it with a significant competitive edge.

PTB Group plans to expand its aircraft engine and air frame asset management business which should lead to a corresponding increase in its financing and leasing business.

2.7 Location of operations

PTB Group currently operates from the following locations:

- Brisbane: Head office at Brisbane Airport; and
- Sydney: IAP Group head office and warehouse facilities at Warriewood in Sydney and engineering facility at Bankstown Airport;

PTB Group will lease premises at Blackpool Airport in the UK which will be used as an interim base for the Emerald Assets until they are redeployed.

Aeropelican is the owner of the former Belmont airport which ceased operations in FY2005. Belmont airport occupies a 14.48 hectare parcel of land on the shores of Lake Macquarie in New South Wales.

2.8 Management

Craig Baker and Stephen Smith have extensive experience in the aviation engine industry, and have established an experienced team and systems which are able to expand to manage increased activity.

Steve Ferris has operated IAP Group since he incorporated it in 1987. His experience in acquiring, parting out, financing and marketing airframes brings a new level of expertise to

PTB Group. The Directors expect that the IAP Group business will be a key contributor to PTB Group's future performance.

The Company also has comprehensive reporting and control systems to monitor its business, particularly in relation to quality assurance, compliance with CASA and other legislative requirements, repair and overhaul services, and rental agreements.

2.9 Change of name

PTB Group will hold its 2006 Annual General Meeting on 24 November 2006.

At this meeting, it will seek a resolution to change its name to PTB Group Limited. The Directors believe that the new name will better reflect the international nature of the Company's operations.

3. OWNERSHIP AND MANAGEMENT

3.1 Directors' profiles

Harvey Parker
Non Executive Chairman

Harvey Parker was born in 1943 and has had a distinguished career spanning several industries.

Harvey has experience in the aviation industry as Managing Director of New Zealand Post and the Airpost Joint Venture.

Harvey is the Chairman of PTB Group and also serves on its audit, remuneration and nominations committees.

He is currently the Chairman of Dun & Bradstreet Australasia Pty Ltd, DWS Advanced Business Solutions and Agline Pastoral. He is also a director of the Riding for Disabled Association Victoria

He was previously Chairman of Emergency Communications Victoria and Datacom Investment Services Pty Ltd and a director of Volante Group Limited.

Craig Baker CA, BCA
Managing Director and Chief Executive Officer

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.

He was involved in the development of Airwork (NZ) Ltd, a private company, which has grown to become a major aviation provider in New Zealand with annual sales in excess of $70 million.

Ronald James (Dick) David
Non Executive Director

Dick David has 35 years experience in the transport industry. He built a business (now known as Australian Fuel Distributors Group) from a small BP fuel distributorship in Katherine, Northern Territory, to a substantial Northern Australian transport company with sales revenue of over $100 million. It currently has seven branches across Northern Australia from Kununurra to Cairns.

Dick sold a majority stake in the company to AMP Henderson Capital Investors. His elder son succeeded him as CEO and Dick remains on the board.

Stephen Smith
Executive Director

Stephen Smith was born in 1958 and has 15 years experience in the aviation industry as both a helicopter and fixed wing operator.

Prior to joining PTB Group, Stephen served as Commercial Sales Manager for Pacific Turbine Pty Ltd, achieving excellent results.

His duties specifically include managing the sales and marketing strategies and operations of PTB Group.

Royston Stephen (Steve) Ferris B.Sc
Executive Director

Steve Ferris was born in the UK in 1960. He graduated from Bristol University in 1981 with a Bachelor of Science.

He incorporated IAP Group in 1987 and has grown the company from humble beginnings to its present level.

Steve is based in Sydney and is the managing director of IAP Group.

Andrew Kemp B.Com, CA
Non Executive Director

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

Andrew joined the North Queensland based Coutts Group as general manager early in 1985, and continued with this group until January 1987 when he formed Huntington Group.

Since 1980, Andrew has been involved in a range of listings, acquisitions and divestments. He has structured and implemented the ASX listing of 11 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 listed companies, S8 Limited, Silver Chef Limited and SunnyCove Management Limited and Trojan Equity Limited.

3.2 Organisational Structure

Australian operations

PTB Group employs approximately 15 staff at its head office in Brisbane.

IAP Group employs approximately 27 further staff including its managing director, Steve Ferris, at its Warriewood premises and Bankstown Airport.

A number of senior IAP Group personnel have been with the company for over 10 years.

Employees are grouped broadly into the following functions:

- parts trading;
- aircraft rental;
- warehouse;
- engineering; and
- finance and accounting.

The Emerald Assets will be managed by two IAP Group employees who will be temporarily relocated to Blackpool. They will supervise a team of workers who will be contracted to perform engineering, parts and warehouse and administration functions. IAP Group has used this model in the past to manage the acquisition of aircraft and parts.

PTB Group manages its US engine rental activities by contracting the marketing and operations function but US operations are closely supervised by the Brisbane head office.

Aeropelican also employs approximately 23 people as engineers, pilots or in its management function.

3.3 Corporate Governance

A summary of the Company's corporate governance charter and key practices is set out in its Prospectus dated 4 January 2005 and its 2006 Annual Report.

The Company will provide a copy of either of these documents free of charge upon request. Alternatively, they can be downloaded from the NSX website at www.newsx.com.au.

4. RISK FACTORS

4.1 Factors influencing success and risk

This section of the Prospectus identifies the areas that are believed by the Board to be the major risks associated with an investment in PTB Group.

The PTB Group business is subject to risk factors, both specific to its business activities and of a general nature. Individually, or in combination, these might affect the future operating performance of PTB Group and the value of an investment in the Company. There can be no guarantee that PTB Group will achieve its stated objectives or that any forward-looking statements or forecasts will eventuate. An investment in the Company should be considered in light of relevant risks, both general and specific. Each of these risks set out below could, if it eventuates, have a material adverse impact on PTB Group's operating performance and profits, and on the market price of the Shares.

Before deciding to invest in the Company, potential investors should:

- read the entire Prospectus;
- consider the assumptions underlying the Directors' forecasts, the sensitivity analysis and the risk factors that could affect the financial performance of PTB Group;
- review these factors in light of their personal circumstances; and
- seek professional advice from their accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

4.2 Specific business risks

Some of the specific business risks facing PTB Group are as follows:

Currency fluctuations

As a significant and growing part of PTB Group's trading is undertaken in USD, a continued rise in the value of the AUD against the USD would affect profitability.

Reliance on key management

PTB Group currently has a small but efficient management structure. The loss of any individual, particularly the managing director, the sales director or the IAP Group managing director would cause significant disruption to the conduct of its business. The addition of IAP Group and the IAP Group managing director has increased the senior management team by 50%. To further mitigate this risk, the Company has entered into appropriate service contracts with management and employees and is continuing to develop and train new members of the management team.

Management of bad debts

In the event that a PTB Group finance customer is unable to meet its commitments, PTB Group would move to recover its engine or aircraft under its security arrangements and rent it out to another customer. Notwithstanding policies and strategies in place to manage this inherent finance industry issue, the risk of bad debts cannot be completely mitigated.

Aviation Regulatory Authority Approval

PTB Group relies upon its various aviation regulatory authority approvals to continue to carry on its business. While there are no known circumstances to suggest that the Company's approval is at risk, loss or suspension of an approval would impact on the Company's business.

Risk of litigation

In the aviation industry, there is always a risk of litigation involving the supply, rental or use of aircraft or aircraft engines. The Company has taken steps to ensure that insurance cover is in place. However, this risk cannot be completely mitigated.

Integration of IAP Group

PTB Group has only recently acquired IAP Group. While the Directors believe that the two organisations will merge efficiently, the acquisition may not prove to be beneficial for PTB Group.

Development risk

There is the potential that PTB Group will not be able to carry out the development plans for the Belmont Airport outlined above or that the development of the Belmont Airport site will not prove to be profitable.

Information technology

PTB Group relies heavily on information technology in the conduct of its business. Should these systems not be adequately maintained, secured or updated, or the Company's disaster recovery processes not be adequate, system failures may negatively impact on the Company's performance.

New workplace laws

The *Workplace Relations Amendment (Work Choices) Act 2005* ('Work Choices') became operative on 27 March 2006. Work Choices represents a substantial change in the area of employment and industrial law and the impact of the changes cannot be fully assessed with any certainty at this time. Any adverse changes to the employment relationship may potentially have a materially adverse impact upon the performance of the Company.

Additionally, Work Choices contains detailed and complex provisions relating to the transitions of State based employers and the employment conditions of their employees into the Federal jurisdiction. The implications that will flow from these 'transmissions of business' will also change to impose new procedural obligations on both entities acquiring and being acquired.

Although the changes will generally provide employers with greater flexibilities, their interpretation has not been tested and it will take some time for the full impact of Work Choices to be felt and understood.

Insurance

PTB Group considers that its insurance coverage is appropriate but it cannot be certain that its coverage will indemnify it from all losses it may sustain in the course of its business. In addition, the Company may be adversely affected by any significant change in cost or availability of insurance coverage in the future.

External Shocks

The world airlines and aircraft operators are vulnerable to external shocks like SARS, terrorism, interest rate rises and oil prices. These events can effect the viability of PTB Group's customers.

Taxation

Changes to taxation legislation could adversely effect PTB Group's profitability and the value of its Shares.

Ability to access acceptable aviation assets.

Competition from original equipment manufacturers and financiers may not enable PTB Group to purchase assets at a level that produces an acceptable return.

Airworthiness directives

Maintenance of aircraft and engines is strictly regulated by CASA and other aviation authorities.

These authorities may issue airworthiness directives in relation to particular types of aircraft or engines. An airworthiness directive could in theory make it uneconomic to operate an aircraft or engine.

Contracting risk

PTB Group only seeks to acquire assets at prices supported by the value of their parts. It is not able to obtain warranties or indemnities from vendors for a significant proportion of its engine and aircraft acquisitions.

In the event that assets acquired do not meet PTB Group's standards or expectations, PTB Group may not have any remedy against the vendor.

Impact of International Financial Reporting Standards

Australian accounting standards are set by the Australian Accounting Standards Board ('AASB') and are outside the Directors and PTB Group's control. Changes to the accounting standards issued by AASB could materially adversely affect the financial performance and position reported in PTB Group's financial statements.

4.3 General investment risks

Share market investments

It is important to recognise that the price of PTB Group's Shares might rise or fall in trade on NSX or ASX and they might trade at prices below or above the Offer Price. There can also be no assurance that an active trading market will continue for the Shares.

Factors affecting the price at which the Shares are traded on NSX or ASX could include domestic and international economic conditions and outlook, changes in government fiscal, monetary and regulatory policies, changes in interest rates and the rate of inflation. In addition, the prices of many listed entities' securities are affected by factors that might be unrelated to the operating performance of the relevant company. Such fluctuations might adversely affect the price of the Shares.

General economic conditions

PTB Group's operating and financial performance is influenced by a variety of general economic and business conditions including the level of inflation, interest rates and government fiscal, monetary and regulatory policies. Prolonged deterioration in general economic conditions, including an increase in interest rates, could be expected to have a corresponding adverse impact on the Company's operating and financial performance.

Legislative change

The Company may be affected by changes in legislation in a variety of jurisdictions which may affect its operations.

Political Factors

PTB Group operates throughout the world and political instability in an individual country or globally could adversely effect the business.

5. FINANCIAL INFORMATION

5.1 Basis of Preparation

The financial information included in this Prospectus has been prepared by the Directors and comprises the following:

- historical financial performance of PTB Group and IAP Group for the years ended 30 June 2005 and 2006;
- forecast financial performance of the PTB Group for the year ending 30 June 2007 (referred to as "FY2007 Forecast") and the year ending 30 September 2007 (referred to as "September 2007 Forecast"). The September 2007 Forecast comprises 12 months for the PTB Business and IAP Business and 11 months for the Emerald Assets;
- actual balance sheets of PTB Group and IAP Group at 30 June 2006 and a pro forma balance sheet of the PTB Group as at 30 June 2006 assuming the acquisition of IAP Group, completion of the capital raising, purchase of the Emerald Assets and other transactions as set out in section 5.6;
- an extract of PTB Group's and IAP Group's actual audited financial reports as at 30 June 2006 (Appendix A). The financial statements of PTB Group were audited by Johnston Rorke who issued an unqualified audit opinion in respect of PTB Group's FY2006 financial report. The financial statements of IAP Group were audited by an international firm of chartered accountants who issued an unqualified audit opinion in respect of IAP Group's FY2006 financial report.

The historical financial information contained in Appendix A has been presented in an abbreviated form. It does not contain all the disclosures required by A-IFRS as issued by the Australian Accounting Standards Board applicable to annual financial reports prepared in accordance with the Corporations Act. Johnston Rorke ("JR") has reviewed the historical financial information and their Independent Accountant's Report is included in section 6 of this Prospectus.

The FY2007 Forecast includes the results of IAP Group from the date of acquisition (effective 1 October 2006) and the purchase of the Emerald Assets in two tranches completing in October and November 2006. The September 2007 Forecast is presented to illustrate the results of PTB Group had IAP Group been acquired for a full year and the Emerald Assets for 11 Months. The FY2007 Forecast and September 2007 Forecast, referred to as the "Forecasts", have been reviewed by William Buck Securities Ltd ("WB") and their Independent Review of Forecasts is included in section 7 of this Prospectus. The Forecasts should also be read in conjunction with the Directors' best estimate assumptions included in section 5.4 and the risk factors set out in section 4. The Forecasts are based upon a number of estimates and assumptions that are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of PTB Group and the Directors, and upon assumptions with respect to future business decisions which are subject to change.

The inclusion of the Forecasts in the Prospectus should not be regarded as a representation or warranty with respect to its accuracy or the accuracy of the underlying best estimate assumptions or that the Company will achieve or is likely to achieve any particular results. This information also assumes the success of the Company's business strategies. The success of these strategies is subject to uncertainties and contingencies beyond the Company's control, and no assurance can be given that the strategies will be effective or that the anticipated benefits from the strategies will be realised in the period for which forecasts have been prepared or otherwise.

Events and circumstances often do not occur as anticipated and therefore actual results are likely to differ from the Forecasts. These differences may be material. The aircraft industry is subject to many external factors which can materially impact its financial performance.

The Forecasts include best estimate assumptions as to the cost of sourcing aircraft, engines and parts, and the timing and value of subsequent sale and rental for the year ending 30 June 2007. Accordingly, the Directors cannot and do not guarantee the achievement of the Forecasts.

5.2 Actual Financial Information

Set out below is a summary of PTB Group's and IAP Group's historical financial performance for the years ended 30 June 2005 and 2006. Shareholders approved the acquisition of IAP Group at a general meeting of shareholders on 20 September 2006. As such the results of IAP Group will be included with PTB Group from that date onwards - see section 5.3.

	$'000			
	Actual			
	PTB Group		IAP Group	
	FY05	FY06	FY05	FY06
Sales revenue				
Sale of engines	4,530	9,477	738	1,842
Sale of parts and services	4,307	5,500	6,043	6,122
Airline passenger and freight	-	-	5,155	4,886
Rental of engines/aircraft	620	1,696	2,033	2,357
	9,457	16,673	13,969	15,207
Other revenue				
Interest	199	243	1	3
Insurance recovery	330	-	-	-
Debt forgiveness - shareholders loans	123	-	-	-
Other	26	66	234	296
	10,135	16,982	14,204	15,506
Other income				
Net gain on disposal of property, plant and equipment	297	677	2,554	1,923
Total revenue and other income	10,432	17,659	16,758	17,429
Expenses				
Cost of sales	6,001	11,564	3,819	4,476
Employee benefits expense	1,140	1,176	4,239	3,335

	$'000			
	Actual			
	PTB Group		IAP Group	
	FY05	FY06	FY05	FY06
Depreciation	332	582	2,205	1,440
Airport charges and taxes	–	–	1,387	1,383
Repairs and maintenance	11	13	1,234	1,226
Fuel costs	–	–	817	715
Bad and doubtful debts	–	325	337	–
Finance costs	131	426	898	622
Other expenses	740	907	1,976	1,818
Total expenses	8,355	14,993	16,912	15,015
Profit/(loss) before tax	2,077	2,666	(154)	2,414
Income tax (expense)/benefit	(657)	(805)	(493)	961
Profit/(loss) for the year	1,420	1,861	(647)	3,375

The above financial information should be read together with the extract of PTB Group's and IAP Group's actual audited financial reports as at 30 June 2006 set out in Appendix A, the Independent Accountant's Report in section 6, and other information contained in this Prospectus. PTB Group's 30 June 2006 financial report can be accessed via the Company's website: www.pacificturbine.com.au.

Management discussion and analysis of historical financial information

PTB Group

PTB Group has been operating since 2001. The Company's initial focus was selling parts and services in respect of Pratt & Whitney PT6A and Honeywell TPE331 turbine engines. In FY2005 PTB Group raised approximately $4 million in equity and listed on NSX in March 2005. The funds raised were partly used to acquire the National Flight Services, Inc's TPE331 engine pool in the USA. During FY2006, PTB Group raised a further $4.6 million in unsecured notes which were used to fund the purchase of aircraft engines and provide customer finance for the sale of engines.

Revenue overall increased substantially in FY2006. Engine sales increased from $4.5 million to $9.5 million due to the increase in funds available to purchase engines. Approximately $1.5 million of engine sales in FY2006 was part of a five year maintenance contract with an Asian airline which commenced in April 2005. Sales of parts and services increased in FY2006 following PTB Group's appointment as sales representative for Dallas Airmotive for Australia and the surrounding region.

Rental of engines increased in FY2006 reflecting the full 12 month activity of the National Flight engine rental pool compared to 7 months in FY2005. In FY2006 PTB Group rationalised the National Flight engine pool selling a number of rental engines. The profit on these engines is included in the gain on disposal of property, plant and equipment in both FY2005 and FY2006.

Cost of sales increased from $6 million to $11.6 million in FY2006 in line with the increase in the sale of engines and parts. Gross margin declined from 32% to 23% due to the shift in sales mix. Salaries and wages remained consistent between years. The doubtful debts provision was increased in FY2006 specifically for one customer which was subsequently placed in receivership. This is a business risk the Company faces and a key management objective is to maintain the level of writeoffs at an acceptable level.

IAP Group

IAP Group's business activities comprise rental of aircraft, sale of aircraft engines and related parts and the operation of the Newcastle based regional airline Aeropelican. Aeropelican, which operates between Newcastle and Sydney, was acquired by IAP Group in FY2002.

IAP Group recorded a loss before tax in FY2005 of $154,000. In the previous financial year IAP Group sold the operations of Horizon Airlines with aircraft ownership retained and leased to the buyer who subsequently filed for administration. As such, IAP Group's rental revenue for these aircraft ceased and additional expenses were incurred preparing the aircraft for sale or lease. The lease revenues took time to rebuild. During FY2005, IAP Group also wrote-off $337,000 in bad debts. The results were also impacted from a tightening of working capital which reduced trading opportunities. Also in FY2005, Aeropelican introduced two new aircraft which resulted in additional costs incurred in that year.

The pre-tax financial performance of IAP Group improved significantly in FY2006 due in part to an improvement in the Aeropelican operations and reduction in holding costs following the sale of aircraft held for rental. IAP Group's profit after tax in FY2006 includes a $1.3 million benefit as a result of the decision in FY2006 to form a tax consolidated group. At 30 June 2005 IAP Group had recorded a current tax liability of $1.3 million as IAP Group was unable to utilise tax losses within its group until it elected to be treated as a tax consolidated group. This liability was reversed in FY2006.

Sale of engines, parts and services increased by 17.4 per cent in FY2006 while gross margins were maintained at around 44%. Airline passenger and freight revenue decreased in FY2006 by 5 per cent however direct costs relating to Aeropelican decreased further as a result of relocating the Newcastle terminal from Belmont to Williamtown in FY2005. Rental of aircraft increased by 16 per cent in FY2006 due to a number of aircraft being rented for only part of the year in FY2005. In FY2005 IAP Group sold two aircraft that had been used in the Aeropelican operations which had low written down values. IAP Group sold a number of aircraft in both FY2005 and FY2006 to reduce the aircraft fleet. As a result, depreciation and finance costs were reduced in FY2006 which contributed to the improved result in that year.

5.3 Forecast Financial Information

Set out below is a summary of the PTB Group forecast financial performance for the years ending 30 June 2007 and 30 September 2007 together with the actual results of the PTB Business and the IAP Business for the year ended 30 June 2006 on an aggregated basis for comparison purposes only. The aggregated financial information for FY2006 reflects the combined results of the PTB Business and IAP Group. No adjustments have been made for acquisition adjustments, any synergies, post-acquisition restructuring or elimination of inter-company sales and profits.

The FY2007 Forecast includes the results of IAP Group from 1 October 2006 and the purchase of the Emerald Assets in two tranches completing in October and November 2006 whereas the September 2007 Forecast includes the results of IAP Group for 12 months and the contribution of the Emerald Assets for 11 months.

	$'000		
	Aggregated	Forecast	
	FY2006	FY2007	Sept 2007
Sales revenue and other income	35,088	44,571	50,489
Expenses	(26,938)	(34,466)	(38,472)
EBITDA	8,150	10,105	12,017
Depreciation	(2,022)	(1,085)	(1,308)
EBIT	6,128	9,020	10,709
Finance costs	(1,048)	(2,413)	(3,146)
Profit before tax	5,080	6,607	7,563
Income tax (expense)/benefit	156	(1,982)	(2,269)
Profit after tax	5,236	4,625	5,294
EBIT margin	17.5%	20.2%	21.2%
Earnings per share (based on issued capital on completion of the capital raising; options dilution ignored) cents	(a)	17.6	20.2
Issued capital after proposed Prospectus allotment - No of shares ('000)		26,234	26,234

Notes

(a) The basic earnings per share for PTB Group for the year ended 30 June 2006 was 15.9 cents as disclosed in the PTB Group 2006 annual report

The contributions to NPBT of PTB Group are forecast as follows:

	$'000		
	Aggregated	Forecast	
	FY2006	FY2007	Sept 07
PTB Business	2,666	3,433	3,433
IAP Business	2,414	1,855	2,529
Emerald Assets	–	1,319	1,601
NPBT	5,080	6,607	7,563

The above financial information should be read together with the best estimate assumptions underlying the Forecasts, the Independent Review of Forecasts in section 7, the sensitivity analysis set out in section 5.5, the risk factors set out in section 4 and other information contained in this Prospectus. The Forecasts have been prepared in accordance with the accounting policies set out in Note 28 to the Historical Financial Information contained in Appendix A of this Prospectus.

Management discussion and analysis of forecast financial information for FY2007

PTB Business:

The Forecast is for a 28.8 per cent increase in profit before tax in FY2007. This has been based on:

- expected continued growth in engine financing and rentals contributions (the funding from the PTB Note issue during FY2006 will assist this);
- increased contribution following the increase in the PTB Business sales force during FY2006; and
- increased contribution from the Dallas Airmotive and Landmark Aviation initiatives.

IAP Business:

The Forecast (on an annualised basis) is marginally less than FY2006 due to a lesser number of forecast aircraft sales. It includes a 20% return on working capital of $2.5 million to be made available to IAP Group on completion of the capital raising under this Prospectus (refer assumption 6 in section 5.4).

Emerald Assets:

The Emerald Assets are expected to generate returns from:

- profit on sale of aircraft; and
- rental of aircraft.

The Emerald Assets include British Aerospace ATP aircraft, HS 748 aircraft, Shorts 360 aircraft and their related spare parts.

The Shorts 360 aircraft have been on-sold as a package at a profit with final settlement expected in November 2006.

The remaining Emerald Assets are forecast to be used to build the Company's recurring earnings through the use of the aircraft in the Company's financing and rental pool. The Company will forgo short term sales profits to build recurring earnings.

The HS 748 aircraft are well known to IAP Group which has previously bought and sold these types of aircraft and related parts. It has also provided funding facilities for customers in respect of the HS 748 aircraft.

The ATP is a modern turboprop aircraft and the Directors believe that demand for the aircraft, particularly as a freighter, has accelerated in the last year.

Management discussion and analysis of forecast financial information for the year ending 30 September 2007

PTB Business

The Forecast for the year to 30 September 2007 is the same as the Forecast for FY2007.

IAP Business

The Forecast annualises the Forecast for the nine months to 30 June 2007.

Emerald Assets

The Forecast includes the benefit of the increased financing and rental contribution from the Emerald Assets in the September 2007 quarter.

Recurring earnings:

The Directors estimate that after completion of renovation of the Emerald Assets it will have five ATP and 10 HS 748 aircraft to introduce to its financing and rental pool. These aircraft are expected to be progressively introduced to the rental pool through the forecast period as follows:

	31 March 2007	30 June 2007	30 September 2007
ATP	1	2	4
HS 748	4	6	8

The forecast contribution from the rental pool (net of depreciation) increases from $338,000 in the March 2007 quarter to $592,000 in the June quarter and $1.042 million in the September quarter.

The financing and rentals division, with recurring earnings being a significant feature, generates strong returns. Contributions from this source include:

- financing by lease, rental or other methods of aircraft and engines;
- purchase of engines and aircraft for lease; and
- profit on sale of engines and aircraft from the aircraft and engine pool.

Based on performance to date in the PTB Business, the Directors expect the Company's financing and rentals division to generate returns in excess of 25 per cent per annum on employed assets. The addition of IAP Group has enabled the group to add airframes (ie whole aircraft) to the financed assets pool model and accelerate its growth.

5.4 Material best estimate assumptions

The Forecasts presented in section 5.3 are based on the following:

Operating assumptions

1. $4.65 million net will be received on completion of the capital raising which will be used to provide $2.5 million working capital to the IAP Business and to repay debt of $2.15 million.
2. The forecast PTB Business revenue for FY2007 and September 2007 will increase by 27 per cent over FY2006 actual mainly arising from the increased parts and engine sales force and increased activity from the Dallas Airmotive and Landmark contracts.
3. The forecast PTB Business gross and net margins for FY2007 and September 2007 will be consistent with FY 2006 actual.
4. The forecast for the IAP Business for FY2007 is for a nine month period 1 October 2006 to 30 June 2007. The IAP Business forecast for September 2007 is the FY2007 forecast annualised.

5. The forecast IAP Business revenue for FY2007 will decrease by 10 per cent over FY2006 actual mainly due to an expected reduction in aircraft sales.

6. IAP business will receive, in February 2007, additional working capital of $2.5 million from the funds raised by this Prospectus. The rate of return on these funds will be 20 per cent per annum.

7. The forecast IAP Business gross and net margins for FY2007 will be consistent with FY2006 actual.

8. The acquisition of the Emerald Assets will be completed in early November 2006.

9. The Shorts 360 aircraft will be on-sold in November 2006.

10. The refurbishment of the Emerald Assets will be completed within 18 months.

11. The Emerald Assets, with the exception of the Shorts 360 which will be on-sold, will be included in PTB Group's financing and rental pool to increase its recurring earnings.

12. The renovated Emerald Assets will be progressively introduced to the rental pool during the forecast period as follows, at lease rates consistent with historic results achieved by PTB Group:

Quarter ending	31 March 2007	30 June2007	30 September 2007
ATP	1	2	4
HS 748	4	6	8

13. Depreciation of the Emerald Assets will be consistent with the PTB Group depreciation accounting policy as set out in Appendix A - note 28(p).

14. Interest of 13 per cent per annum plus 2 per cent commitment fee (payable every six months) will be paid on the third party debt to fund the purchase of the Emerald Assets.

15. An estimated interest rate of 10 per cent per annum will be paid on the refinanced funding for the Emerald Assets when the aircraft are leased on operating leases.

16. The Forecasts have been prepared in AUD with the Emerald Assets acquisition being converted at an average unhedged AUD/USD exchange rate of 0.76 and an average unhedged GBP/AUD exchange rate of 2.50.

17. There will be no change in the exchange rate for the forecast period.

18. Australian income tax rate will be 30%.

19. The Company will maintain its existing levels of insurance and there will be no disproportional cost increases in insurance during the forecast period.

20. There will be no material bad debts expense.

21. Salary and wages have been based on existing staff levels and currently agreed salary and wage rates.

22. There will be no material changes to finance facilities.

General economic assumptions

1. No material changes in the prevailing economic conditions in Australia and the rest of the world, including increases in interest rates above those assumed for the forecast period.
2. No changes to the statutory, legal and regulatory environments which would have a material adverse effect on the Company.
3. No material adverse change to the prevailing airline and turbine engine market conditions over the forecast period.
4. No material adverse change to the existing key management of PTB Group over the forecast period.
5. No change in the accounting policies prescribed by Australian Accounting Standards Board and other mandatory professional reporting requirements which may have a material effect on the Directors' Forecast.
6. No material industrial, economic or political disturbances or material disruptions to developments.
7. Maintenance of current safety records and standards of business delivery.
8. PTB Group continues to comply with the various aviation regulatory authorities requirements.
9. No material breaches of existing contractual arrangements by any parties.
10. No significant change in the competitive environment in which PTB Group operates.
11. No material costs as a result of industrial or contractual disputes or litigation.
12. No material impact from any legislative or fiscal changes.

5.5 Sensitivity analysis

The Directors' Forecast has been based on certain economic and business assumptions about future events. A summary of the Directors' best estimate assumptions underlying the forecast financial information is set out in section 5.4.

The Directors' Forecast net profit after tax is sensitive to movements in a number of the Directors' best estimate assumptions. A summary of the likely impact of movements in certain of the Directors' best estimate assumptions on the Directors' Forecast net profit after tax for the year ending 30 June 2007 and the year to 30 September 2007 is set out below. However, the changes in the key assumptions set out below are not intended to be indicative of the complete range of variations that may occur.

NPAT is influenced by movements in a number of key variables, including:

- timing of renting the Emerald aircraft;
- movement in AUD/USD exchange rate; and
- movement in interest rates.

Care should be taken in interpreting this information. This analysis treats each movement in an assumption in isolation from possible movements in other assumptions, which may not be the case. Movements in one assumption may have offsetting or compounding effects on other variables, the effects of which are not reflected in the following analysis. In addition, it is possible that more than one assumption may move at any one point in time, giving rise to cumulative effects, which also are not reflected in this analysis. Typically, the Company's management and Directors would respond to any material adverse change in conditions by taking appropriate action to minimise, to the extent possible, any adverse effect on profits and dividends. The effect of any such mitigating action has also been excluded from the following analysis.

The impact of the key variables on NPAT in the Forecasts is shown below.

	Change	Impact on NPAT on Forecasts	
		FY2007	Sep 2007
		$'000	$'000
Timing of renting Emerald aircraft	± 2 months	± 280	± 487
Change in AUD/USD exchange rate	± 0.03 points	± 54	± 59
Change in variable interest rates	± 0.5 per cent	± 13	± 15

The sensitivity of movement in the AUD/USD exchange rate is based on only existing rental contracts that are receivable in US dollars. The Forecasts assume various purchases and sales of engines and related parts of which a majority are likely to be transacted in US dollars. The Directors' Forecasts assume a constant exchange rate of the forecast period for sales and cost of sales.

Potential investors should be aware that if the AUD strengthens against the USD then net profits after tax are likely to decrease and, vice versa, if the AUD weakens against the $US, net profits are likely to increase.

5.6 Actual and Pro Forma Balance Sheets

Set out below are the actual balance sheets of PTB Group and IAP Group as at 30 June 2006 and a pro forma balance sheet of PTB Group assuming the acquisition of IAP Group, the Emerald Assets and other transactions (as set out below) as at 30 June 2006.

The balance sheets of PTB Group and IAP Group at 30 June 2006 should be read in conjunction with the financial information set out in Appendix A: Extract - 2006 Financial Reports and the Independent Accountant's Report in section 6.

	$'000		
	30 June 2006		
	Actual		Pro Forma
	PTB Group	IAP Group	PTB Group
Current Assets			
Cash and cash equivalents	1,590	5	3,660
Trade and other receivables	6,578	3,821	10,399
Inventories	4,782	1,658	6,440
Other	138	-	138

	$'000		
	30 June 2006		
	Actual		Pro Forma
	PTB Group	IAP Group	PTB Group
Total Current Assets	13,088	5,484	20,637
Non-Current Assets			
Trade and other receivables	1,329	-	1,329
Inventories	-	627	627
Property, plant and equipment	5,289	14,954	32,390
Investment property - Belmont land	-	-	3,055
Deferred tax assets	53	-	244
Intangible assets	-	-	6,153
Total Non-Current Assets	6,671	15,581	43,798
Total Assets	19,759	21,065	64,435
Current Liabilities			
Trade and other payables	1,670	4,470	6,140
Borrowings	2,082	4,798	10,212
Current tax liabilities	445	566	1,689
Provisions	159	306	465
Other	43	336	379
Total Current Liabilities	4,399	10,476	18,885
Non-Current Liabilities			
Borrowings	5,312	1,256	8,786
Deferred tax liabilities	70	874	1,170
Provisions	89	206	295
Other liabilities	-	2,000	2,000
Total Non-Current Liabilities	5,471	4,336	12,251
Total Liabilities	9,870	14,812	31,136
Net Assets	9,889	6,253	33,299
Equity			
Contributed equity - issued capital	3,988	-	26,826
Other equity securities	183	-	183
Reserves	100	3,277	100
Retained profits	5,618	2,976	6,190
Total Equity	9,889	6,253	33,299

5.6.1 Pro Forma adjustments

The pro forma balance sheet as at 30 June 2006 has been prepared as if the following transactions had taken place at that date:

(a) Acquisition of IAP Group (approved by shareholders on 20 September 2006) for $12.862 million consideration, being the payment of $2.5 million cash and issue of

6,908,054 Shares in PTB Group at $1.50 per share. Shares issued on acquisition of IAP Group are excluded from participating in the dividend payable by PTB Group in December 2006. Details of the acquisition, for pro forma purposes, are shown in section 5.6.2.

(b) Issue (in August 2006) of 1,741,400 Shares in PTB Group at $1.53 per Share to raise $2,664,000 (the funds raised were primarily used to pay the cash component of the IAP Group acquisition).

(c) Issue (in September 2006) of 1,408,620 Shares in PTB Group at $1.53 per Share to raise $2,155,000 for working capital.

(d) Issue (in October 2006) of 1,937,500 Shares in PTB Group at $1.60 per Share (to be issued immediately after the Company's annual general meeting to be held on 24 November 2006) to raise $3.1 million to partly fund the acquisition of the Emerald Assets.

(e) Payment of share issue transaction costs of $269,000 in respect of the August, September and October share placements. Recognition of the deferred tax asset of $81,000 in respect of share issue costs.

(f) Payment of a fully franked dividend (in December 2006) of $1.01 million being 6 cents per Share to all Shareholders except for the Shares issued as consideration for the acquisition of IAP Group.

(g) Acquisition of the Emerald Assets for £6.5 million ($16.25 million). For pro forma purposes the cost of the Emerald Assets has been allocated according to the values determined by the Directors in submitting PTB Group's offer to the Administrators as follows:

		$'000
Inventories - aircraft held for sale		1,800*
Plant and equipment	- aircraft held for rental	14,190
	- spare parts	260
		16,250

* *For pro forma purposes, these aircraft are assumed to be subsequently sold - see below.*

(h) Sale of 10 aircraft acquired from Emerald for $4.06 million. These sales are expected to be finalised shortly after acquiring the aircraft. Approximately $2.5 million settled in October and the balance are due to settle in November 2006. For pro forma purposes proceeds received/receivable on sale have been used to reduce the borrowings owed to Mariner Financial Limited - see (j) below.

(i) Recognition of a current tax liability of $678,000 in respect of the profit on sale of the 10 Emerald aircraft.

(j) Borrowings of $10 million (less borrowing transaction costs of $255,000) provided by Mariner Financial Limited ('Mariner') to assist in funding the acquisition of the Emerald Assets. The loan is to be fully secured over the Emerald Assets and guaranteed by PTB Group. Interest is to be paid quarterly in arrears at a fixed rate of 13% per annum plus a commitment fee of 2% of the loan amount payable each six months in arrears. The loan is repayable in quarterly installments of $833,333 over a three year period to 30 September 2009. For pro forma purposes, $2.135 million of the proceeds from the Prospectus capital raising have been used to reduce this debt.

(k) Borrowings of $2 million provided by Steve Ferris, a director of PTB Group and vendor in respect of the IAP Group acquisition. The loan is unsecured and cannot be repaid until the Mariner loan has been extinguished. Interest is to be paid monthly in arrears at a fixed rate of 10% per annum.

(l) Issue of 2.5 million Shares at $2.00 per share pursuant to this Prospectus to raise equity funds of $5 million.

(m) Payment of the costs associated with the preparation of this Prospectus and capital raising which are estimated to be in total $365,000. Recognition of the deferred tax asset of $110,000 in respect of share issue transaction costs.

5.6.2 Pro Forma fair value assessment of IAP Group's identifiable net assets acquired

The pro forma balance sheet at 30 June 2006 has been prepared on the basis PTB Group had acquired IAP Group on 30 June 2006. Details of the acquisition, for pro forma purposes, are summarised as follows:

	$'000
Fair value of identifiable net assets acquired:	
Net assets - at 30 June 2006 (per audited accounts)	6,253
Fair value adjustment of aircraft	752
Deferred tax liability in respect to fair value adjustment	(226)
Net identifiable assets acquired	6,779
Goodwill	6,153
	12,932
Consideration:	
Purchase price - cash	2,500
- shares issued	10,362
Acquisition cost	70
	12,932

The PTB Group Directors reviewed the fair value of IAP Group's identifiable net assets (as stated in the June 2006 financial report) and made adjustments to the carrying value of aircraft based on independent valuations received by PTB Group during its due diligence investigations. For pro forma purposes, the PTB Group Directors have assumed that the carrying value of IAP Group's land and buildings at 30 June 2006 per the audited accounts represents their fair value at the date of acquisition. Information regarding the carrying value of land and buildings held by IAP Group is set out in Appendix A - Extract - 2006 Financial Reports - PTB Group & IAP Group (note 6).

An independent valuation of the Warriewood property (used by IAP Group for its warehouse and office) was obtained by IAP Group in July 2006. The Belmont Airport property (previously used as the Newcastle airport, now subject to either a joint venture property development or compulsory acquisition) is carried at IAP Group's director valuation at 30 June 2006.

For pro forma purposes, the Belmont Airport land has been reclassified from property, plant and equipment to investment property on the basis the land is held for capital appreciation purposes and not for IAP Group's own use. The Directors intend to obtain an independent assessment of the Belmont Airport property to determine its fair value on acquisition of IAP Group prior to finalising PTB Group's financial statements for the half year ending 31 December 2006.

IAP Group also holds significant parts inventory at nil value. This inventory represents the residual parts remaining from aircraft purchased and dismantled where the costs have been allocated to the parts that have been sold within a reasonably short period after acquisition. The remaining parts represent items that are slower moving and/or possibly need reconditioning to be in a saleable condition. As a result, management believes that the nil value basis is appropriate as the fair value for this inventory.

For pro forma purposes the PTB Group Directors have provisionally assessed the fair value of IAP Group's identifiable net assets as set out above. Changes to the pro forma assessed fair values of IAP Group may occur and be reflected in the future financial reports in accordance with Accounting Standard AASB 3 Business Combinations.

5.6.3 Pro Forma capital structure

The pro forma capital structure of PTB Group as at 30 June 2006 assuming completion of the capital raising and other transactions as at that date, as set out in the above pro forma adjustments, is as follows:

		Reference (section 5.6.1	No. of shares '000	$'000
Share capital - 30 June 2006 (actual)			11,739	3,988
Pro forma adjustments				
Acquisition of IAP Group		(a)	6,908	10,362
Share placement	- August 2006	(b)	1,741	2,664
	- September 2006	(c)	1,409	2,155
	- October 2006	(d)	1,937	3,100
Share issue costs arising from share placements, net of tax		(e)		(188)
Shares offered under this Prospectus		(l)	2,500	5,000
Transaction costs arising from Prospectus and capital raising, net of tax		(m)		(255)
Share capital - 30 June 2006 (pro forma)			26,234	26,826

6. INDEPENDENT ACCOUNTANT'S REPORT

8 November 2006

JOHNSTON RORKE JR

Chartered Accountants

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255 Adelaide Street Brisbane Q 4000
GPO Box 1144 Brisbane Q 4001
Ph 07 3222 8444 / Fax 07 3221 7779
Website www.jr.com.au
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The Directors
Pacific Turbine Brisbane Limited
PO Box 306
HAMILTON QLD 4007
«country»

Dear Directors

Independent Accountant's Report on Historical Financial Information

We have prepared this Independent Accountant's Report ("report") on historical financial information of Pacific Turbine Brisbane Limited and controlled entities ("PTB" or "the Company") and on IAP Group Australia Pty Ltd and controlled entities ("IAP") for inclusion in a Prospectus dated on or about 8 November 2006 relating to the issue of Shares in PTB.

Expressions defined in the Prospectus have the same meaning in this report.

1. Background

PTB's business is the sale, repair, service and renting of aircraft turbine engines. The Company listed on the Newcastle Stock Exchange in March 2005. In September 2006 PTB acquired all the issued capital of IAP which owns and rents aircraft, sells aircraft engines and related parts, and operates a regional passenger airline based in Newcastle.

Section 5.2 of the Prospectus contains a summary of the historical financial performance of PTB and IAP which has been extracted/derived from their respective June 2006 financial reports. Section 5.6 of the Prospectus sets out the actual balance sheets of PTB and IAP as at 30 June 2006 and a pro forma consolidated balance sheet, as at 30 June 2006, prepared on the basis of completion of the acquisition of IAP, completion of the proposed capital raising, acquisition of the Emerald Assets and other post balance date transactions as set out in Section 5.6. Appendix A of the Prospectus contains extracts from PTB's and IAP's 2006 financial reports.

2. Scope

You have requested Johnston Rorke to prepare a report covering the following information:

a) the historical financial performance of PTB and IAP for the years ended 30 June 2005 and 2006 as set out in Section 5.2; and
b) the actual balance sheets of PTB and IAP as at 30 June 2006 and the pro forma consolidated balance sheet as at 30 June 2006, which assumes completion of the post balance date transactions as set out in Section 5.6 of the Prospectus ("the pro forma transactions").

The historical financial information is presented in an abbreviated form in so far as it does not include all of the disclosures required by Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act 2001.

Audit of PTB's Historical Financial Information

PTB's historical financial information (being PTB's historical financial performance and actual balance sheet as at 30 June 2006) set out in Sections 5.2 and 5.6 of the Prospectus has been extracted from the audited financial statements of PTB which were previously audited by us with an unqualified audit opinion being issued. The Directors are responsible for the preparation of PTB's historical financial information.

We have audited the historical financial information of PTB for the years ended 30 June 2005 and 2006. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the historical financial information of PTB is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the historical financial information, and the evaluation of accounting policies and significant accounting estimates. Our procedures also included a comparison of consistency in application of the recognition and measurement principles in Accounting Standards and other mandatory financial reporting requirements in Australia, and the accounting policies adopted by PTB disclosed in Appendix A of the Prospectus.

These procedures have been undertaken to form an opinion whether, in all material respects, the historical financial information of PTB is presented fairly in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory financial reporting requirements in Australia so as to present a view which is consistent with our understanding of PTB's historical financial performance and financial position as at 30 June 2006. The audit opinion expressed in this report has been formed on the above basis.

Review of IAP's Historical Financial Information

IAP's historical financial information (being IAP's historical financial performance and actual balance sheet as at 30 June 2006) set out in Sections 5.2 and 5.6 of the Prospectus has been extracted from the audited financial statements of IAP which were previously audited by another accounting firm with an unqualified audit opinion being expressed. The Directors are responsible for the preparation of IAP's historical financial information.

We have conducted an independent review of IAP's historical financial information in order to state whether, on the basis of the procedures described, anything has come to our attention that would cause us to believe that IAP's historical financial information is not presented fairly in accordance with the recognition and measurement principles (but not all the disclosure requirements) of Accounting Standards and other mandatory financial reporting requirements in Australia.

We have conducted our review of the IAP historical financial information in accordance with Australian Auditing Standard AUS 902 "Review of Financial Reports". We made such inquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances including:

- analytical procedures on the financial performance of IAP for the relevant historical period;
- a review of work papers, accounting records and other documents;
- a comparison of consistency in application of the recognition and measurement principles in Accounting Standards and other mandatory financial reporting requirements in Australia, and the accounting policies adopted by IAP disclosed in Appendix A of the Prospectus; and
- enquiry of Directors, management and others.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Review of Pro Forma Consolidated Balance Sheet

The pro forma consolidated balance sheet set out in Section 5.6 of the Prospectus has been derived from the actual balance sheets of PTB and IAP as at 30 June 2006 after adjusting for the pro forma transactions as also set out in Section 5.6. The Directors are responsible for the preparation of the pro forma consolidated balance sheet, including determination of the adjustments.

We have conducted an independent review of the pro forma consolidated balance sheet in order to state whether, on the basis of the procedures described, anything has come to our attention that would cause us to believe that the pro forma consolidated balance sheet is not presented fairly in accordance with the recognition and measurement principles (but not all the disclosure requirements) of Accounting Standards and other mandatory financial reporting requirements in Australia as if the pro forma transactions set out in Section 5.6 had occurred at 30 June 2006.

We have conducted our review of the pro forma consolidated balance sheet in accordance with Australian Auditing Standard AUS 902 "Review of Financial Reports". We made such inquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances including:

- analytical procedures applied to the historical financial information;
- a review of work papers, accounting records and other documents;
- a review of the pro forma transactions and assumptions used to compile the pro forma consolidated balance sheet;
- a comparison of consistency in application of the recognition and measurement principles in Accounting Standards and other mandatory financial reporting requirements in Australia, and the accounting policies adopted by PTB disclosed in Appendix A of the Prospectus; and
- enquiry of Directors, management and others.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

3. Conclusion

Audit Opinion on PTB's Historical Financial Information

In our opinion, the historical financial information relating to PTB, as set out in Sections 5.2 and 5.6 of the Prospectus, presents fairly:

(a) the historical financial performance of PTB for the years ended 30 June 2005 and 2006; and
(b) the historical financial position of PTB as at 30 June 2006,

in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory financial reporting requirements in Australia and the accounting policies adopted by PTB disclosed in Appendix A of the Prospectus.

Review Statement on IAP's Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the historical financial information relating to IAP, as set out in Sections 5.2 and 5.6 of the Prospectus, does not present fairly:

(a) the historical financial performance of IAP for the years ended 30 June 2005 and 2006; and
(b) the historical financial position of IAP as at 30 June 2006,

in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory financial reporting requirements in Australia and the accounting policies adopted by IAP disclosed in Appendix A of the Prospectus.

Review Statement on Pro Forma Consolidated Balance Sheet

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the pro forma consolidated balance sheet, as set out in Section 5.6 of the Prospectus, has not been properly prepared on the basis of the pro forma transactions in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory financial reporting requirements in Australia and the accounting policies adopted by PTB disclosed in Appendix A of the Prospectus.

4. Subsequent Events

Apart from the matters dealt with in this report, and having regard to the scope of our report, to the best of our knowledge and belief, no material transactions or events outside of the ordinary business of the Company have come to our attention that would require comment on, or adjustment to, the information referred to in our report or that would cause such information to be misleading or deceptive.

5. Disclosure of Interest

Johnston Rorke is PTB's auditor and will receive a professional fee for the preparation of this report. Apart from this, Johnston Rorke has no pecuniary interest in relation to this Prospectus. The partners of Johnston Rorke do not hold nor have any interest in any shares of PTB.

Consent for the inclusion of the Independent Accountant's Report in the Prospectus in the form and context in which it appears has been given. At the date of this report consent has not been withdrawn.

Yours faithfully
JOHNSTON RORKE

R Walker

ROSS WALKER
Partner

7. INDEPENDENT REVIEW OF DIRECTORS' FORECAST

William Buck
Securities Ltd
Australian Financial Services Licence Number: 247427
ABN: 91 010 208 107

Financial Services Guide
General Advice – Independent Review Report on Directors' Forecasts

Financial Planning Association of Australia
Principal Member

This guide is designed to assist you in deciding whether to use any of the services we offer and:

- How we and our associates are paid;
- Any potential conflict of interest we may have; and
- Our internal and external dispute resolution procedures and how you can access them.

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Introduction

William Buck Securities Ltd, ABN 91 010 208 107 ("we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of an Independent Review Report on Directors' Forecasts for inclusion in a Prospectus issued by Pacific Turbine Brisbane Limited.

Who is responsible for the financial services provided to me?

William Buck Securities Ltd holds an Australian Financial Services Licence No. 247427 and is responsible for the financial services provided by it and its Authorised Representatives, including authorising the distribution of this Finanical Services Guide.

Through a variety of corporate and trust structures, William Buck Securities Ltd is ultimately wholly owned by and operated as part of the business advisory and professional accounting practice of William Buck (Qld) Pty Ltd.

William Buck Securities Ltd is a principal member of the Financial Planning Association (FPA).

General Financial Product Advice

In the Independent Review Report on Directors' Forecasts we provide general financial product advice, not personal financial product advice, because the advice has been prepared without taking account of your objectives, financial situation or needs.

You should, before acting on the advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs.

If the advice relates to the acquisition, or possible acquisition, of a particular financial product - you should obtain a Prospectus relating to the product and consider the Prospectus before making any decision about whether to acquire the product.

What kinds of financial services are you authorised to provide to me?

We are authorised to provide advice on, and deal in, the following classes of financial products to wholesale and retail clients:

- Deposit and payment products limited to:
    - basic deposit products,
    - deposit products other than basic deposit products;
- Derivatives limited to:
    - Old law securities options contracts and warrants;
- Debentures, stocks or bonds issued or proposed to be issued by a government;
- Life products including:
    - investment life insurance products as well as any products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds; and
    - life risk insurance products as well as any products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds;
- Interests in managed investment schemes including:
    - investor directed portfolio services;
- Retirement Savings Accounts ("RSA") products (within the meaning of the Retirement Savings Account Act 1997);
- Securities; and
- Superannuation.

Independent Review Report on Directors' Forecasts

We provide financial product advice by issuing an Independent Review Report on Directors' Forecasts in connection with a financial product of another person or entity. Our report will include a description of the circumstances of our engagement and identify the person or entity who has engaged us. You will not have engaged us directly but will be provided with a copy of the report due to your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as an Australian Financial Services Licensee authorised to provide the financial product advice contained in the report. The person or entity who has engaged us provides us with our instructions.

Do you have any relationships or associations with financial product issuers?

William Buck Securities Ltd and any of its associated entites may at any time provide professional services to financial product issuers in the ordinary course of our business.

How is William Buck Securities Ltd paid to produce an Independent Review Report on Directors' Forecasts?

We will be paid a fee not exceeding of $13,500 plus GST for providing this Independent Review Report on Directors' Forecasts. This fee is paid by the person or entity which engages us to provide the report. The fee has not affected the opinion we have expressed in this report.

Except for this fee, neither William Buck Securities Ltd, nor any of its directors, employees or related entities, will receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Does William Buck Securities Ltd get paid for referring clients to invest in the products associated with your Independent Review Report on Directors' Forecasts?

We do not pay commissions or provide any other benefits to any person for referring clients to us in connection with the Independent Review Report on Directors' Forecasts that we are engaged to provide.

We do not receive commissions or any other benefits for referring clients in connection with the underlying financial product and / or financial service that is the subject of the reports we are engaged to provide.

Do I pay for the financial services provided?

You do not pay us a fee for the production of the Independent Review Report on Directors' Forecasts. It is the responsibility of the person or entity which engaged our services to produce the report to meet this cost.

Who can I complain to if I have a complaint about the financial services provided?

If you have any complaint about the service provided to you, you should take the following steps.

1. Contact us and tell us about your complaint.

2. If your complaint is not satisfactorily resolved within three business days, please contact the Complaints Officer, on (07) 3233 3555, or put your complaint in writing and send it to us at:

   The Complaints Officer
   William Buck Securities Ltd
   GPO Box 736
   BRISBANE QLD 4001

3. If you still do not get a satisfactory outcome you can contact the Financial Industry Complaints Service Ltd (FICS) of which William Buck Securities Ltd is a member. FICS can be contacted on 1300 780 808 or you can write to them at PO Box 579, Collins Street West, Melbourne Vic 8007.

The Australian Securities & Investments Commission (ASIC) has a freecall Infoline on 1300 300 630 which you may also use to make a complaint or obtain information about your rights.

If you have any further questions about the financial services William Buck Securities Ltd provides, please contact our office on (07) 3233 3555.

DWL:kd
8 November 2006

The Directors
Pacific Turbine Brisbane Limited
PO Box 306
HAMILTON QLD 4007

Dear Sirs

INDEPENDENT REVIEW REPORT ON FORECAST FINANCIAL INFORMATION

INTRODUCTION

We have prepared this Independent Review Report (report) on the forecast financial information (referred to as the Directors' Forecasts) of Pacific Turbine Brisbane Limited and controlled entities (PTB) for inclusion in a Prospectus to be dated on or about 8 November 2006 to be issued by PTB with respect to the issue of 2.5 million ordinary shares at $2.00 each to raise $5 million. This report is prepared in accordance with AUS 804 "The Audit of Prospective Financial Information" and PS 170 "Prospective financial information".

The nature of this report requires that it can only be provided by an entity that holds an appropriate Australian Financial Services Licence. William Buck Securities Limited holds an appropriate licence. Don Langdon, the author of this report is an Authorised Representative of William Buck Securities Limited. The William Buck Securities Limited Financial Services Guide forms part of this report and should be read in conjunction with the report.

Expressions defined in the Glossary section of the Prospectus have the same meaning in this report.

SCOPE OF OUR REPORT

The report deals with the Directors' Forecasts included in this Prospectus at Section 5.3. The assumptions underlying the Directors' Forecasts are disclosed in Section 5.4.

The Directors of PTB are responsible for the preparation and presentation of the Directors' Forecasts, including the best estimate assumptions on which they are based. The Directors' Forecasts are based on judgements made by the Directors with respect to present economic conditions generally, the present circumstances within PTB's industry and the operating and economic conditions that they expect to exist in the future. We disclaim any assumption of responsibility for any reliance on this report or on the forecasts to which it relates for any purposes other than for which it was prepared.

The forecasts have been prepared by the Directors to provide investors with a guide to PTB's potential future financial performance based upon the achievement of certain economic, operating, developmental and trading assumptions about future events and actions that have not yet occurred and may not necessarily occur. Our review does not attempt to confirm the achievability of the Directors' Forecasts, as there is a considerable degree of subjective judgement involved in preparing forecast financial information. In addition, the underlying assumptions are subject to significant uncertainties often outside the control of PTB. Therefore actual results may differ from the Directors' Forecasts because events and circumstances frequently do not occur as planned and these differences may be material. Accordingly, investors should have regard to the risk factors set out at Section 4 of the Prospectus.

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This report does not address the future prospects of PTB and no comment is made in relation to the rights attaching to the shares on offer pursuant to the Prospectus, nor the merits and risks associated with becoming a shareholder in PTB.

REVIEW OF THE DIRECTORS' FORECASTS

We have conducted our review of the Directors' Forecasts in accordance with Australian Auditing and Assurance Standards AUS 804 "The Audit of Prospective Financial Information" and Policy Statement 170 "Prospective Financial Information" issued by the Australian Investment and Securities Commission. Our procedures consisted primarily of enquiry and comparison and other such analytical review procedures we considered necessary. These procedures included discussion with the Directors and management of PTB Company and have been undertaken to form an opinion whether anything has come to our attention which causes us to believe that:

1. The Directors' best-estimate assumptions taken as a whole, do not provide a reasonable basis for the preparation of the Directors' Forecasts;

2. The Directors' Forecasts have not been properly calculated in accordance with the Directors' best estimate assumptions;

3. All material assumptions have not been adequately disclosed, including a clear indication as to whether they are best-estimate assumptions or hypothetical assumptions; and

4. The Directors' Forecasts have not been presented fairly in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by PTB.

The Directors have classified the prospective financial information included in the Prospectus as forecasts rather than projections. Policy Statement 170 issued by ASIC differentiates forecasts from projections on the basis that a forecast is based on best-estimate assumptions which management expects to take place and actions that management expects to take as of the date that the information is prepared. The Directors' Forecasts included in this prospectus have been prepared using the Directors' best-estimate assumptions.

The scope of our review was substantially less than an audit examination conducted in accordance with Australian Auditing Standards. A review of this nature provides less assurance than an audit and accordingly we do not express an audit opinion on the Directors' Forecasts.

STATEMENTS

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

1. The Directors' best-estimate assumptions, taken as a whole, do not provide a reasonable basis for the preparation of the Directors' Forecasts;

2. The Directors' Forecasts have not been properly prepared in accordance with the Directors' best estimate assumptions;

3. All material assumptions have not been adequately disclosed, including a clear indication as to whether they are best-estimate assumptions or hypothetical assumptions; and

4. The Directors' Forecasts have not been presented fairly in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by PTB.

William Buck

SUBSEQUENT EVENTS

To the best of our knowledge and belief, there have been no material items, transactions or events prior to 8 November 2006, other than those identified in this report, that have come to our attention during the course of our review, which would cause the information included in this report to be misleading. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

INDEPENDENCE OR DISCLOSURE OF INTEREST

William Buck Securities Limited does not have any interest in the outcome of this issue other than in connection with the preparation of this report for which normal professional fees will be received.

William Buck Securities Limited has consented to the inclusion of this Independent Review Report in the Prospectus in the form and context in which it is so included, but has not authorised the issue of the Prospectus. Accordingly, William Buck Securities Limited makes no representation and takes no responsibility for, any other statements, or material in, or omissions from, the Prospectus.

GENERAL ADVICE WARNING

This report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

DECLARATION

William Buck is entitled to receive normal professional fees for the preparation of this report and any other related advice based on the time spent at usual professional rates together with the reimbursement of direct out of pocket expenses. The extent of our professional fees is disclosed in section 9.6 of this Prospectus.

The use of this report is strictly limited to the matters contained herein and is not to be read as extending, by implication or otherwise, to any other matter. Consent for the inclusion of the Independent Review Report in this Prospectus issued by the PTB, in both paper and electronic form and in the format and context in which it appears has been given. At the date of this report consent has not been withdrawn.

Yours faithfully
WILLIAM BUCK SECURITIES LIMITED
ABN 91 010 208 107
Australian Financial Services Licence No: 247427

D W LANGDON
Authorised Representative No: 270576

William Buck

8. MATERIAL AGREEMENTS

8.1 Key documents

The Board considers that certain agreements relating to PTB Group are significant to the Offer, the operations of PTB Group or may be relevant to investors. A description of material agreements or arrangements, together with a summary of the more important details of each of these agreements is set out below.

8.2 Constitution

The following is a summary of the major provisions of the Company's constitution:

Shares

The Shares in the capital of the Company can be issued with preferred, deferred or other special rights, obligations or restrictions in relation to dividends, voting, return of share capital, payment of calls or other matters, as determined by the Board from time to time. All unissued shares are under the control of the Board, which may grant options on the Shares, issue option certificates, allot or dispose of the Shares on the terms and conditions and for consideration it thinks fit. This power is subject to contract or any contrary rules in the constitution.

The constitution permits the issue of preference shares on terms determined by the Board.

Alteration of rights

The rights and restrictions attaching to any class of shares (unless provided by the terms of issue of the shares of that class), can only be varied with the consent in writing of members with at least three-quarters of the votes in that class, or with the sanction of a special resolution passed at a separate meeting of the holders of shares of that class.

Calls

The Board may from time to time call upon shareholders for unpaid monies on their shares. If such a call is made, shareholders are liable to pay the amount of each call in the manner and at the time and place specified by the Board. Such calls may be payable by instalments. When a resolution of the Board authorising the call is passed, the call will be deemed to have been made. It may be revoked or postponed at the discretion of the Board.

Forfeiture and lien

The Company is empowered to forfeit shares in relation to any part of allotment monies, calls, instalments, interest and expenses which remain unpaid following any notice sent to a shareholder. Such forfeiture must occur in accordance with the constitution, the Corporations Act, and the Listing Rules of the relevant stock exchange.

The Company has a first lien or charge for unpaid calls, instalments and related interest and any amount it is legally required to pay in relation to a shareholder's shares. The lien or charge extends to all dividends declared in respect of the shares provided that, if the Company registers a transfer of any shares subject to this lien or charge without giving the transferee notice of the claim it may have at that time, the shares are freed and discharged from the Company's lien or charge in respect of that claim.

Share transfers

Shares may be transferred in any manner required or permitted by the Listing Rules of the relevant stock exchange and by any instrument in writing in any usual or common form or in any other form that the Board approves. The Board may only refuse to register a transfer of securities of the Company as permitted by the Listing Rules of the relevant stock exchange.

Directors need not issue share certificates

Subject to the requirements of the Listing Rules of the relevant stock exchange and the Corporations Act, the Company need not issue share certificates.

Meeting procedure

The relevant stock exchange on which the Company is listed and each shareholder and Director of the Company is entitled to receive notice of and attend any general meeting of the Company. Two shareholders must be present to constitute a quorum for a general meeting and no business may be transacted at any meeting except the election of a Chairman and an adjournment, unless the quorum required is present at the start of the business. The Company is obliged to convene and hold an annual general meeting.

Voting rights

Each shareholder has the right to receive notices of, and to attend, general meetings of the Company.

Subject to restrictions on voting from time to time affecting any class of shares in the Company, and any restrictions imposed by the Corporations Act, the shares in the Company carry the right to cast one vote on a show of hands and, on a poll, one vote for each fully paid share held, and for each partly paid share held, a vote having the same proportionate value as the proportion to which the shares have been paid up. Voting may be in person or by proxy, attorney or representative.

Remuneration of Directors

Directors are to be paid out of Company funds as remuneration for their services, such sum as accrues on a daily basis as the Company in general meeting determines to be divided among them as agreed, or failing agreement, equally.

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

A Director is disallowed from voting on any contract or arrangement in which he or she has directly or indirectly any material interest, if it will be contrary to the Corporations Act. If such a Director does vote, his or her vote will not be counted, nor will his or her attendance be counted in the quorum present at the meeting. Either or both of these prohibitions may be relaxed or suspended to any extent by ordinary resolution passed at a general meeting if permitted by the Corporations Act.

Election of Directors

There must be a minimum of three Directors and a maximum number of 10 Directors (not including alternate Directors), which the Board may from time to time determine provided it may not reduce the number below the number of Directors in office at the time of the reduction.

At every annual general meeting, subject to the constitution, one third of the Directors (other than the Chief Executive Officer) must retire from office, and may offer themselves for re-election. If their number is not a multiple of three, then the number nearest to, but not less than one third will retire. A Director, other than the Chief Executive Officer, must retire from office at the conclusion of the third annual general meeting after which he or she was elected or re-elected.

With respect to the retirement of Directors, the Director or Directors longest in office since last being elected must retire. If a number of Directors were elected on the same day, the Directors to retire shall, in default of agreement between them, be determined by ballot.

Dividends

If the Board determines that a dividend is payable, it will be paid on all shares proportionate to the total amount for the time being paid on each share. Such dividend payment is subject to the rights and restrictions on the holders of shares created or raised under any special dividend arrangements.

The Board may establish and maintain one or more dividend plans, to which shareholders may elect to take up with some or all their shares subject to the rules of the plan.

Subject to the relevant Listing Rules, the Board has the power to capitalise and distribute the whole or part of the undivided profits of the Company or standing to the credit of any reserve or other account and which is available for distribution. Such capitalisation and distribution must be in the same proportions which the shareholders would be entitled to receive if distributed by way of dividend, or in accordance with the terms of issue of any shares or terms of any plan for the issue of securities for the benefit of officers or employees.

The Board has the power to decide whether to pay shareholders an interim dividend on account of the next forthcoming dividend. Any distribution may be paid otherwise than in cash as specified in the constitution.

No dividend is payable except out of Company profits and no dividend or other monies paid in relation to a share will carry interest as against the Company.

Partial takeover bids

The Company may prohibit registration of transfers purporting to accept partial takeover bids unless and until a resolution of the Company has been passed approving the offers in accordance with the provisions of the constitution.

Indemnities and insurance

The Company must indemnify current and past Directors, secretaries and executive officers of the Company against any liability incurred by them by virtue of their holding office as, and acting in the capacity of, director, secretary or executive officer, other than a liability owed to the Company or a related body corporate of the Company or a pecuniary penalty order or compensation order or where the liability does not arise out of conduct in good faith. Indemnities also apply to employees in circumstances designated under the constitution.

Insurance

The Company may also pay insurance premiums for officers and employees in certain designated circumstances but not where the liability arises out of wilful breach of duty to the Company or an improper use of position or inside information, as prohibited by the Corporations Act.

8.3 Employment agreement - Craig Baker

Craig Baker has entered into a formal employment agreement with the Company under which he is appointed to act as managing director and CEO of PTB Group with specific responsibilities in relation to the Company's operations.

The agreement runs for a minimum period of three years from 17 December 2004. The agreement may be terminated by a minimum of 12 months notice in writing by either party.

PTB Group is to provide an annual remuneration package comprising salary of $220,000 per annum, plus statutory superannuation and non-salary benefits such as a car.

Craig Baker's duties involve the overall management of the Company.

The agreement contains appropriate provisions to protect the integrity of confidential information.

It also contains restrictive covenants which operate both during the period of employment and for a period of up to 12 months thereafter.

8.4 Employment agreement - Stephen Smith

Stephen Smith has entered into a formal employment agreement with the Company under which he is appointed to act as director of sales and marketing.

The agreement runs for a minimum period of three years from 17 December 2004. The agreement may be terminated by a minimum of 12 months notice in writing by either party.

PTB Group is to provide an annual remuneration package comprising salary of $220,000 per annum, plus statutory superannuation and non-salary benefits such as a car.

Stephen Smith's duties specifically include managing the sales and marketing strategies and operations of the Company.

The agreement contains appropriate provisions to protect the integrity of confidential information.

It also contains restrictive covenants which operate both during the period of employment and for a period of up to 12 months thereafter.

8.5 Employment Agreement – Steve Ferris

Steve Ferris has entered into a formal employment agreement with the Company under which he is appointed to act as managing director and CEO of IAP Group with specific responsibilities in relation to IAP Group's operations.

The agreement runs until 16 December 2007. The agreement may be terminated by a minimum of 12 months notice in writing by either party.

PTB Group is to provide an annual remuneration package comprising salary of $220,000 per annum, plus statutory superannuation and non-salary benefits such as a car.

Steve Ferris' duties involve the overall management of IAP Group.

The agreement contains appropriate provisions to protect the integrity of confidential information.

It also contains restrictive covenants which operate both during the period of employment and for a period of up to 12 months thereafter.

8.6 Joint Venture Deed

On 29 March 2004, Aeropelican entered into a joint venture deed with McCloy Group Pty Limited ('McCloy') relating to the Belmont Airport, which is owned by Aeropelican.

Steve Ferris is the guarantor of Aeropelican's obligations under the joint venture deed.

McCloy advanced $2,000,000 to Aeropelican in return for the right to develop the Belmont Airport property in accordance with the terms of the deed.

The advance of $2,000,000 is secured by Steve Ferris' guarantee, and a first ranking mortgage in favour of McCloy.

Key terms of the joint venture deed include clause 9.1 which provides that in the event that:

- Aeropelican is in default of the joint venture deed and fails or is unable to rectify the default within 14 days;
- the parties are unable to obtain a development consent substantially in accordance with the development application prepared by McCloy within two years from the date of rezoning of the property; or
- the agreement is terminated for any reason,

then Aeropelican shall pay to McCloy within 90 days the sum of $2 million plus an amount for various costs incurred by McCloy. Where termination is due to the default of Aeropelican, in addition to the repayment of the amount above, McCloy is entitled to enter into possession of and sell the property and upon sale will be entitled to 34% of the net proceeds of sale that exceed the amount above.

On 19 September 2005, the parties entered into a variation to the joint venture deed which provided:

- for the distribution of proceeds of sale in the event that the Belmont Airport property was acquired by the Lake Macquarie City Council;
- that where Lake Macquarie City Council does not acquire the Belmont Airport property, Aeropelican would be obliged to sell the property within three years from the date of the deed of variation with the proceeds of sale to be distributed as though the property had been acquired by the Council; and
- where the property is rezoned to the satisfaction of the parties, the obligation to repay the $2 million advance plus costs and legal fees in the initial joint venture deed was to be disregarded.

PTB Group is confident that the Belmont Airport property will either be acquired by the Lake Macquarie City Council or redeveloped.

8.7 Restriction agreements

PTB Group has entered into voluntary restriction deeds in respect of some or all of the Shares held by Craig Baker, Steve Ferris and Stephen Smith.

Details of the restricted Shares and the period of the restriction is set out in the table below.

Director	Shares controlled	Expiry of voluntary restriction agreement
Craig Baker	888,000	10 March 2007
Stephen Smith	888,000	10 March 2007
Steve Ferris	6,908,054	20 September 2008

During the restricted period, the restricted Shareholders must not sell, transfer or otherwise dispose of the restricted Shares.

The restrictions will be released upon:

- a takeover bid being made to acquire all of the issued ordinary securities of the Company, provided that more than 50% of the acceptances for the takeover do not relate to Shares which would otherwise have been subject to restrictions; or
- a proposed cancellation or transfer of the securities as part of a scheme of arrangement under part 5.1 of the Corporations Act.

8.8 PTB Notes

During FY2006, PTB Finance Limited (a wholly owned subsidiary of PTB Group) issued 4,588,800 unsecured notes at $1 per note raising $4.588 million. The PTB Notes are repayable on 30 November 2008. Interest of 11.5% per annum is payable monthly in arrears.

Noteholders also received one option to acquire a Share for every $3 invested in the PTB Notes. The options are exercisable between 31 May 2008 and the PTB Note expiry date of 30 November 2008 at an exercise price of $1.60 per Share.

8.9 Options

Details of PTB Group's issued Options are set out in the table below:

	Number of Options	Exercise price	Expiry date
Director Options	550,000	$1.15	10 March 2008
Employee Options	140,000	$1.00	19 November 2008
PTB Note Options	1,529,000	$1.60	30 November 2008

The Director Options:

- were issued upon listing of the Company on NSX on 10 March 2005;
- vested upon listing;
- became exercisable 12 months after issue;
- are convertible into one Share on payment of the exercise price; and
- carry no dividend or voting rights.

The Employee Options:

- were issued pursuant to the employee share option scheme approved by shareholders on 3 June 2005;
- were granted on 30 September 2005;
- vest in equal proportions on each of the first 3 anniversaries of the issue date;
- are convertible into one Share on payment of the exercise price; and
- carry no dividend or voting rights.

Details of the PTB Note Options are set out in section 8.9.

8.10 Debt facilities

Details of PTB Group's debt facilities are included in the financial information set out in section 5.6.1of this Prospectus.

8.11 Dividend reinvestment plan

PTB Group has established a dividend reinvestment plan ('Plan') that provides Shareholders with the opportunity to use their dividends to acquire additional shares in the Company without incurring brokerage or transaction fees. A summary of the terms and conditions of the Plan is as follows:

Participation in the Plan is optional

Shareholders may choose to fully or partially participate in the Plan. Any Shareholders who do not elect to participate will have their dividend paid in cash.

If full participation is elected, all shares entered in the register in that shareholder's name, and all shares subsequently entered in the register in their name, participate in the Plan.

If partial participation is elected, Shareholders may nominate a particular number of shares to which the Plan is to apply. Only the number of shares specified will be participating shares, irrespective of subsequent acquisitions of shares under the Plan.

Shareholders are not eligible to participate if they are a registered addressee in a country or place where in the absence of a registration statement or other formality, the offer or right to participate would or might be unlawful.

Issue price of the Shares

Shares issued under the Plan will be issued at a discount to be determined by the Directors at their discretion (but in any event such discount will be no greater than 5%) on the weighted average sale price of the Company's shares sold during the 5 trading days immediately following the relevant record date (or such other period or periods as the Directors may from time to time determine).

Ranking

Shares issued under the Plan will be ordinary shares, ranking equally with the existing Shares.

Statement

A dividend statement giving details of any new Shares issued under the Plan will be issued after the payment of dividends.

Withdrawal from the Plan, and varying participation in the Plan

Shareholders may withdraw from the Plan, or vary their level of participation in the Plan, at any time by delivering a variation notice or by advising the Company's share register in writing. This notice will be effective for the next dividend payment, provided it is received before the relevant record date.

No fees

No brokerage, commission or stamp duty applicable under present laws will be payable on shares issued under the Plan. The Company will meet the administrative costs of the Plan.

Eligibility of dividend for Plan

The Directors have a discretion to determine whether a particular dividend is eligible for the purposes of the Plan.

If the Directors determine that a dividend is not an eligible dividend, it will be paid entirely in cash.

Sale of Shares

Shares issued under the Plan may be sold at any time. It will be assumed the Shares sold first reduce the number of non-participating shares and secondly, if there are insufficient non-participating shares, the number of participating Shares held by the Shareholder, unless the contrary is indicated to the Company.

Changes to or cancellation of the Plan

The Company may vary, suspend or terminate the Plan at any time. Notice of this will be given to Shareholders.

8.12 Emerald agreement

In October 2006, PTB (Emerald) Pty Ltd (a wholly owned subsidiary of PTB Group), entered into an agreement to acquire various assets from the administrators of Emerald Airways Limited and Emerald Airways Engineering Limited.

The agreement provided for the acquisition of assets from the administrators in two tranches. Completion of the first tranche of assets has occurred and the second tranche is expected to be completed in early November 2006.

The consideration payable for the assets acquired was £6,500,000 plus VAT.

Completion of the second tranche of assets is conditional on PTB (Emerald) Pty Ltd being able to negotiate a lease of a hangar at Blackpool Airport which will be used as a base for the management of the assets acquired. Negotiations in respect of this lease are advanced.

Due to the nature of the purchase, minimal warranties were obtained from the administrators although completion with respect to each tranche of assets was subject to the administrators arranging for discharge of all of the registered and unregistered encumbrances over the assets which PTB Group is aware of.

8.13 Deed of indemnity and access

The Company has entered into standard deeds of indemnity and access with the Directors.

By the deed of indemnity, the Company has undertaken, consistently with the Corporations Act, to indemnify each Director in certain circumstances and to maintain Directors' and officers' insurance cover in favour of the director for seven years after the Director has ceased to be a Director.

By the deed of access, the Company has undertaken with each Director to maintain a complete set of the Company's board papers and to make them available to the Director for seven years after the Director has ceased to be a Director.

8.14 Documents available for inspection

Copies of the following documents are available for inspection during normal office hours at the registered office of the Company for 13 months after the date of this Prospectus:

- the constitution of PTB Group;
- the consents to the issue of this Prospectus.

9. ADDITIONAL INFORMATION

9.1 Nature of this Prospectus

This Prospectus has been issued pursuant to section 713 of the Corporations Act as a prospectus for the offer of continuously quoted securities.

As a disclosing entity, PTB Group is subject to regular reporting and disclosure obligations.

During the period that this Offer is open, a person has the right to obtain a copy of any of the following documents:

- the most recent financial report of the Company lodged with ASIC;
- any half year financial report of the Company lodged with ASIC after the 2006 annual financial report and before the lodgement of this Prospectus with ASIC; and
- any continuous disclosure notice given by the Company after the lodgement with ASIC of the 2006 financial report and before the lodgement of this Prospectus.

A copy of those documents may be obtained free of charge by someone who asks the Company for the same before the Offer closes.

Copies of documents lodged with ASIC may be obtained from, or inspected at an ASIC office. In addition, copies of documents lodged with NSX may be obtained from the NSX website at www.newsx.com.au.

9.2 Incorporation

PTB Group was incorporated in Queensland on 9 October 2001.

PTB Group has a financial year end of 30 June.

9.3 Rights attaching to Shares

As at the date of this Prospectus, PTB Group had 21,796,500 Shares on issue. The rights attaching to Shares in PTB Group are set out in the Constitution and summarised in section 8.2 of this Prospectus.

9.4 Litigation

Other than as set out below, PTB Group is not involved in any material legal or arbitration proceedings nor, so far as the Company is aware, are any such material proceedings pending or threatened against the Company.

Aeropelican has sought an order from the New South Wales Land and Environment Court that the Lake Macquarie City Council acquire the Belmont Airport Property. Its initial application was unsuccessful but the decision is being appealed.

9.5 Consents and disclaimers of responsibility

None of the parties referred to below has made any statement that is included in this Prospectus or any statement on which a statement made in this prospectus is based, except as specified below. Each of the parties referred to below, to the maximum extent permitted by law, expressly disclaims, and takes no responsibility for, any part of this Prospectus, other than the reference to its name and a statement included in this Prospectus with the consent of that party, as specified below.

McCullough Robertson has given, and has not withdrawn, its written consent to be named as lawyers for the Company in the form and context in which it is named.

Huntington Group Pty Ltd has given, and not withdrawn, its consent to be named as corporate advisor of the Company in the form and context in which it is named.

William Buck Securities Ltd has given, and has not withdrawn, its written consent to be named as Independent Accountant reporting on the Directors' Forecast, in the form and context in which it is named and for the inclusion of its Independent Review of Directors' Forecast in section 7 of this Prospectus in the form and context in which it is included.

Johnston Rorke has given, and not withdrawn, its consent to be named as Independent Accountant to report on the historical financial statements, and Auditor of the Company in the form and context in which it is named, and for the inclusion of its Independent Accountant's Report in section 6 of this Prospectus in the form and context in which it is included.

Link Market Services Limited has given, and not withdrawn, its written consent to be named as share registry in the form and context in which it is named.

Bell Potter Securities Limited has given, and not withdrawn, its written consent to be named as broker to the Offer in the form and context in which it is named.

9.6 Interests of experts and advisers

Except as set out in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus:

- has any interest or has had any interest during the last two years, in the formation or promotion of PTB Group, or in property acquired or proposed to be acquired by PTB Group in connection with its formation or promotion, or the Offer of the Shares; and
- no amount has been paid or agreed to be paid, and no benefit has been given, or agreed to be given, to any such person in connection with the services provided by the person in connection with the formation or promotion of PTB Group, or the Offer of the Shares.

McCullough Robertson has acted as legal adviser to the Company in relation to the Offer and has been involved in undertaking due diligence enquiries and providing legal advice in relation to the Offer. McCullough Robertson will be paid an amount of $85,000 plus GST in respect of these services and may be paid additional amounts in accordance with its normal time based charges.

In addition, McCullough Robertson has previously acted as legal adviser to the Company in relation to the initial public offer prospectus dated 4 January 2005. McCullough Robertson was paid an amount of $55,000 plus GST in respect of these services.

Huntington Group Pty Ltd has acted as corporate advisor to the Company in relation to the Offer and has been involved in providing advice in relation to the Offer. Huntington Group

Pty Ltd will be paid an amount of $21,000 plus GST in respect of these services and may be paid additional amounts in accordance with its normal time based charges.

Huntington Group previously acted as an advisor to the Company on its capital raising strategies for equity and the unsecured notes. It has charged fees up to but not including the Offer and excluding GST as follows:

- FY 2005 seed capital and prospectus issue $62,000;
- FY 2006 PTB Note issue $37,000;
- FY 2006 and 2007 IAP acquisition capital raising $43,000;

In addition, at the time of PTB Group's listing on NSX, Huntington Group was granted Options over 150,000 Shares exercisable at $1.15 per Share within three years.

Johnston Rorke is the auditor of the Company and has acted as Independent Accountant and performed work in relation to due diligence enquires. Johnston Rorke will be paid an amount of $35,000 plus GST in respect of these services and may be paid additional amounts in accordance with its normal time based charges.

In addition, Johnston Rorke has previously acted as Independent Accountant and performed work in relation to the initial public offer prospectus dated 4 January 2005. Johnston Rorke was paid an amount of $20,000 plus GST in respect of these services.

William Buck Securities Ltd has prepared the Independent Review of the Directors Forecast in section 7 of this Prospectus. William Buck Securities Ltd will be paid an amount of $13,500 plus GST up to the date of this Prospectus in respect of these services and may be paid additional amounts in accordance with its normal time based charges.

In addition, William Buck Securities Ltd has previously prepared the Independent Review of Directors Forecasts contained in the prospectus for the initial public offering dated 4 January 2005. William Buck Securities Ltd was paid an amount of $20,000 plus GST in respect of these services.

Bell Potter Securities Limited has acted as broker to the Offer and will receive handling fees as set out in section 9.10.

In addition, Bell Potter Securities Limited has previously acted as broker to the Company in respect of its Share and PTB Note capital raisings. It has been paid fees (excluding GST) up to but not including the Offer of:

- FY2005 – $60,000;
- FY2006 – $28,000; and
- FY2007 – 243,706.

9.7 Interests of Directors

Other than set out above or elsewhere in this Prospectus:

- no Director or proposed Director of PTB Group has, or has had in the two years before lodgement of this Prospectus, any interest in the formation or promotion of PTB Group, or the Offer of Shares, or in any property proposed to be acquired by PTB Group in connection with the formation or promotion of the Offer of the Shares; and

- no amounts, have been paid or agreed to be paid and no benefit has been given or agreed to be given, to any Director or proposed Director of PTB Group either to induce him to become, or to qualify him as a Director, or otherwise for services rendered by him in connection with the promotion or formation of PTB Group or the Offer of Shares.

Shareholdings

As at the date of this Prospectus, the Directors of PTB Group or their associates have a legal or beneficial interest in the following Shares, Options and PTB Notes:

Director	Shares	Options	PTB Notes
Harvey Parker	296,000	–	–
Craig Baker	1,776,000	200,000	–
Dick David	212,000	–	–
Steve Ferris	6,908,054	–	–
Stephen Smith	1,843,860	200,000	-
Andrew Kemp	128,680	188,267	114,800

Andrew Kemp is a director and shareholder of Huntington Group Pty Ltd. The interests of Huntington Group Pty Ltd and the payments it has received from the Company are set out in section 9.6 of this Prospectus.

Payments to Directors

The constitution of PTB Group provides that the non-executive Directors may be paid, as remuneration for their services, a sum determined from time to time by PTB Group's shareholders in general meeting, with that sum to be divided amongst the non-exective Directors in such manner and proportion as they agree.

The maximum aggregate amount which has been approved by PTB Group's shareholders for payment to the non-executive Directors is $50,000 per annum. An amount of approximately $50,000 per annum was paid to the Directors in FY2006. PTB Group is seeking approval of a resolution to increase the maximum amount that will be paid to non-executive Directors to $100,000 at its Annual General Meeting to be held on 24 November 2006. Approximately $70,000 is expected to be paid for FY2007.

In addition non-executive Directors may receive reimbursement for expenses they incur and remuneration for other services they provide which fall outside the scope of their duties as a Director.

No retirement benefits have been paid to non-executive Directors. However, any Director may be paid a retirement benefit as determined by the Board, consistent with the Corporations Act and the NSX Listing Rules.

9.8 Expenses of the Offer

The total estimated expenses of the Offer payable by the Company including ASX and ASIC fees, accounting fees, legal fees, share registry fees, printing costs, public relations costs and other miscellaneous expenses are estimated to be approximately $365,000.

These expenses comprise:

	$
Legal fees	85,000
William Buck Securities Ltd	13,500
Johnston Rorke	35,000
Printing, postage and marketing	10,000
ASIC fees	2,010
ASX fees	76,127
Brokerage and commission	122,363
Huntington Group Pty Ltd	21,000
Total	**$365,000**

9.9 Privacy

Upon applying for Shares in the Company, Applicants will be required to provide personal information to PTB Group directly and/or via the share registry, such as name, address, telephone/fax numbers, tax file number and account details. The Company and the share registry collect, hold and use that personal information to assess Applications, provide facilities and services to Applicants and undertake appropriate administration. Access to information may be disclosed by the Company to its agents and service providers on the basis that they deal with such information in accordance with the Privacy Act 1988 as amended. Applications which do not provide the information requested may not be processed. Under the Privacy Act 1988 as amended, Applicants may request access to their personal information held by or on behalf of the Company by contacting the share registry as set out in the Directory.

The Company has a privacy policy, a copy of which will be provided on request.

9.10 Handling fees

PTB Group may pay up to 4 per cent commission (plus GST) to Bell Potter Securities Limited or any other Australian Financial Services Licence holder in respect of allotments of New Shares pursuant to Application Forms which carry the Licence holder's stamp.

9.11 ASIC exemptions and modifications

There no separate exemptions or modifications granted by ASIC under the Corporations Act applicable to this Prospectus.

9.12 Authorisation

This Prospectus is issued by the Company. Each Director has consented to the lodgement of the Prospectus with ASIC.

Dated 8 November 2006

Craig Baker
Managing Director

10. GLOSSARY OF TERMS

$ or AUD	Australian dollars.
Additional Offer	the offer of New Shares to Existing Shareholders and other Applicants pursuant to this Prospectus, so that the total number of New Shares issued may be up to 2.5 million
Additional Offer Application Form	the Application Form to be filled out by applicants for New Shares under the Additional Offer, a copy of which will accompany this Prospectus
Aeropelican	Aeropelican Air Services Pty Ltd ACN 000 653 083
A-IFRS	Australian Equivalents to the International Financial Reporting Standards
Ansett	the Ansett Australia Group of Companies (subject to a deed of company arrangement)
Applicant	a person or entity who submits an Application Form
Application Form	either or both of the Additional Offer Application Form and the Entitlement and Acceptance Form accompanying this Prospectus or the Prospectus
Application Money	the money received by the Company pursuant to the Offer, being the Offer Price multiplied by the number of New Shares applied for.
ASIC	Australian Securities and Investments Commission
ASX	Australian Stock Exchange Limited ACN 008 624 691
Belmont Airport	means the former Belmont airport, Pacific Highway, Marks Point, New South Wales
Board	the board of directors of PTB Group
CASA	Civil Aviation Safety Authority, Australia
Closing Date	the date on which the Offer closes, being 4 December 2006. This date may be varied without prior notice by PTB Group.
Company or PTB Group	Pacific Turbine Brisbane Limited ABN 99 098 390 991
Corporations Act	the Corporations Act 2001
Directors	the directors of PTB Group
EBIT	the earnings of the Company before interest and taxation, calculated in accordance with A-IFRS
Emerald Assets	the assets acquired or to be acquired from the administrators of Emerald Airways Limited and Emerald Airways Engineering Limited, further details of which are provided in section 8.12
Entitlement and Acceptance Form	the Application Form to be filled out by applicants for New Shares under the Rights Issue, a copy of which will accompany this Prospectus
Existing Shareholders	those Shareholders who held Shares at the date of this Prospectus

FY	the financial year ended 30 June.
GBP	pounds sterling
IAP Business	the business conducted by IAP Group (including Aeropelican)
IAP Group	IAP Group Australia Pty Ltd ACN 003 675 867
Investors	investors who invest in the Company under this Prospectus.
Joint Venture Deed	the joint venture deed between Aeropelican and McCloy Group Pty Limited, further details of which are set out in section 8.6
Listing Rules	listing rules of ASX or NSX, as the context requires
New Share	a Share issued under this Prospectus
New Shareholders	those Shareholders who successfully apply for Shares under this Prospectus
NPAT	the net profit of the Company after tax, calculated in accordance with A-IFRS
NPBT	the net profit of the Company before tax, calculated in accordance with A-IFRS
NSX	Stock Exchange of Newcastle Limited ABN 11 000 902 063.
Offer	the offer of Shares under the Rights Issue and the Additional Offer
Offer Price	$2.00 per Share
Prospectus	this prospectus
PTB Business	the original business of the Company, or after the IAP Group acquisition, the division operating the traditional business
PTB Notes	the unsecured notes issued by PTB Group, further details of which are set out in section 8.8
Quotation Date	the first date Shares are granted quotation on ASX
Record Date	the record date for the Rights Issue, as set out in section 1.2
Rights Issue	the Rights Issue pursuant to this Prospectus
Shareholders	holders of shares in PTB Group.
Shares	the fully paid ordinary shares in PTB Group.
USD	United States dollars.
VAT	value added tax, payable in the United Kingdom

CORPORATE DIRECTORY

Company

PTB Group Limited
ABN 99 098 390 991
47-51 Pandanus Avenue
Brisbane Airport Qld 4007
Ph +61 7 3637 7000
Fax + 61 7 3860 4006

Postal Address
PO Box 306
Hamilton Qld 4007

Directors

Harvey Parker, Chairman
Craig Baker, Managing Director & CEO
Dick David, Non-executive Director
Stephen Smith, Executive Director
Steve Ferris, Executive Director
Andrew Kemp, Non-executive Director

Company Secretary

Annette Abrahams

Share Registry

Link Market Services Limited
Level 12, 300 Queen Street
Brisbane Qld 4000
Ph +61 2 8280 7454
Fax +61 7 3228 4999

Broker to the Offer

Bell Potter Securities Limited
ABN 25 006 390 772
Level 17, 10 Eagle Street
Brisbane Qld 4000
AFS Licence Number 243480
Ph +61 7 3295 2600
Fax +71 7 3295 2688

Independent Accountant reporting on Directors' Forecasts

William Buck Securities Limited
ABN 91 090 208 107
Level 16
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Lawyers for the Company

McCullough Robertson Lawyers
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Corporate Advisor

Huntington Group Pty Limited
ACN 010 693 651
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Brisbane Qld 4000
AFS Licence Number 247342
Ph +61 7 3303 2500
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Independent Accountant and Auditor

Johnston Rorke
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APPENDIX A - EXTRACT FROM FY2006 FINANCIAL REPORT - PTB Group and IAP Group

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

		PTB Group		IAP Group	
	Note	**2006 $'000**	**2005 $'000**	**2006 $'000**	**2005 $'000**
Sales revenue					
Sale of engines/aircraft		9,477	4,530	1,842	738
Sale of parts and services		5,500	4,307	6,122	6,043
Airline passenger and freight		-	-	4,886	5,155
Rental of engines/aircraft		1,696	620	2,357	2,033
		16,673	9,457	15,207	13,969
Other revenue					
Interest					
- hire purchase agreements		199	165	-	-
- other		44	34	3	1
Insurance recovery		-	330	-	-
Debt forgiveness – shareholders loans		-	123	-	-
Other		66	26	296	234
		16,982	10,135	15,506	14,204
Other income					
Net gain on disposal of:					
- aircraft		-	-	1,923	2,554
- engines		677	297	-	-
Total revenue and other income		17,659	10,432	17,429	16,758
Expenses					
Cost of sales		11,564	6,001	4,476	3,819
Employee benefits expense		1,176	1,140	3,335	4,239
Depreciation		582	332	1,440	2,205
Airport charges and taxes		-	-	1,383	1,387
Repairs and maintenance		13	11	1,226	1,234
Fuel costs		-	-	715	817
Bad and doubtful debts		325	-	-	337
Finance costs		426	131	622	898
Other expenses		907	740	1,818	1,976
Total expenses		14,993	8,355	15,015	16,912
Profit/(loss) before income tax expense		2,666	2,077	2,414	(154)
Income tax (expense)/benefit	2	(805)	(657)	961	(493)
Profit/(loss) for the year	15	1,861	1,420	3,375	(647)

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

BALANCE SHEETS

AS AT 30 JUNE 2006

	Note	PTB Group		IAP Group	
		2006 $'000	**2005 $'000**	**2006 $'000**	**2005 $'000**
Current Assets					
Cash and cash equivalents		1,590	1,346	5	14
Trade and other receivables	3	6,578	3,300	3,821	913
Inventories	4	4,782	2,000	1,658	1,573
Other	5	138	90	-	4
Total Current Assets		13,088	6,736	5,484	2,504
Non-Current Assets					
Trade and other receivables	3	1,329	658	-	-
Inventories	4	-	-	627	776
Property, plant and equipment	6	5,289	4,022	14,954	11,785
Deferred tax assets	7	53	-	-	-
Total Non-Current Assets		6,671	4,680	15,581	12,561
Total Assets		19,759	11,416	21,065	15,065
Current Liabilities					
Trade and other payables	8	1,670	826	4,470	3,251
Borrowings	9	2,082	1,003	4,798	5,950
Current tax liabilities		445	244	566	1,317
Provisions	11	159	137	306	463
Other	12	43	88	336	-
Total Current Liabilities		4,399	2,298	10,476	10,981
Non-Current Liabilities					
Borrowings	9	5,312	522	1,256	2,028
Deferred tax liabilities	10	70	44	874	-
Provisions	11	89	70	206	41
Other	12	-	-	2,000	2,000
Total Non-Current Liabilities		5,471	636	4,336	4,069
Total Liabilities		9,870	2,934	14,812	15,050
Net Assets		9,889	8,482	6,253	15
Equity					
Contributed equity	13	4,171	3,948	-	-
Reserves	14	100	75	3,277	-
Retained profits	15	5,618	4,459	2,976	15
Total Equity		9,889	8,482	6,253	15

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

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

		PTB Group		IAP Group	
	Note	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Cash Flow From Operating Activities					
Cash receipts in the course of operations		14,739	10,626	18,385	15,832
Cash payments in the course of operations		(17,981)	(8,687)	(17,118)	(13,810)
Interest received		243	199	3	1
Finance costs		(391)	(131)	(622)	(973)
Income taxes paid		(709)	(520)	-	(121)
Net cash provided by/(used in) operating activities	17	(4,099)	1,487	648	929
Cash Flow From Investing Activities					
Payments for property, plant and equipment		(3,669)	(4,593)	(4,225)	(168)
Proceeds on disposal of property, plant and equipment		2,497	928	5,906	4,052
Net cash provided by/(used in) investing activities		(1,172)	(3,665)	1,681	3,884
Cash Flow From Financing Activities					
Proceeds from borrowings		3,217	1,152	-	-
Repayment of borrowings		(1,937)	(1,184)	(150)	(300)
Loans from related parties		-	-	414	110
Repayment of loans from related parties		-	-	(143)	(183)
Repayment of lease liabilities		(20)	(44)	(1,387)	(4,491)
Proceeds from issue of shares		-	4,108	-	-
Share issue transaction costs		-	(234)	-	-
Proceeds from issue of notes		4,589	-	-	-
Dividends paid		(662)	-	(414)	-
Net cash provided by financing activities		5,187	3,798	(1,680)	(4,864)
Net increase/(decrease) in cash and cash equivalents		(84)	1,620	649	(51)
Cash and cash equivalents at the beginning of the year		1,260	(360)	(798)	(747)
Cash and cash equivalents at the end of the year	17	1,176	1,260	(149)	(798)

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

1. Summary of Significant Accounting Policies

The respective general purpose financial reports have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001.* Disclosure requirements of the applicable accounting standards have only been applied as considered relevant and appropriate.

These financial statements cover:

- PTB Group Limited as a consolidated entity ("PTB")
- IAP Group Australia Pty Limited as a consolidated entity comprising ("IAP").

A list of subsidiaries is contained in note 25.

These financial statements are based on the audited 30 June 2006 financial statements of PTB and IAP signed on 19 September 2006 and 6 October 2006 respectively. Where necessary, disclosures have been amended and/or modified for the purposes of this document. Subsequent events (refer note 27) have been updated to the date of this document.

Basis of preparation

Compliance with IFRSs
Australian Accounting Standards include AIFRSs. Compliance with AIFRSs ensures that the respective financial statements and notes comply with International Financial Reporting Standards (IFRSs).

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss and certain classes of property, plant and equipment and investment property.

For a summary of the material accounting policies adopted by the respective economic entities in the preparation of the financial report refer note 28.

Critical accounting estimates and judgments

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

Impairment
PTB assesses impairment at each reporting date by evaluating conditions specific to PTB that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the assets is determined. No impairment trigger was identified for the current or prior years and, accordingly, no detailed impairment test was performed.

There were no significant judgments or estimations made in relation to the information contained within the IAP financial report.

2. Income Tax

	PTB Group		IAP Group	
	2006 $'000	**2005 $'000**	**2006 $'000**	**2005 $'000**
Income tax expense/(benefit)				
Current tax	883	464	573	493
Deferred tax	(105)	193	(217)	-
Under (over) provided in prior years	27	-	(1,317)*	-
	805	657	(961)	493
Numerical reconciliation of income tax expense to prima facie tax payable				
Profit/(loss) before income tax expense	2,666	2,077	2,414	(154)
Tax the Australian tax rate at 30% (2005: 30%)	800	623	724	(46)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
- Share-based payments	7	23	-	-
- Disposal of property, plant and equipment	-	-	-	(500)
- Sundry items	(29)	11	-	77
	778	657	724	(469)
Under/(over) provided in prior years	27	-	(1,317)*	-
Temporary differences not recognised/(recouped)	-	-	(368)	999
Tax losses not recognised/(recouped)	-	-	-	(37)
Income tax expense	805	657	(961)	493

* During the 2006 year, IAP formed a tax consolidated group with effect from 1 July 2004. On lodgement of outstanding tax returns IAP was able to utilise tax losses which were previously not available to each entity on a stand-alone basis. As a result, during the 2006 year, the tax provision of $1,317,000 recognised in prior years was reversed and credited against tax expense.

	PTB Group 2006	PTB Group 2005	IAP Group 2006	IAP Group 2005
Amounts recognised directly in equity				
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity				
Net deferred tax – debited (credited) directly to equity (notes 7 and 10)	78	(70)	1,091	-
Tax losses				
Revenue losses (@ 30%)	-	-	714	714
Capital losses (@ 30%)	-	-	320	320
Unused tax losses for which no deferred tax asset has been recognised (@ 30%)	-	-	1,034	1,034

PTB is yet to decide whether or not to implement the tax consolidation legislation as stated in note 28(f).

IAP have formed a tax consolidated group with effect from 1 July 2004 and are therefore taxed as a single entity from that date. The head entity within the tax consolidated group is IAP Group Australia Pty Limited. Refer note 28(f) for further details.

3. **Trade and Other Receivables**	PTB Group 2006 $'000	PTB Group 2005 $'000	IAP Group 2006 $'000	IAP Group 2005 $'000
Current				
Trade debtors	4,597	2,328	4,157	1,564
Allowance for doubtful debts	(360)	(40)	(350)	(676)
	4,237	2,288	3,807	888
Maintenance contract receivables	343	63	-	-
Hire purchase receivables	1,998	905	-	-
Other debtors	-	44	14	25
	6,578	3,300	3,821	913
Non-Current				
Maintenance contract receivables	388	148	-	-
Hire purchase receivables	941	510	-	-
	1,329	658	-	-

Trade debtors
Trade debtors are generally unsecured and due 30 to 90 days from date of recognition.

Effective interest rates and credit risk
Information concerning the effective interest rates and credit risks is set out in notes 22 and 23.

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

Hire purchase receivables
Hire purchase receivables represent amounts owed by customers for engines sold to those customers. The amounts owed are secured under hire purchase agreements between PTB and the customer. The amounts are repayable by monthly instalments of principal and fixed interest over periods of 1 to 5 years with no unguaranteed residual value. Furthermore the agreements do not include any contingent rentals. The receivables are secured as the rights to the engine revert to PTB in event of default. The engines are maintained and insured by the customers and at the end of the term of the agreement are retained by the customers.

Payments in relation to the hire purchase agreements are receivable as follows:

	PTB Group 2006 $'000	PTB Group 2005 $'000
Within one year	2,201	971
Later than one year but not later than five years	987	534
	3,188	1,505
Future finance revenue		
Within one year	(203)	(66)
Later that one year but not later than five years	(46)	(24)
	(249)	(90)
	2,939	1,415
Representing receivables		
Current	1,998	905
Non-current	941	510
	2,939	1,415

	PTB Group		IAP Group	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
4. Inventories				
Current				
Work in progress – at cost	312	190	-	-
Finished goods – at cost	4,470	1,810	1,658	1,573
	4,782	2,000	1,658	1,573
Non-Current				
Finished goods – at cost	-	-	627	776

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

5. Other Assets – Current

Prepayments	84	70	-	4
Deposits	54	20	-	-
	138	90	-	4

6. Property, Plant and Equipment

Land and buildings				
Cost or fair value	-	-	7,214	4,369
Accumulated depreciation	-	-	-	(8)
	-	-	7,214	4,361
Leasehold improvements				
Cost	172	172	-	-
Accumulated depreciation	(86)	(53)	-	-
	86	119	-	-
Plant and equipment				
Cost	398	354	623	635
Accumulated depreciation	(205)	(160)	(555)	(507)
	193	194	68	128
Aircraft				
Cost or fair value	-	-	6,537	8,338
Accumulated depreciation	-	-	-	(2,126)
	-	-	6,537	6,212
Engines and Aircraft Parts – at cost				
Rental engines	5,763	3,958	-	-
Aircraft parts*	-	-	1,135	1,084
Accumulated depreciation	(753)	(249)	-	-
	5,010	3,709	1,135	1,084
Total property, plant and equipment	5,289	4,022	14,954	11,785

* IAP aircraft parts includes aircraft under construction of $606,000 (2005: $369,000). Aircraft parts not in use are not depreciated as they are held in reserve to support the operations of IAP.

6. Property, Plant and Equipment (continued)

PTB

Movements in carrying amounts

	Leasehold Improvements $'000	Plant & Equipment $'000	Rental Engines $'000	Total $'000
Carrying amount at 1 July 2004	150	242	-	392
Additions	3	17	4,573	4,593
Disposals	-	(16)	(615)	(631)
Depreciation	(34)	(49)	(249)	(332)
Carrying amount at 30 June 2005	119	194	3,709	4,022
Additions	-	44	3,625	3,669
Disposals	-	-	(1,820)	(1,820)
Depreciation	(33)	(45)	(504)	(582)
Carrying amount at 30 June 2006	86	193	5,010	5,289

Rental arrangements

Rental engines are generally rented to customers under agreements with rentals payable monthly and no fixed term. As such, the agreements are cancellable. The rent is calculated on the basis of an hourly rate and hours of usage. There are no minimum hours of usage or minimum lease payments set out in the relevant agreements. As such, in accordance with AASB 117 "Leases" the rental revenue comprises of contingent rentals not minimum lease payments. Accordingly, there are no fixed lease commitments receivable.

Non-current assets pledged as security

Refer to note 9 for information on non-current assets pledged as security.

IAP

	Freehold Land & Buildings $'000	Plant & Equipment $'000	Aircraft $'000	Aircraft Parts $'000	Total $'000
Carrying amount at 1 July 2004	4,369	198	8,902	1,926	15,395
Additions	-	1	-	167	168
Transfers	-	-	873	(967)*	(94)
Disposals	-	-	(1,437)	(42)	(1,479)
Depreciation	(8)	(71)	(2,126)	-	(2,205)
Carrying amount at 30 June 2005	4,361	128	6,212	1,084	11,785
Additions	-	-	3,988	237	4,225
Revaluation	2,861	-	1,507	-	4,368
Transfers	-	-	68	(68)	-
Disposals	-	(12)	(3,854)	(118)	(3,984)
Depreciation	(8)	(48)	(1,384)	-	(1,440)
Carrying amount at 30 June 2006	7,214	68	6,537	1,135	14,954

* includes an amount of $94,000 transferred to inventory

	IAP 2006 $'000	IAP 2005 $'000
Land and buildings held by IAP comprise:		
5A & 5B Jubilee Avenue, Warriewood, NSW ("Warriewood")	4,160	3,180
364 Pacific Highway, Belmont, NSW ("Belmont")	3,054	1,181
	7,214	4,361

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

6. Property, Plant and Equipment (continued)

(a) Warriewood

The Warriewood property comprises the warehouse and office used by IAP for its administration and parts operations. The property was independently valued in July 2006 at $4.2 million by Advanced Property Appraisers Pty Ltd for mortgage lending purposes. The valuation was determined by reference to market-based evidence, being the amounts for which the property could be exchanged between a knowledgeable willing buyer and seller in an arm's length transaction as at the valuation date.

On transition to AIFRS (1 July 2004) IAP elected to adopt the previous revaluation of the Warriewood property as deemed cost. Movement in the carrying value during the 2006 financial year of $980,000 (2005: $nil) represents the increment on revaluation at June 2006. No depreciation of buildings has previously been adopted by IAP.

(b) Belmont

The Belmont property was previously used by IAP as the Newcastle airport for its passenger and freight operations prior to moving to Williamtown Airport.

In March 2004 IAP entered into a joint venture deed with a third party developer in respect of the Belmont property. The property had been zoned pursuant to the Lake Macquarie Local Environment Plan 1984 which included an obligation on the local council to acquire the land if requested by the proprietor (IAP) which notice had previously been given by IAP. At the time of the agreement IAP was also negotiating with the local council for rezoning the property as an alternative to the council's compulsory acquisition.

Under the joint venture deed the third party developer advanced IAP $2 million for the right to pursue the rezoning of the property as residential and/or commercial and, if achieved, the development of the property by subdivision and sale of subdivided lots. IAP is to receive 66% of the net sale proceeds after repaying all development and associated costs. The $2 million advance from the developer is secured by a mortgage over the property. Should the property be rezoned and IAP complies with its obligations under the joint venture deed, IAP will be released from the obligation to repay the advance. Further details in respect of this liability is contained in note 12.

The carrying value of the Belmont land at 30 June 2006 was based on IAP's director's (Steve Ferris) valuation of $3,054,000. In determining the property's current market value, the director took into consideration the terms and conditions of the joint venture deed. On transition to AIFRS (1 July 2004) IAP elected to adopt the previous director's valuation of the Belmont property as deemed cost. Movement in the carrying value during the 2006 financial year (2005: $nil) comprises depreciation of buildings of $8,000 and the increment on revaluation at 30 June 2006 of $1,881,000.

	IAP	
	2006	**2005**
Aircraft held by IAP comprise:	**$'000**	**$'000**
Aircraft rented under operating leases	3,186	4,128
Aircraft used to transport passengers and freight	2,023	756
Aircraft held for sale	1,328	1,328
	6,537	6,212

Details of the aircraft rental arrangements and minimum lease payments are shown below. The aircraft held for sale was sold in July 2006 for approximately $1.5 million. The carrying value of aircraft at 30 June 2006 is shown at fair value as determined by the IAP director (Steve Ferris). In determining each aircraft's fair value the director assessed their market value taking into consideration current market conditions, the number of similar aircraft operating in the world and currently for sale at the valuation date. On transition to AIFRS (1 July 2004) IAP elected to adopt the previous director's valuation of aircraft as deemed cost.

6. Property, Plant and Equipment (continued)

Rental Arrangements - Aircraft
The operating leases relate to aircraft leased to third parties with lease terms of between 2-3 years. The lessee has an option to purchase the aircraft at the expiry of the lease period. However, the final purchase price of the aircraft is determined on a case by case basis in negotiation between IAP and the lessee.

Aircraft are generally rented to customers under agreements with rental payable monthly with the term varying between 2-3 years. The agreements are non-cancellable. The rent is calculated based on a contractually agreed rate. In addition a contingent rental is receivable based upon hours of usage.

Minimum lease payments in relation to aircraft operating leases are payable as follows:

	IAP	
	2006 $'000	**2005 $'000**
Not later than one year	1,502	2,357
Later than one year but no later than five years	2,156	3,658
	3,658	6,015

Non-current assets pledged as security
Refer to note 9 for information on non-current assets pledged as security.

7. Deferred Tax Assets

	PTB		IAP	
	2006 $'000	**2005 $'000**	**2006 $'000**	**2005 $'000**
Deferred tax asset	53	-	-	-
The balance comprises temporary differences attributable to:				
Amounts recognised in profit or loss				
Doubtful debts	108	12	105	-
Plant and equipment	28	-	-	-
Accruals	20	17	32	-
Employee benefits	74	62	154	-
Finance leases	2	4	-	-
Amortisation of share issue expenses	(28)	(14)	-	-
	204	81	291	-
Amounts recognised directly in equity				
Share issue expenses*	70	70	-	-
Deferred tax assets	274	151	291	-
Set-off of deferred tax liabilities (note 10)	(221)	(151)	(291)	-
Net deferred tax assets	53	-	-	-

* incurred in 2005 and related tax credited directly to equity with reversal included in deferred tax expense.

8. Trade and Other Payables

Trade payables and accruals	1,670	826	4,134	1,950
Other payables	-	-	336	1,301
	1,670	826	4,470	3,251

Effective Interest Rates
Information concerning the effective interest rates is set out in note 23.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	PTB		IAP	
	2006 **$'000**	**2005** **$'000**	**2006** **$'000**	**2005** **$'000**
9. Borrowings				
Current				
Secured				
Bank overdraft	414	86	154	812
Bank loans	1,010	896	-	-
Bills payable	650	-	2,600	2,750
Lease liabilities	8	21	1,769	2,108
	2,082	1,003	4,523	5,670
Unsecured				
Other loans – related parties	-	-	275	280
	2,082	1,003	4,798	5,950
Non-Current				
Secured				
Bank loans	1,031	515	-	-
Lease liabilities	-	7	980	2,028
	1,031	522	980	2,028
Unsecured				
Notes	4,281	-	-	-
Loans – related parties	-	-	276	-
	5,312	522	1,256	2,028

Effective Interest Rates
Information concerning the effective interest rates is set out in note 23.

Finance Facilities
Information concerning the finance facilities is set out in note 18.

PTB
Unsecured Notes
During the 30 June 2006 year PTB issued 4,588,800 unsecured notes at $1 per note raising $4,589,000 cash. The notes are repayable on 30 November 2008. Nominal interest of 11.5% per annum is payable monthly in arrears. Noteholders also received one option to acquire shares in PTB for every $3 invested in the notes (being 1,529,600 options). The options are exercisable between 31 May 2008 and the note expiry date of 30 November 2008 at an exercise price of $1.60 per share. The options are transferable.

The notes are presented in the balance sheet as follows:

	PTB	
	2006 **$'000**	**2005** **$'000**
Face value of notes issued	4,589	-
Other equity securities – value of conversion rights	(261)	-
Transaction costs	(83)	-
	4,245	-
Interest expense *	222	-
Interest paid	(186)	-
Non-current liability	4,281	-

* interest expense is calculated by applying the effective interest rate of 14% to the liability component.

9. Borrowings (continued)

Bank Overdraft, Bank Loans and Bills Payable
The bank overdraft, bank loans and bills payable are secured by way of a registered mortgage over PTB's receivables and inventories.

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

IAP
Bank Overdraft and Bills Payable
The bank overdraft and bills payable are secured by way of a fixed and floating charge over IAP assets and undertakings and first registered mortgages over the Warriewood and Belmont properties.

Lease Liabilities
Certain finance leases and hire purchase liabilities are secured over the assets subject to finance agreements.

Other Loans – Related Parties
Refer note 26 for information on other loans from related parties.

	PTB		IAP	
	2006 $'000	**2005 $'000**	**2006 $'000**	**2005 $'000**
10. Deferred Tax Liabilities				
Deferred tax liabilities	70	44	874	-
The balance comprises temporary differences attributable to:				
Amounts recognised in profit or loss				
Maintenance contract receivables	206	-	-	-
Plant and equipment	15	195	74	-
Finance cost payable – Notes	(8)	-	-	-
	213	195	74	-
Amounts recognised directly in equity				
Equity component of notes (note 9)	78	-	-	-
Plant and equipment	-	-	1,091	-
Deferred tax liabilities	291	195	1,165	-
Set-off of deferred tax assets (note 7)	(221)	(151)	(291)	-
Net deferred tax liabilities	70	44	874	-

	PTB		IAP	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
11. Provisions				
Current				
Employee benefits	159	137	306	463
Non-Current				
Employee benefits	89	70	206	41
Number of employees at end of financial year	13	10	40	54
12. Other Liabilities				
Current				
Deferred revenue	43	88	336	-
Non-Current				
Advance from developer	-	-	2,000	2,000

PTB

Deferred revenue relates to maintenance contract revenue received in advance.

IAP

Advance from developer

As set out in note 6, IAP received $2 million in the 2004 financial year for providing a third party developer with the right to pursue rezoning of the Belmont property to residential and/or commercial and, if achieved, the development of the property by subdivision and sale of subdivided lots. The advance from developer is secured by a mortgage over the property. If the property is rezoned and developed in accordance with the joint venture deed, IAP will be released from the obligation to repay the $2 million advance. Otherwise, IAP is to repay the liability of $2 million within 90 days under the following circumstances:

- The Belmont property is acquired by the local council;
- Proceedings by IAP against the local council for compulsory acquisition fail;
- IAP defaults under the agreement and does not rectify the default;
- Development consent is not obtained within 2 years of rezoning;
- Six years from the commencement date of the agreement (ie March 2010) if the development has not commenced; or
- The agreement is terminated for any reason.

In addition to the repayment of the advance, IAP will be required to pay the developer's costs up to $100,000 plus any court awarded costs relating to the compulsory acquisition proceedings. During the 2006 year IAP continued proceedings in the Land and Environment Court to force the Council to compulsorily acquire the Belmont property. The initial proceedings were heard in November 2005 and the court has adjourned with no decision made by the court at this time.

	PTB		IAP	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
13. Contributed Equity				
Share capital	3,988	3,948	-	-
Other equity securities – value of conversion rights (net of tax) (notes 7 and 10)	183	-	-	-
	4,171	3,948	-	-

PTB

Movements in ordinary share capital	Note	No of shares	Issue Price $	$'000
Opening balance 1 July 2004		-		-
Conversion of A and C class shares	(a)	4,000		4
Additional shares arising from share split	(a)	7,396,000		-
Private share placement	(b)	1,308,897	0.85	1,113
Public offer	(c)	2,995,000	1.00	2,995
Share issue costs (net of tax)		-		(164)
Balance 1 July 2005		11,703,897		3,948
Dividend reinvestment scheme	(d)	34,735	1.15	40
Closing balance 30 June 2006		11,738,632		3,988

(a) In November 2004, the "A" and "C" class shares on issue at the time were converted into ordinary shares. The ordinary shares were then restructured by a 1,850 for 1 share split resulting in the number of shares increasing from 4,000 to 7,400,000 ordinary shares.
(b) In November 2004 1,308,897 ordinary shares were issued at $0.85 per share to private investors raising $1,113,000 cash.
(c) In February 2005 2,995,000 ordinary shares were issued at $1.00 per share pursuant to a prospectus dated 4 January 2005 raising $2,995,000 cash.
(d) Issue of shares pursuant to dividend reinvestment scheme (refer note 16).

Refer to note 27 for movement in share capital since 30 June 2006.

IAP
IAP share capital consists of 100 (2005: 100) ordinary shares fully paid. There were no movements in ordinary share capital during the current or previous year.

Options
PTB
As at balance date the number of options to purchase ordinary shares in PTB was as follows:

	2006 No. of Options	2005 No. of Options	Exercise Price	Expiry Date
Director options	550,000	550,000	$1.15	10 March 2008
Employee share options	140,000	-	$1.00	19 November 2008
Note options	1,529,600	-	$1.60	30 November 2008

The director options were issued upon listing on 10 March 2005. Refer note 19 for further details.

An employee share option scheme was approved by shareholders on 3 June 2005. Refer to note 19 for details.

Note options were granted as part of the unsecured note placement. Refer note 9 for details.

IAP
There are no options to purchase ordinary shares in IAP in the current or prior year.

14. Reserves

	PTB 2006 $'000	PTB 2005 $'000	IAP 2006 $'000	IAP 2005 $'000
Share-based payments reserve	100	75	-	-
Asset revaluation reserve	-	-	3,277	-
	100	75	3,277	-
Share-based payments reserve				
Movements				
Opening balance 1 July	75	-	-	-
Option expense	25	75	-	-
Closing balance 30 June	100	75	-	-

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

	PTB 2006 $'000	PTB 2005 $'000	IAP 2006 $'000	IAP 2005 $'000
Asset revaluation reserve				
Movements				
Opening balance 1 July	-	-	-	-
Gain on revaluation of freehold land and buildings (net of tax) *	-	-	2,222	-
Gain on revaluation of aircraft (net of tax) **			1,055	-
Closing balance 30 June	-	-	3,277	-

* Gross before tax - $2,861,000
** Gross before tax - $1,507,000

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. The balance standing to the credit of the reserve may be used to satisfy the distribution of bonus shares to shareholders and is only available for the payment of cash dividends in limited circumstances as permitted by law.

	PTB		IAP	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
15. Retained Profits				
Retained profits at the beginning of the year	4,459	3,039	15	662
Profit/(loss) for the year	1,861	1,420	3,375	(647)
Dividends (note 16)	(702)	-	(414)	-
Retained profits at the end of the year	5,618	4,459	2,976	15

16. Dividends

Dividends paid during the year	702	-	414	-

All dividends paid were fully franked at 30% and paid in cash with the exception of $40,000 of PTB dividend which was satisfied by the issue of shares under the dividend reinvestment scheme

Franking credits available for subsequent financial years based on a tax rate of 30% (2005: 30%)	2,438	1,828	8,732	8,343

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

(a) franking credits that will arise from the payment of the amount of the provision for income tax,
(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date, and
(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

PTB	2006 $'000	2005 $'000
Dividends not recognised at year end Since year end the Directors have recommended the payment of a final dividend of 6 cents (2005: 6 cents) per fully paid ordinary share, fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 12 December 2006 (2005: 15 November 2005) out of retained profits at 30 June 2006 but not recognised as a liability at year end is	1,010	702

* based on shares issued at 30 June as well as additional shares issued subsequent to year end as described in note 28.

The impact on the franking account of the dividend amount recommended by the Directors since year end, but not recognised as a liability at year end would be a reduction in the franking account of $433,000 (2005: $301,000).

17. Cash Flow Information

	PTB 2006 $'000	PTB 2005 $'000	IAP 2006 $'000	IAP 2005 $'000
Reconciliation of Cash and Cash Equivalents				
Cash and cash equivalents at the end of the financial year as shown in the cash flow statements is reconciled to items in the balance sheets as follows:				
Cash and cash equivalents assets – cash at bank and on hand	1,590	1,346	5	14
Bank overdraft	(414)	(86)	(154)	(812)
	1,176	1,260	(149)	(798)
Reconciliation of Net Cash Flow from Operating Activities to Profit/(Loss) for the Year				
Profit/(loss) for the year	1,861	1,420	3,375	(647)
Depreciation and amortisation	582	332	1,440	2,205
(Gain)/loss on disposal of property, plant and equipment	(677)	(297)	(1,923)	(2,554)
Forgiveness of director/shareholders loans	-	(123)	-	-
Share-based payments	25	75	-	-
Other	(47)	-	-	-
Changes in operating assets and liabilities				
(Increase)/decrease in:				
Receivables**	(3,949)	269	(2,915)	1,049
Inventories	(2,782)	(219)	65	453
Deferred tax assets*	(53)	79	(287)	(4)
Other assets	(48)	(7)	-	-
Increase/(decrease) in:				
Trade payables and accruals	844	(209)	1,226	195
Employee benefits	41	22	8	(69)
Deferred revenue	(45)	88	336	-
Current tax liabilities	201	(57)	(751)	301
Deferred tax liabilities*	(52)	114	74	-
Net cash flow from operating activities	(4,099)	1,487	648	929

* net of amounts charged or credited directly to equity

** excluding non-operating items

Non-cash Investing and Financing Activities

PTB

Dividends satisfied by the issue of shares under the dividend reinvestment scheme are shown in note 16. Shares issued to employees under the Employee Share Option Scheme and to Directors are shown in note 19.

IAP

There were nil (2005: nil) non-cash investing and financing activities.

18. Finance Facilities

	PTB		IAP	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Available facilities				
Bank overdraft	500	500	900	900
Bank loans - chattel mortgage	7,500	2,500	-	-
- foreign currency	293	446	-	-
Bills payable - multi-option	1,000	1,000	2,600	2,800
	9,293	4,446	3,500	3,700
Amounts utilised				
Bank overdraft	414	86	154	812
Bank loans - chattel mortgage	1,748	965	-	-
- foreign currency	293	446	-	-
Bills payable - multi-option	650	-	2,600	2,750
	3,105	1,497	2,754	3,562
Unused facilities				
Bank overdraft	86	414	746	88
Bank loans - chattel mortgage	5,752	1,535	-	-
- foreign currency	-	-	-	-
Bills payable - multi-option	350	1,000	-	50
	6,188	2,949	746	138

PTB

Bank overdraft

The bank overdraft facility is subject to annual review, may be drawn at any time and may be terminated by the bank without notice. The interest rate is variable and is based on prevailing market rates.

Bank loans

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

The foreign currency loan is denominated in US dollars, is repayable by quarterly principal and fixed interest repayments to clear the facility in full by the termination date on 14 January 2008.

Bills payable

The multi-option facility includes variable rate commercial bills. For each drawing of a bill, a rate is quoted by the bank at the time of draw down. The bills have a term of 12 months and the facility is subject to annual review.

IAP

Bank overdraft

The bank overdraft facility is subject to annual review, may be drawn at any time and may be terminated by the bank without notice. The interest rate is variable and is based on prevailing market rates.

Bills payable

The multi-option facility includes variable rate commercial bills. For each drawing of a bill, a rate is quoted by the bank at the time of draw down. The bills have a term of 12 months and the facility is subject to annual review.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

19. Share-based Payments – PTB

Employee Share Option Scheme

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

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

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

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

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

Grant date	Expiry date	Exercise price	Balance at start of year Number	Granted during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
2006						
30 Sep 2005	19 Nov 2008	$1.00	-	140,000	140,000	-

Options held at the end of the year are not yet vested. They vest one third each year on the anniversary of the grant date.

No options were granted under the scheme in the prior year.

The weighted average remaining contractual life of share options outstanding at the end of the year was 2.4 years.

Fair value of options granted

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

The model inputs for options granted during the year ended 30 June 2006 included:

a) Options are granted for no consideration and have a three year life
b) Exercise price: $1.00
c) Grant date: 30 September 2005
d) Expiry date: 19 November 2008
e) Share price at grant date: $ 1.20
f) Expected price volatility of the company's shares: 39%
g) Expected dividend yield: 6%
h) Risk-free interest rate: 5.29%

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

19. Share-based Payments – PTB (continued)

Director Options

There were no remuneration based options issued to PTB Directors in the 2006 year. During the 2005 year options were granted to Directors of PTB. Each option granted is convertible into one ordinary share in PTB Group Limited for cash. The options were issued upon listing pursuant to the prospectus dated 4 January 2005. Options granted carry no dividend or voting rights. The options vested upon listing and there were no further vesting conditions. They are exercisable at any time after 12 months after grant but before expiry.

Set out below are summaries of options granted:

Grant date	Expiry date	Exercise price	Balance at start of year Number	Granted during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
2006						
10 March 2005	10 March 2008	$1.15	550,000	-	550,000	550,000
2005						
10 March 2005	10 March 2008	$1.15	-	550,000	550,000	-

The weighted average remaining contractual life of share options outstanding at the end of the year was 1.78 years (2005: 2.78 years).

Fair value of options granted

The assessed fair value at grant date of the options granted during the year ended 30 June 2005 was 13.7 cents per option. The fair value at grant date was independently determined using a Binomial option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2005 included:

a) Options are granted for no consideration and have a three year life
b) Exercise price: $1.15
c) Grant date: 10 March 2005
d) Expiry date: 10 March 2008
e) Share price at grant date: $1.00
f) Expected price volatility of the company's shares: 31.5%
g) Expected dividend yield: 6%
h) Risk-free interest rate: 5.22%

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

Expenses arising from share-based payment transactions

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

	PTB	
	2006 $'000	**2005 $'000**
Options issued under employee option scheme	25	-
Options issued to Directors	-	75
	25	75

20. **Auditor's Remuneration**	PTB 2006 $	PTB 2005 $	IAP 2006 $	IAP 2005 $
Audit or review of the financial report	75,000	30,000	66,950	63,795
Other assurance services	25,000	20,000	-	-
Taxation services	8,650	4,400	-	-

There was no other remuneration paid to related practices of the auditor.

PTB

The auditor of PTB is Johnston Rorke. No review of the half year financial report was carried out in the 2005 financial year as no half year financial report was required.

Other assurance services paid to Johnston Rorke for 2006 comprises the provision of due diligence services in relation to the potential purchase of IAP (refer note 27) and for 2005 comprises the provision of an independent accountant's report on the historical financial information provided in the Prospectus issued in January 2005.

IAP

The auditor of IAP is an international firm of chartered accountants. No review of the half year financial report was carried in 2005 or 2006 as it was not required since IAP was a private company.

21. **Commitments**	PTB 2006 $'000	PTB 2005 $'000	IAP 2006 $'000	IAP 2005 $'000
Finance leases				
Commitments in relation to finance leases are payable as follows:				
Within one year	9	22	1,854	2,372
Later than one year but not later than five years	-	8	1,001	2,219
Minimum lease payments	9	30	2,855	4,591
Future finance charges				
- Within one year	(1)	(1)	(85)	(264)
- Later than one year but not later than five years	-	(1)	(21)	(191)
	8	28	2,749	4,136
Representing lease liabilities:				
Current	8	21	1,769	2,108
Non-current	-	7	980	2,028
	8	28	2,749	4,136

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

	PTB 2006 $'000	PTB 2005 $'000	IAP 2006 $'000	IAP 2005 $'000
Operating leases				
Commitments in relation to non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:				
Within one year	49	45	43	43
Later than one year but not later than five years	82	112	120	163
	131	157	163	206

21. Commitments (continued)

PTB

Operating leases mainly comprise a lease of premises from the Brisbane Airport Corporation which has a term up to February 2009 with no option to renew (although the company may rent from month to month after expiry). Under the relevant lease, rental is subject to periodic review to market and/or increases of the higher of CPI or 5% per annum. The operating leases are under normal commercial operating lease terms and conditions.

IAP

The consolidated entity leases hanger space at Williamtown Airport, Newcastle under a non-cancellable operating lease which is due to expire in March 2010.

Remuneration commitments

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

	PTB		IAP	
	2006 $'000	**2005 $'000**	**2006 $'000**	**2005 $'000**
Within one year	480	480	-	-

PTB

Remuneration commitments comprises the minimum amounts payable to CL Baker and SG Smith upon termination under their service agreements.

22. Financial Risk Management

PTB

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

Risk management is carried out by management under policies approved by the board of directors. Management identifies, evaluates and addresses financial risks. The board provides principles for overall risk management, as well as policies covering specific areas, such as mitigating foreign exchange, interest rate and credit risks, use of derivative financial instruments and investing excess liquidity.

Market risk

(i) Foreign exchange risk

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

PTB operates internationally and is exposed to foreign exchange risk primarily arising from sale and purchase transactions denominated in US dollars.

PTB does not speculate on foreign currency nor does it use hedging instruments such as forward exchange contracts. The Group manages this risk through matching, to the extent possible, of US dollar denominated receivables and payables. All transactions which are exposed to foreign exchange risk are authorised by senior management.

(ii) Price risk

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

Credit risk

PTB trades only with recognised, creditworthy third parties.

Receivables balances are monitored on an ongoing basis with the result that PTB's exposure to bad debts is not significant.

22. **Financial Risk Management (continued)**

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

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

- PTB's customers are involved in the airline operation industry.
- There are a number of individually significant receivables. For example, at 30 June 2006 the largest 10 debtors comprised approximately 53% (2005: 64%) of total receivables (the largest debtor alone comprised 9% (2005: 10%)).
- The receivables are concentrated in four main geographical areas. Refer to note 24 for further information.

At balance date cash was held with ANZ and National Australia Bank.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. PTB manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities and cash reserves are maintained. Details of unused borrowing facilities are disclosed in note 18. PTB's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, unsecured notes, and finance leases.

Cash flow and fair value interest rate risk

PTB has significant interest-bearing assets being extended credit receivables. These receivables are subject to fixed interest rates. The fair value interest rate risk associated with these receivables is not hedged. The risk is minimised through the relatively short nature of the majority of these receivables as well as funding them, where possible, by matching fixed rate bank loan.

The other significant interest bearing asset is cash held in at call bank accounts on which interest is earned at variable rates. The cash flow interest rate risk relating to this is not hedged.

PTB has significant interest bearing liabilities, as detailed below. The majority of these liabilities bear fixed interest rates. The fair value interest rate risk is not hedged. However, as noted above, the fixed rate bank loans are generally used to fund extended credit receivables. The unsecured notes which bear a fixed interest rate were primarily issued to fund the engine rental pool which drives rental revenue.

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

PTB's principal financial instruments comprise cash and short term deposits, and interest bearing liabilities.

IAP

The main purpose of these financial instruments is to raise finance for the IAP's operations. IAP has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The main risks arising from IAP's financial instruments are interest risk, foreign exchange risk and credit risk.

The consolidated entity is exposed to changes in interest rates and foreign exchange rates from its activities. The Board reviews and agrees policies for managing each of these risks. The Group's current policy is not to trade derivative financial instruments to hedge these risks.

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

- The Group's customers are involved in the airline operation industry.
- There are a number of individually significant receivables. For example, at 30 June 2006 the largest 10 debtors comprised approximately 90% (2005: 70%) of total receivables (the largest debtor alone comprised 69% (2005: 25%)).
- The receivables are concentrated in four main geographical areas. Refer to note 24 for further information.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

23. Financial Instrument Disclosures

Interest Rate Risk
PTB's and IAP's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below.

PTB

	Floating Interest Rate $'000	Fixed Interest Rate Maturing: 1 year or less $'000	Fixed Interest Rate Maturing: 1 to 5 years $'000	Non-Interest Bearing $'000	Total $'000
2006					
Financial assets					
Cash and cash equivalents	1,587	-	-	3	1,590
Trade and other debtors	-	-	-	4,237	4,237
Maintenance contract receivables	-	-	-	731	731
Extended credit receivables	-	1,998	941	-	2,939
Total financial assets	1,587	1,998	941	4,971	9,497
Effective weighted average interest rate	*4.8%*	*10.6%*	*10.6%*	-	
Financial liabilities					
Payables	-	-	-	1,670	1,670
Bank overdraft	414	-	-	-	414
Bank loans	-	1,010	1,031	-	2,041
Bills payable	650	-	-	-	650
Lease liabilities	-	8	-	-	8
Unsecured notes	-	-	4,281	-	4,281
Total financial liabilities	1,064	1,018	5,312	1,670	9,064
Effective weighted average interest rate	*8.7%*	*8.3%*	*11.0%*	-	
2005					
Financial assets					
Cash and cash equivalents	1,345	-	-	1	1,346
Trade and other debtors	-	-	-	2,332	2,332
Maintenance contract receivables	-	-	-	211	211
Extended credit receivables	-	905	510	-	1,415
Total financial assets	1,345	905	510	2,544	5,304
Effective weighted average interest rate	*2.0%*	*9.8%*	*10.5%*	-	
Financial liabilities					
Payables	-	-	-	826	826
Bank overdraft	86	-	-	-	86
Bank loans	-	896	515	-	1,411
Lease liabilities	-	21	7	-	28
Total financial liabilities	86	917	522	826	2,351
Effective weighted average interest rate	*8.2%*	*8.0%*	*7.7%*	-	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

23. Financial Instrument Disclosures (continued)

IAP

	Floating Interest Rate $'000	Fixed Interest Rate Maturing 1 year or less $'000	Fixed Interest Rate Maturing 1 to 5 years $'000	Non-Interest Bearing $'000	Total $'000
2006					
Financial assets					
Cash and cash equivalents	5	-	-	-	5
Trade and other debtors	-	-	-	3,821	3,821
Total financial assets	5	-	-	3,821	3,826
Effective weighted average interest rate	*2.2%*	-	-	-	
Financial liabilities					
Payables	-	-	-	4,470	4,470
Bank overdraft	154	-	-	-	154
Bills payable	2,600	-	-	-	2,600
Lease liabilities	-	1,769	980	-	2,749
Other loans – related parties	-	138	276	137	551
Development loan	-	-	-	2,000	2,000
Total financial liabilities	2,754	1,907	1,256	6,607	12,524
Effective weighted average interest rate	*6.8%*	*7.7%*	*7.8%*	-	
2005					
Financial assets					
Cash and cash equivalents	14	-	-	-	14
Trade and other debtors	-	-	-	913	913
Total financial assets	14	-	-	913	927
Effective weighted average interest rate	*0.6%*	-	-	-	
Financial liabilities					
Payables	-	-	-	3,251	3,251
Bank overdraft	812	-	-	-	812
Bills payable	2,750	-	-	-	2,750
Lease liabilities	-	2,108	2,028	-	4,136
Other loans – related parties	-	-	-	280	280
Development loan	-	-	-	2,000	2,000
Total financial liabilities	3,562	2,108	2,028	5,531	13,229
Effective weighted average interest rate	*6.8%*	*7.7%*	*7.7%*	-	

Net Fair Value

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

Derivative Financial Instruments

PTB and IAP do not normally use derivative financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

24. Segment Information

PTB

Business Segments (Primary Reporting)
PTB operates in a single business segment, being the repair, rental and sale of aircraft turbine engines and related parts.

Geographical Segments (Secondary Reporting)
PTB's management and operations are based in Brisbane, Australia. Its customers, however, are located in four main geographical markets – Australia/New Zealand, Pacific Islands, Asia and North America.

IAP

Business Segments (Primary Reporting)
IAP operates predominantly in the following business segments:

- *Aircraft Sale and Rentals* – Repair, rental and sale of aircraft and related parts
- *Aircraft Transport* – Operation of Aeropelican air services

Geographical Segments (Secondary Reporting)
IAP's management and operations are based in Sydney, Australia. Its customers, however, are based in six main geographical markets – Australia/New Zealand, North America, Asia, Africa, Europe and Pacific Islands.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

24. Segment Information (continued)

Primary reporting – business segments	2006			2005		
		IAP			IAP	
	Aircraft Sale/Rentals	Aircraft Transport	Consolidated	Aircraft Sale/Rentals	Aircraft Transport	Consolidated
2006	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue						
Sales to external customers	10,321	4,886	15,207	8,814	5,155	13,969
Other revenue/income	2,172	47	2,219	219	2,569**	2,788
Total segment revenue/income	12,493	4,933	17,426	9,033	7,724	16,757
Unallocated revenue/income			3			1
Total revenue/income			17,429			16,758
Results						
Segment results	3,106	(73)	3,033	(737)	1,480**	743
Unallocated revenue less unallocated expenses			(619)			(897)
Profit before income tax			2,414			(154)
Income tax/(expense) benefit			961			(493)
Profit for the year			3,375			(647)
Assets						
Segment assets	15,404	2,607	18,011	12,370	1,510	13,880
Unallocated assets			3,054*			1,185*
Total assets			21,065			15,065
Liabilities						
Segment liabilities	4,225	1,093	5,318	2,551	1,204	3,755
Unallocated liabilities			9,494			11,295
Total liabilities			14,812			15,050
Other segment information						
Acquisitions of property, plant and equipment and intangible assets	4,073	152	4,225	100	68	168
Unallocated acquisitions			-			-
			4,225			168
Depreciation/amortisation expense	1,079	353	1,432	1,761	436	2,197
Unallocated depreciation/amortisation			8			8
			1,440			2,205
Non-cash expenses other than amortisation and depreciation	-	-	-	337	-	337
Unallocated non-cash expenses			-			-
			-			337

* includes land and buildings at Belmont (refer note 6)

** includes gain on sale of aircraft of $2,500,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

24. Segment Information (continued)

Geographical Segment – Secondary Reporting

The following table shows the distribution of sales, receivables and rental engines/aircraft by those geographical markets -

	PTB		IAP	
	2006 $'000	**2005 $'000**	**2006 $'000**	**2005 $'000**
Segment Revenues From Sales to External Customers				
Australia/NZ	8,478	4,265	6,138	6,904
Pacific Islands	3,597	1,866	1,427	488
North America	1,617	1,999	3,697	2,380
Asia	3,572	1,564	2,274	2,151
Africa	-	-	1,796	770
Europe	-	-	1,406	3,663
Other	81	60	392	167
	17,345	9,754	17,130	16,523
Unallocated	314	678	299	235
Total	17,659	10,432	17,429	16,758
Segment Receivables				
Australia/NZ	4,470	1,699	158	381
Pacific Islands	1,203	915	7	32
North America	787	306	3,091	73
Asia	1,424	640	385	224
Africa	-	-	58	115
Europe	-	-	67	58
Other	23	354	41	5
	7,907	3,914	3,807	888
Unallocated	-	44	14	25
Total	7,907	3,958	3,821	913
Rental Engines/Aircraft				
Australia/NZ	2,403	1,530	5,767	4,149
Pacific Islands	1,137	283	-	-
North America	1,313	1,896	185	368
Asia	-	-	237	473
Africa	-	-	220	1,222
Europe	-	-	-	-
Other	157	-	-	-
	5,010	3,709	6,409	6,212
Unallocated	-	-	-	-
Total	5,010	3,709	6,409	6,212
Purchase of Property, Plant and Equipment				
Australia/NZ	1,952	1,613	152	168
Pacific Islands	1,167	889	-	-
North America	550	2,090	-	-
Asia	-	-	950	-
Africa	-	-	3,123	-
Europe	-	-	-	-
Other	-	-	-	-
	3,669	4,592	4,225	168
Unallocated	-	-	-	-
Total	3,669	4,592	4,225	168

24. Segment Information (continued)

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

All other segment assets are attributed to Australia.

Apart from the acquisition of property, plant and equipment, there were no other acquisitions of non-current assets.

Accounting policies
Segment information is prepared in conformity with the accounting policies of the entity as disclosed in note 1 and accounting standard AASB 114 Segment Reporting.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment and goodwill and other intangible assets, net of related provisions. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage. Segment liabilities consist primarily of trade and other creditors and employee benefits. Segment assets and liabilities do not include income taxes.

Inter-segment transfers
Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an "arm's length" basis and are eliminated on consolidation.

25. Subsidiaries

PTB
During the 2006 year PTB incorporated three subsidiaries as follows:

Name	Place of Incorporation	Date of Incorporation
PTB Finance Limited	Victoria, Aust	14 October 2005
PTB Rentals Australia Pty Limited	Victoria, Aust	14 October 2005
Pacific Turbine, Inc	Texas, USA	29 September 2005

All subsidiaries are 100% owned. All share capital consist of ordinary shares in each company.

IAP
IAP has one subsidiary being Aeropelican Air Services Australia Pty Ltd which was incorporated in NSW, Australia. The subsidiary was 100% owned in both 2006 and 2005. All share capital consist of ordinary shares.

26. Related Party Transactions

Key management personnel compensation

	PTB		IAP	
	2006 $	2005 $	2006 $	2005 $
Short-term employee benefits	562,299	556,145	84,710	87,217
Post-employment benefits	124,291	107,542	7,624	7,849
Other long-term benefits	9,774	-	-	-
Share-based payments	3,545	75,405	-	-
	699,909	739,092	92,334	95,066

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

26. Related Party Transactions (continued)

PTB

Key management personnel comprise the Directors and the company secretary/finance manager.

IAP

Key management personnel comprises the director.

Other transactions with related parties

PTB

In 2006 APS Kemp took part in the unsecured notes and options issue. Under the issue he received 114,800 notes and 38,267 options in return for $114,800 cash. The terms and conditions were the same as for all other note holders and are set out in note 9.

PTB purchased or sold various aircraft spare parts from/to Airwork (NZ) Limited (a company associated with CL Baker and HR Jones).

HR Jones and SG Smith provided PTB with interest free loans in previous years to assist in the funding initial working capital. These debts were forgiven during the 2005 financial year.

Certain relatives of CL Baker and SG Smith were employed by PTB in 2005.

All transactions were under normal commercial terms and conditions, unless otherwise stated.

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

	PTB	
	2006	**2005**
	$	**$**
Amounts recognised as revenue		
Debt forgiveness	-	123,080
Sale of spare parts	53,734	-
	53,734	123,080
Amounts recognised as expense		
Purchases of spare parts	1,420	8,795
Remuneration paid to employees related to the Directors	-	27,864
Interest expense*	8,205	-
	9,625	36,659

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

– current receivables	3,276	-
– non-current borrowings	114,800	-

* represents interest paid at 11.5% to APS Kemp on unsecured notes

IAP

IAP has loans with its director and director-related entities.

	IAP	
	2006	**2005**
	$	**$**
Loans payable to director and director-related entities – non-interest bearing	136,938	280,395
Loan payable to director – interest bearing	414,483	-
	551,421	280,395

The interest bearing loan payable to the director has a maturity of 3 years and a fixed interest rate of 8%. The loan is repayable in monthly instalments. All other loans are non-interest bearing, at call and repayable in cash.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

27. Subsequent Events – PTB

(a) Subsequent events up to the signing of the 2006 financial report (19 September 2006)

- In August 2006 PTB issued 1,741,400 fully paid ordinary shares at $1.53 per share to raise $2,664,000 (the funds raised were primarily used to pay the cash component of the IAP acquisition).

- In September 2006 PTB issued 1,408,620 fully paid ordinary shares at $1.53 per share to raise $2,155,000 for working capital.

- In August 2006 PTB entered into an agreement to acquire IAP subject to shareholder approval to be held on 20 September 2006.

(b) Subsequent events after signing the 2006 financial report

- On 20 September 2006 shareholders of PTB approved the acquisition of IAP at a cost of $12,862,000, consideration being the payment of $2.5 million cash and issue of 6,908,054 fully paid ordinary shares in PTB at $1.50 per share. The shares issued on acquisition of IAP are to be excluded from participating in the dividend paid/payable by PTB in December 2006.

- At the September 2006 AGM PTB received shareholder approval to issue a prospectus to raise up to $8 million.

- In October 2006 PTB issued 1,937,500 fully paid ordinary shares at $1.60 per share to raise $3.1 million (to partly fund the acquisition of the Emerald aircrafts) less issue transaction costs of $124,000.

- On 16 October 2006 PTB acquired 29 aircraft and associated parts from Emerald Airways and Emerald Airways Engineering Limited (both in administration) for £6.5 million ($16.25 million) of which £1 million ($2.5 million) was paid within 3 days of signing the agreement and the balance ($13.75 million) is payable within 21 days of executing the agreement.

- In October 2006 PTB arranged borrowings of $10 million from Mariner Financial Limited to assist in funding the acquisition of the 29 aircrafts and parts from Emerald. The loan is (to be) fully secured over all the assets and undertakings of PTB. Interest is to be paid quarterly in arrears at a fixed rate of 13% per annum plus a commitment fee of 2% of the loan amount payable each six months in arrears. The term of the loan is until 30 September 2009.

- In October 2006 PTB arranged borrowings of $2 million from Steve Ferris, a director of PTB and vendor in respect of the IAP acquisition. The loan is unsecured and cannot be repaid until the loan with Mariner Financial Limited has been extinguished. Interest is to be paid monthly in arrears at a fixed rate of 10% per annum.

- In October 2006 PTB entered into an agreement to sell 10 aircraft acquired from Emerald for $4.06 million. These sales were finalised shortly after acquiring the aircrafts of which approximately $2.5 million was received in October and the balance due in November 2006.

The financial effects of subsequent events were not recognised at 30 June 2006.

28. Significant Accounting Policies

(a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of the respective parent entity and all of its subsidiaries as at 30 June 2006 and the results of all subsidiaries for the year then ended.

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

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

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer note 28(h)).

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

(b) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(c) Foreign currency translation

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

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

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

28. Significant Accounting Policies (continued)

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at time of delivery to customers.

Revenue from repairs is recognised at the time the service is performed.

Revenue from sale of goods and provision of services under maintenance contracts is recognised in accordance with the stage of completion method unless the outcome of the contract cannot be reliably estimated. When the outcome of the contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that costs will be recovered, revenue is recognised to the extent of costs incurred.

Interest on extended credit receivables (under hire purchase agreements) is recognised progressively by the Group over the hire purchase term to achieve a constant periodic rate of return on the carrying amount of the receivable (being the Group's net investment in the hire purchase arrangement).

Rental income from engines is recognised on a basis representative of the pattern of service rendered through the provision of the relevant engine. In other words, rental income is based on an hourly rate and hours of usage.

(e) Unearned revenue

Unearned revenue includes amounts received in advance from customers. Such amounts are recorded as revenue in the income statement when goods and services are provided.

(f) Income tax

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

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

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

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

28. Significant Accounting Policies (continued)

(f) Income tax (continued)

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

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation legislation
PTB
PTB Group Limited and its wholly-owned Australian controlled entities are yet to decide whether or not to implement the tax consolidation legislation. Accordingly, the income tax expense, tax payable and deferred tax assets and liabilities of each entity are calculated on a standalone basis and are recognised in the entity to which they relate.

IAP
IAP Group Australia Pty Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2004.

The head entity, IAP Group Australia Pty Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts using the separate tax payer within the group approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation.

In addition to its own current and deferred tax amounts IAP Group Australia Pty Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group. The amounts assumed are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(g) Leased assets

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

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

For operating leases, the leased asset (rental engines) is classified as a non-current asset and depreciated in accordance with the depreciation policy set out in note 28(p). Rental income from operating leases is recognised as set out in note 28(d).

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

28. Significant Accounting Policies (continued)

(g) Leased assets (continued)

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the consolidated entity's general policy on borrowing costs. Refer to note 28(t).

Finance leased assets are amortised on a diminishing value basis over the estimated useful life of the asset.

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

(h) Business combinations

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

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

(i) Impairment of assets

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

28. Significant Accounting Policies (continued)

(j) Cash and cash equivalents

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

(k) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement in 30 to 60 days.

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

(l) Inventories

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

(m) Other financial assets

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

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

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

28. Significant Accounting Policies (continued)

(n) Fair value estimation

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

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

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

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

(o) Leasehold improvements

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

(p) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 28(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

PTB

Depreciation is generally calculated on a straight-line (SL) or diminishing value (DV) basis so as to allocate the cost, net of residual values, of each item of property, plant and equipment (excluding land and rental engines) over its estimated useful life to the Group. For engines, depreciation is based on the estimated operating hours. The line item in the income statement in which the depreciation and amortisation of property, plant and equipment is included is Depreciation and Amortisation expense.

28. Significant Accounting Policies (continued)

(p) Property, plant and equipment (continued)

The estimated useful lives are as follows:

Class	Life	Basis
Leasehold improvements	5 – 6 years	SL
Plant and equipment	3 – 10 years	DV
Engines	5,500 – 7,000 hours	Actual hours as a proportion of estimated total operating hours

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

IAP

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Class	Life
Buildings	40 years
Plant and equipment	3 – 10 years
Aircraft and parts	3 – 8 years

(q) Intangibles – computer software

Computer software has a finite life and is carried at cost less any accumulated amortisation and any impairment losses. Computer software is amortised on a straight-line basis over its estimated useful life of 7 years. The line item in the income statement in which the amortisation of computer software is included is Depreciation and Amortisation expense.

(r) Trade and other payables

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

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

(s) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

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

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

28. Significant Accounting Policies (continued)

(t) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(u) Employee benefits

(i) Wages and salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in the employee benefits provision in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

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

(iii) Superannuation
The Group makes contributions to defined contribution superannuation funds. Contributions are recognised as an expense as they become payable.

(iv) Share-based payments
Share-based compensation benefits are provided to employees via the PTB Group Limited Employee Share Option Plan.

Share options granted before 7 November 2002 and/or vested before 1 January 2005
No expense is recognised in respect of these options. The shares are recognised when the options are exercised and the proceeds received allocated to share capital.

Share options granted after 7 November 2002 and vested after 1 January 2005
The fair value of options granted under the PTB Group Limited Employee Share Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

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

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

28. Significant Accounting Policies (continued)

(v) Contributed equity

Ordinary shares are classified as equity.

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

(w) Dividends

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

(x) Earnings per share

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

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(y) Goods and services tax

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

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amounts of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

(z) Rounding of amounts

The company is of a kind referred to in class order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that class order to the nearest thousand dollars, or in certain cases, the nearest dollar.

28. Significant Accounting Policies (continued)

(aa) General

PTB

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

47-51 Pandanus Avenue
BRISBANE AIRPORT QLD 4007

The company changed status from a proprietary company to a public company on 13 December 2004 resulting in a change in name from PTB Group Pty Ltd to PTB Group Limited.

IAP

IAP Group Australia Pty Limited is a proprietary company limited by shares, incorporate and domiciled in Australia. Its registered office and principal place of business is:

Unit 5B
Jubilee Avenue
WARRIEWOOD NSW 2102

Pin cheque(s) here (do not staple)

PACIFIC TURBINE BRISBANE LIMITED

ABN 99 098 390 991

Broker Code

Adviser Code

Additional Offer Application Form

This is an Application Form for New Shares in Pacific Turbine Brisbane Limited under the Additional Offer on the terms set out in the Prospectus dated 8 November 2006. Applicants who are not Shareholders as at 16 November 2006 or wish to apply for a greater number of New Shares than their Entitlement should use this form. This Application Form and your cheque or bank draft must be received by **5:00pm (AEST) on 4 December 2006.**

If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. The Prospectus contains information relevant to a decision to invest in New Shares and you should read the entire Prospectus carefully before applying for New Shares.

A New Shares applied for — at — Price per New Share **A$2.00** — **B** Application Monies A$

(minimum of 1,000 New Shares and thereafter in multiples of 250 New Shares)

PLEASE COMPLETE YOUR DETAILS BELOW (refer overleaf for correct forms of registrable names)

C Applicant Surname/Company Name

Title — First Name — Middle Name

Joint Applicant #2 Surname

Title — First Name — Middle Name

Designated account e.g. <Super Fund> (or Joint Applicant #3)

D TFN/ABN/Exemption Code

First Applicant — Joint Applicant #2 — Joint Applicant #3

TFN/ABN type – if NOT an individual, please mark the appropriate box: Company / Partnership / Trust / Super Fund

PLEASE COMPLETE ADDRESS DETAILS

E PO Box/RMB/Locked Bag/Care of (c/-)/Property name/Building name (if applicable)

Unit Number/Level — Street Number — Street Name

Suburb/City or Town — State — Postcode

Email address (only for purpose of electronic communication of shareholder information)

F CHESS HIN (if you want to add this holding to a specific CHESS holder, write the number here)

X

Please note: that if you supply a CHESS HIN but the name and address details on your Application Form do not correspond exactly with the registration details held at CHESS, your Application will be deemed to be made without the CHESS HIN and any New Shares issued as a result of the Offer will be held on the issuer sponsored sub-register.

G Telephone Number where you can be contacted during Business Hours — Contact Name (PRINT)

PAYMENT DETAILS

Cheques or bank drafts should be made payable to "Pacific Turbine Brisbane Limited Share Offer" in Australian currency and crossed "Not Negotiable".

H Cheque or bank draft Number — BSB — Account Number

PTB IPO001

Your Guide to the Additional Offer Application Form

Please complete all relevant white sections of the Application Form in BLOCK LETTERS, using black or blue ink. These instructions are cross-referenced to each section of the form.

The Australian Securities and Investment Commission requires that a person who provides access to an electronic application form must provide access, by the same means and at the same time, to the relevant Prospectus. This Application Form is included in the Prospectus.

The Prospectus contains important information about investing in the shares. You should read the Prospectus before applying for shares.

A Insert the number of New Shares you wish to apply for. You may be issued all of the New Shares applied for or a lesser number.

B Insert the relevant amount of Application Monies. To calculate your Application Monies, multiply the number of New Shares applied for by the issue price, and round up to the nearest whole cent if applicable. Amounts should be in Australian dollars. Please make sure the amount of your payment equals this amount.

C Write the full name you wish to appear on the register of Shares. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct registrable title.

D Enter your Tax File Number (TFN) or exemption category. Business enterprises may alternatively quote their Australian Business Number (ABN). Where applicable, please enter the TFN or ABN for each joint Applicant. Collection of TFN(s) and ABN(s) is authorised by taxation laws. Quotation of TFN(s) and ABN(s) is not compulsory and will not affect your Application. However, if these are not provided, Pacific Turbine Brisbane Limited will be required to deduct tax at the highest marginal rate of tax (including the Medicare Levy) from payments.

E Please enter your postal address for all correspondence. All communications to you from Pacific Turbine Brisbane Limited and the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

F If you are already a CHESS participant or sponsored by a CHESS participant, write your Holder Identification Number (HIN) here. If the name or address recorded on CHESS for this HIN is different to the details given on this form, your Shares will be issued to Pacific Turbine Brisbane Limited's issuer sponsored subregister.

G Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.

H Please complete the details of your payment in this section.

Make your cheque or bank draft payable to "Pacific Turbine Brisbane Limited Share Offer" in Australian currency and cross it "Not Negotiable". Your cheque or bank draft must be drawn on an Australian bank. Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected. Pin (do not staple) your cheque or bank draft to the Application Form where indicated.

LODGEMENT INSTRUCTIONS

This Application Form and your cheque or bank draft must be mailed or delivered so that it is received before 5:00pm (AEST) on 4 December 2006.

Postal Address
Link Market Services Limited
Locked Bag A14
SYDNEY SOUTH NSW 1235

or

Hand Delivery
Link Market Services Limited
Level 12, 680 George Street
SYDNEY NSW 2000

Link Market Services Limited
Level 12, 300 Queen Street
BRISBANE QLD 4000

(do not use these addresses for mailing purposes)

If you require further information on how to complete this Additional Offer Application Form, please contact the Pacific Turbine Brisbane Limited's company secretary, Annette Abrahams, on 07 3637 7003 or +61 7 3637 7003 for overseas callers.

Link Market Services Limited advises that Chapter 2C of the *Corporations Act 2001* requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on this form. Our privacy policy is available on our website (www.linkmarketservices.com.au).

CORRECT FORMS OF REGISTRABLE NAMES

Note that ONLY legal entities are allowed to hold Shares. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mrs Katherine Clare Edwards	K C Edwards
Company Use Company's full title, not abbreviations	Liz Biz Pty Ltd	Liz Biz P/L or Liz Biz Co.
Joint Holdings Use full and complete names	Mr Peter Paul Tranche & Ms Mary Orlando Tranche	Peter Paul & Mary Tranche
Trusts Use the trustee(s) personal name(s)	Mrs Alessandra Herbert Smith <Alessandra Smith A/C>	Alessendra Smith Family Trust
Deceased Estates Use the executor(s) personal name(s)	Ms Sophia Garnet Post & Mr Alexander Traverse Post <Est Harold Post A/C>	Estate of late Harold Post or Harold Post Deceased
Minor (a person under the age of 18 years) Use the name of a responsible adult with an appropriate designation	Mrs Sally Hamilton <Henry Hamilton>	Master Henry Hamilton
Partnerships Use the partners' personal names	Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith <Fred Smith & Son A/C>	Fred Smith & Son
Long Names	Mr Hugh Adrian John Smith-Jones	Mr Hugh A J Smith Jones
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s)	Mr Alistair Edward Lilley <Vintage Wine Club A/C>	Vintage Wine Club
Superannuation Funds Use the name of the trustee of the fund	XYZ Pty Ltd <Super Fund A/C>	XYZ Pty Ltd Superannuation Fund

Put the name(s) of any joint Applicant(s) and/or account description using < > as indicated above in designated spaces at section C on the Application Form.

PACIFIC TURBINE BRISBANE LIMITED

ABN 99 098 390 991

Entitlement and Acceptance Form for Existing Shareholders

WARNING: THIS DOCUMENT IS IMPORTANT.

WARNING: This document is important. The Prospectus should be read in full before an Application for New Shares is made. The Prospectus contains important information relevant to the decision to invest in Pacific Turbine Brisbane Limited. If you do not understand the Prospectus or this form, you should consult your professional adviser before investing.

Share Holder Reference Number/
Holder Identification Number

Number of Ordinary Shares held at
7:00pm (AEST) on 16 November 2006

Entitlement to New Shares on a 1 for 10 basis

Under the terms of the Rights Issue Offer, you have a pro-rata Entitlement to subscribe for New Shares. Existing Shareholders will be required to pay A$2.00 per New Share upon application.

If you decide not to take up your Entitlement at all, you do not need to take any action. The Rights Issue Offer closes at 5:00pm (AEST) on 4 December 2006.

PLEASE COMPLETE BELOW (using block letters) – refer overleaf for details and further instructions on how to complete this Form.

I/We apply for the following number of New Shares and attach a cheque or bank draft in Australian currency drawn on an Australian branch of a financial institution for the amount payable:

A Number of New Shares applied for and accepted (being not more than your Entitlement shown above)

B Amount enclosed, being Application Monies of A$2.00 per New Share applied for in Box A (multiply Box A by A$2.00)

A$

C **PLEASE INSERT CHEQUE OR MONEY ORDER DETAILS**

Cheques or money orders should be made payable to "Pacific Turbine Brisbane Limited Share Offer" and crossed "Not Negotiable".

Cheque or Money Order Number

BSB

Account Number

Contact Details

D **PLEASE COMPLETE HERE** in case we need to contact you:

Phone Number (Home) ( )

Phone Number (Work) ( )

Contact Name

THIS DOCUMENT RELATES TO THE PACIFIC TURBINE BRISBANE LIMITED
PROSPECTUS DATED 8 NOVEMBER 2006 2006
THE RIGHTS ISSUE OFFER CLOSES AT 5:00PM (AEST) ON 4 DECEMBER 2006

PTB EAC001

Pacific Turbine Brisbane Limited

THE RIGHTS ISSUE OFFER CLOSES 5:00PM (AEST) ON 4 DECEMBER 2006

This form accompanies the Prospectus. Existing Shareholders should read the Prospectus in its entirety prior to completing this form.

1. How to complete the Entitlement and Acceptance Form

Please complete all relevant sections of the Entitlement and Acceptance Form USING BLOCK LETTERS. These instructions are cross referenced to each section of the Entitlement and Acceptance Form.

A. Application for New Shares

Please enter into Section A the number of New Shares you wish to apply for under the Rights Issue Offer, being not more than your Entitlement shown overleaf.

B. Payment amount

Please enter into Section B the total amount of the cheque or bank draft for payment of your New Shares at the issue price of A$2.00 per New Shares applied for in Section A. To calculate the total amount required for payment, multiply the number in Section A by A$2.00.

C. Cheque or bank draft details

Please enter your cheque or bank draft details in Section C. Cheques or bank drafts must be drawn on an Australian branch of an Australian bank in Australian currency, made payable to **"Pacific Turbine Brisbane Limited Share Offer"** and crossed "Not Negotiable".

D. Contact details

Please enter your contact telephone number where we may contact you regarding your acceptance, if necessary.

2. Non Participating Foreign Shareholders

The Prospectus and Entitlement and Acceptance Form do not constitute an offer of securities in any jurisdiction where it would not be lawful to issue the Prospectus. By applying for New Shares under this Entitlement and Acceptance Form or by accepting the Rights Issue Offer, you represent and warrant that applying for New Shares does not breach any law in any relevant overseas jurisdiction.

3. How to lodge your Entitlement and Acceptance Form

The completed Entitlement and Acceptance Form with the Application Monies may be mailed to the postal address, or delivered by hand to the delivery address, set out below. **Your completed Entitlement and Acceptance Form and Application Monies must be received by the Share Registry no later than 5:00pm (AEST) on 4 December 2006.** Entitlement and Acceptance Forms received after 5:00pm (AEST) on 4 December 2006 will be rejected and Application Monies (without interest) returned to the Applicant.

Postal delivery
Pacific Turbine Brisbane Limited
C/- Link Market Services Limited
Locked Bag A14
SYDNEY SOUTH NSW 1235

Hand delivery
Pacific Turbine Brisbane Limited
C/-Link Market Services Limited
Level 12, 680 George Street
SYDNEY NSW 2000

Pacific Turbine Brisbane Limited
C/-Link Market Services Limited
Level 12, 300 Queen Street
BRISBANE QLD 4000

If you require further information on how to complete this Entitlement and Acceptance Form, please contact the Pacific Turbine Brisbane Limited's Company secretary, Annette Abrahams, on 07 3637 7003 or +61 7 3637 7003 for overseas callers.

Pacific Turbine Brisbane Limited reserves the right to reject any Entitlement and Acceptance Form which in its sole judgement is not correctly completed.

Receipt of this form by 5:00pm (AEST) on 4 December 2006 with your Application Monies, will constitute acceptance of the Rights Issue Offer in accordance with the terms of the Prospectus.

Link Market Services Limited advises that Chapter 2C of the *Corporations Act 2001* requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on this form. Our privacy policy is available on our website (www.linkmarketservices.com.au).