PACIFIC TURBINE BRISBANE LIMITED

ABN 99 098 390 991

PROSPECTUS 2005

Note: The shares offered under this Prospectus are considered to be a speculative investment by reason of the limited trading history of the Company and the specialised nature of its operations.

Important Notices

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

This Prospectus is dated 4 January 2005. A copy of this Prospectus was lodged with the Australian Securities and Investments Commission on that date. Neither the Australian Securities and Investments Commission nor the Stock Exchange of Newcastle Limited 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 3 February 2006.

Application will be made for listing of the Company's securities offered by this Prospectus to the Stock Exchange of Newcastle Limited. The fact that the Stock Exchange of Newcastle Limited 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. The Stock Exchange of Newcastle Limited 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. 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 Pacific Turbine Brisbane Ltd or any other person in connection with the Offer.

This Prospectus provides information for investors to decide if they wish to invest in Pacific Turbine Brisbane Ltd and should be read in its entirety. The assumptions underlying the financial forecasts and the risk factors that could affect the financial performance of Pacific Turbine Brisbane Ltd 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. The Offer 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.huntingtongroup.com.au. 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.huntingtongroup.com.au.

The Corporations Act prohibits Pacific Turbine Brisbane Ltd from processing Application Forms in the 7 day period after the date of lodgement of this Prospectus with ASIC. This period may be extended by ASIC by up to a further 7 days. This period is an exposure period to enable the Prospectus to be examined by market participants prior to the raising of funds. Application Forms received during the exposure period will not be processed until after the expiry of that period. No preference will be conferred on Application Forms received during the exposure period.

This document is important and should be read in its entirety.

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Corporate Directory

COMPANY

Pacific Turbine Brisbane Ltd
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

Hugh Jones, Non-executive Director

Stephen Smith, Executive Director

Andrew Kemp
(Alternate Non-executive Director for Dick David)

COMPANY SECRETARY

Craig Baker

SHARE REGISTRY

ASX Perpetual Registrars Limited
Level 22, 300 Queen Street
Brisbane Qld 4000

Ph +61 7 3228 4999
Fax +61 2 8280 7454

INDEPENDENT ACCOUNTANT REPORTING ON DIRECTORS' FORECASTS

William Buck Securities Limited
ABN 91 010 208 107

Level 16
William Buck Centre
120 Edward Street
Brisbane Qld 4000

Ph +61 7 3233 3555
Fax +61 7 3210 6183

LAWYERS FOR THE COMPANY

McCullough Robertson Lawyers

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66 Eagle Street
Brisbane Qld 4000

Ph +61 7 3233 8888
Fax +61 7 3229 9949

CORPORATE ADVISOR

Huntington Group Pty Limited
ACN 010 693 651

Level 38, 123 Eagle Street
Brisbane Qld 4000

AFS Licence Number 247342

Ph +61 7 3303 2500
Fax +61 7 3303 2550

INDEPENDENT ACCOUNTANT AND AUDITOR

Johnston Rorke

Level 5
NAB House
255 Adelaide Street
Brisbane Qld 4000

Ph +61 7 3222 8444
Fax +61 7 3222 8300

Offer at a Glance

Who is the issuer of this Prospectus?	Pacific Turbine Brisbane Ltd.
What is offered?	2.1 million Shares in Pacific Turbine Brisbane Ltd at $1.00 per Share to raise a total of $2.1 million.
What is the minimum subscription?	The Company will accept a minimum subscription of $1 million and reserves the right to take oversubscriptions.
What makes an investment in Pacific Turbine Brisbane Ltd attractive?	• Expected strong earnings growth built on high margins • Potential for growth in the international market
When does the Offer open?	24 January 2005
When does the Offer close?	1 March 2005*
How do I apply?	Complete the 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.

* PTB may close the Offer early, or extend the Offer period, without prior notice. This is a summary only. Potential Investors should read the entire Prospectus prior to making an investment decision.

Letter from the Chairman

Certified ISO 9001 : 2000 by BVQi JAS-ANZ

Quality Approved Company

PACIFIC TURBINE BRISBANE LTD.
PO Box 306
Hamilton
47-51 Pandanus Avenue
Brisbane Airport
Queensland 4007
Australia
Telephone: 61 7 3637 7001
Facsimile: 61 7 3860 4006
A.C.N. 098 390 991

4 January 2005

Dear Investor

I am delighted to present you with the opportunity to subscribe for shares in Pacific Turbine Brisbane Limited.

PTB is a Brisbane-based company comprising:

- a specialist turbine engine repair and overhaul business based at Brisbane Airport, Australia;
- trading operations in Australia and internationally in aircraft turbine engines and related parts; and
- the provision of finance for turbine engines for customers.

The Company has issued this Prospectus to raise $2.1 million in capital to assist in funding its expansion into engine financing in North America. This follows a seed capital issue which raised $1.112 million in November 2004. PTB intends to list on Newcastle Stock Exchange to provide a trading market for its shares and to facilitate future access to equity capital.

PTB has been trading profitably, averaging approximately $1.5 million pre tax per annum since it commenced trading in October 2001.

Key features of PTB's business are:

- Margins are strong: for example, gross margin was 31% in 2004; 2004 return on average shareholders funds was 40%.
- PTB specialises in two aircraft turbine engine types: the Pratt & Whitney PT6A and the Honeywell TPE331. The Company has been able to refine its business model since incorporation and focus on the profit opportunities available through the PT6A and TPE331 engine lines.
- PTB has expanded in incremental stages. Stage One was to establish and test its business model in the region: this has been completed. Stage Two is to establish the business model in North America: the National Flight engine pool acquisition is the means of achieving this, funded by this capital raising. Stage Three will be to raise additional funds to continue expanding profit and revenue. PTB believes it has the management capability to achieve the continued development of its business.
- The purchase of the National Flight TPE331 engine pool is a window into North America and allows PTB to replicate its engine trading and finance model in the USA.

I believe this to be a win-win situation. National Flight will be able to release its working capital, yet retain access to a rental engine pool, and have the opportunity to meet PTB's repair and overhaul requirements. PTB has full support and access to an experienced North American repair and overhaul network of shops with all their processes and customer contacts.

- PTB's vision is to be a major owner of PT6A and TPE331 engines, generating revenues from finance facilities for customers.This control of engines is expected to make PTB a significant player in the world market, providing opportunities to negotiate repairs and overhauls at preferential labour rates using PTB-supplied parts. PTB expects, by managing engine costs in this way, to minimise the cost of engine ownership to produce increased profit margins and additional long term rental returns.
- Management led by Managing Director Craig Baker and Sales Director Stephen Smith (both of whom have significant share holdings) is very focused. Systems are well established and can be expanded to properly manage increased activity.

The Directors recommend that potential investors read this Prospectus carefully and seek independent advice as to their own position.

Yours sincerely

Harvey Parker

Chairman

1. Glossary of Terms

AEST	Australian Eastern Standard Time.
Applicant	a person or entity who submits an Application Form.
Application Form	an application form attached to 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 Shares applied for.
ASIC	Australian Securities and Investments Commission.
AUD	Australian dollars.
NSX	Stock Exchange of Newcastle Limited ABN 11 000 902 063.
Board	the board of directors of PTB.
Closing Date	the date on which the Offer closes, being 1 March 2005. This date may be varied without prior notice by PTB.
CASA	Civil Aviation Safety Authority, Australia.
Company or PTB	Pacific Turbine Brisbane Ltd ABN 99 098 390 991.
Corporations Act	the Corporations Act 2001.
Directors	the directors of PTB.
EBIT	the earnings of the Company before interest and taxation, calculated in accordance with generally accepted Australian accounting principles.
Founding Shareholders	those shareholders who held 7.4 million shares prior to the date of the Seed Capital Raising.
Investors	investors who invest in the Company under this Prospectus.
Listing Rules	listing rules of NSX.
National Flight	National Flight Services Inc, Toledo Express Airport 7097E, Airport Services Road, Swanton, Ohio, United States of America.
Offer	the offer of Shares under this Prospectus.
Offer Price	$1.00 per Share.
Prospectus	this prospectus.
PTB or Company	Pacific Turbine Brisbane Ltd ABN 99 098 390 991.
Quotation Date	the first date Shares are granted quotation on NSX.
Seed Capital Investors	those investors who acquired 1,308,897 shares in the Seed Capital Raising.
Seed Capital Raising	the capital raising conducted in November 2004 to raise $1.112 million for the purpose of purchasing part of the TPE331 engine pool from National Flight.
Shareholders	holders of shares in PTB.
Shares	the fully paid ordinary shares in PTB offered under this Prospectus.
USD	United States dollars.

2. Investment Overview

2.1 Key offer highlights

Offer price per Share	$1.00
Shares offered under this Prospectus	2,100,000
Total number of shares on issue following the Offer	10,808,897
Amount to be raised under the Offer	$2,100,000
Market capitalisation at the Offer Price	$10,808,897
Price earnings ratio for June 2004 year	7.1 times
Price earnings ratio for June 2005 year (forecast)	6.8 times
Dividend yield forecast for June 2005 year	6%

Refer to section 3 of this Prospectus for further details.

Important dates	
Offer opens	9am AEST on 24 January 2005
Offer closes	5pm AEST on 1 March 2005
Anticipated commencement of NSX trading	9am AEST on 15 March 2005

These dates and times are indicative only. PTB reserves the right to vary the dates and times 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.

2.2 The Company

PTB was originally founded in 2001 when it was incorporated to acquire the Brisbane assets of Pacific Turbine Pty Ltd ACN 079 166 653. The Company commenced trading in October 2001.

Since the commencement of its operations, PTB has achieved pre-tax profits averaging approximately $1.5 million per annum. High profitability has largely been a result of operating in a specialist niche area of its industry where the Company has been able to obtain strong margins. In 2004, the Company's gross margin was 31%.

PTB's operations comprise:

- a specialist aircraft turbine engine repair and overhaul facility based at Brisbane Airport, Australia;
- buying and selling aircraft turbine engines and related parts; and
- the provision of finance for turbine engines for customers.

2.3 Prospects of the Company

PTB specialises in two aircraft engine types – the Pratt & Whitney PT6A and the Honeywell TPE331. Using funds raised during the Seed Capital Raising, the Company acquired part of the TPE331 engine pool from National Flight, a significant player in the United States repair and overhaul market. The Company has signed a sale and purchase agreement to acquire the balance of the TPE331 engine pool from National Flight using the funds raised under this Prospectus.

The acquisition of engines from National Flight provides an opportunity for the Company to replicate its engine trading and financing business in the United States.

National Flight has four shops throughout North America and its business focuses on the repair and overhaul of engines through these shops. National Flight provides rental engines under agreements to its customers while their engines are being overhauled. National Flight has recently entered into an agreement with PTB whereby National Flight will manage the National Flight engine rental pool owned by PTB. This operation is closely supervised from Australia.

The Company intends to use the short term rental of the engines acquired from National Flight as a base to move into longer term engine leases and to expand its trading and financing models.

2.4 Industry overview

As at 2004, the world population of the PT6 turbo prop engine family is estimated at approximately 31,000[1] engines delivered, and for TPE331 engines is estimated approximately 6,000[2] in service.

PTB believes that it will be able to become a significant engine owner in the international marketplace using the model it has developed over the last three years.

2.5 Purpose of the Offer and utilisation of funds

The net proceeds of the Offer will be used to acquire the remaining TPE331 engines from National Flight.

2.6 Shareholding structure

Following closure of the Offer, the share holding structure of PTB will be as follows:

Shareholders	Number of ordinary Shares	Percentage of ownership
Founding Shareholders	7,400,000	68.5%
Seed Capital Investors	1,308,897	12.1%
Public	2,100,000	19.4%
TOTAL	**10,808,897**	**100%**

2.7 Restricted securities

Pursuant to the NSX Listing Rules, certain Founding Shareholders will be required to enter into restriction agreements pursuant to which they will be restricted from dealing in a specified number of fully paid ordinary shares in PTB held by them, for a period specified by NSX from the quotation of shares in PTB on NSX. The full 7.4 million shares held by Founding Shareholders are anticipated to be restricted.

2.8 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 7 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.

2.9 Summary only

This summary is not intended to provide full details of the investment opportunity. Investors must read this Prospectus in full to make a fully informed investment decision.

1 Source: MRO Management March 2004
2 Source: TPE331 Report Card, www.honeywellaerospace.com.au

3. Details of the Offer

3.1 Description of the Offer

PTB is seeking to raise $2.1 million through the offer of 2.1 million Shares at $1.00 each, which upon listing will represent 19.4% of the issued capital of PTB.

Applications must be for a minimum of 2,000 Shares ($2,000) and thereafter in multiples of 500 Shares.

The Offer opens on 24 January 2005 and closes on 1 March 2005. PTB reserves the right to vary the Closing Date without notice.

3.2 Minimum and maximum subscription

The Company will only proceed with the issue when it has received the minimum subscription of $1 million. The Company seeks to raise $2.1 million. The Company reserves the right to accept oversubscriptions.

3.3 How to apply for Shares in the Offer

Applications for Shares can only be made by completing and lodging a paper copy of an Application Form.

Application Forms are attached to this Prospectus. Copies of the Prospectus may also be obtained from www.huntingtongroup.com.au.

Application Forms should be completed in accordance with the instructions on the guide to the Application Form.

An Application Form must be accompanied by a cheque in Australian dollars for the value of Shares applied for and made payable to 'Pacific Turbine Brisbane Ltd 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 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 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 or their financial adviser.

Applications should be:

Posted to Pacific Turbine Brisbane Ltd Share Offer		**Delivered to Pacific Turbine Brisbane Ltd Share Offer**
Huntington Group Pty Limited PO Box 7009, Riverside Brisbane QLD 4001	**OR**	Huntington Group Pty Limited Level 38, 123 Eagle Street Brisbane QLD 4000

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.

3.4 Capital structure

The capital structure of PTB based on achieving maximum subscription at the completion of the Offer at an issue price of $1.00 per Share will be as follows:

	No. of Shares
Shares on issue at 4 January 2005	8,708,897
Shares offered by this Prospectus	2,100,000
TOTAL	**10,808,897**

3.5 Use of proceeds

The proceeds of the Offer will be used to acquire the remaining TPE331 engines in accordance with the agreement with National Flight.

The Directors consider that by raising the minimum subscription of $1 million, PTB will have sufficient funds to carry out its objectives stated in this Prospectus.

Use of proceeds	Minimum Subscription	Maximum Subscription
Acquisition of engines*	$820,000	$1,870,000
Expenses of the Offer	180,000	230,000
TOTAL FUNDS RAISED	**$1,000,000**	**$2,100,000**

* The completion of the National Flight engine acquisition will be funded by debt finance if only $1 million minimum subscription is raised.

3.6 Dividend policy

Based on the Directors' forecasts, the Directors expect to declare a fully franked dividend for the June 2005 financial year of 6%, which will be paid in November 2005. No dividend has been paid to date, as all profits have been retained by the Company to fund its growth.

The Directors intend to establish a dividend reinvestment policy to provide Shareholders with the opportunity to reinvest their distributions in the Company.

Subject to future business conditions and opportunities and the cash flow requirements of PTB, the Directors anticipate paying out between 45% and 55% of the Company's after tax profits as dividends.
However, the Directors cannot give any assurances as to the extent, timing, level of franking or payment of any future dividends because these are dependent on a number of factors including the level of earnings, the amount of tax paid, the financial position of PTB, operating conditions and the risk factors identified in section 7 of this Prospectus.

3.7 Interest payable on application money

Investors will receive 5% per annum on the funds invested calculated two business days from receipt of their application money up to the date of allotment of the Shares.

3.8 Allotment

Allotment of Shares will be made as soon as possible after the Closing Date. PTB reserves the right to allocate the Shares offered under this Prospectus 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.

3.9 Underwriting

The Offer is not underwritten.

3.10 NSX listing

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

Trading of Shares is expected to commence on 15 March 2005, assuming the minimum subscription is raised by 1 March 2005.

The fact that NSX may admit PTB 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 NSX within three months after the date of this Prospectus, all Application Money will be refunded with interest.

3.11 Foreign selling restrictions

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

The 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 in Australia or New Zealand, 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.

3.12 Rights attaching to Shares

All issued Shares will rank equally. 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 11.2 of this Prospectus.

3.13 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 (together with interest) within 21 days of giving notice of its withdrawal.

3.14 Recent Share issues

In November 2004, the Company conducted a Seed Capital Raising and issued 1,308,897 shares to Seed Capital Investors at 85 cents per Share, raising $1,112,562.

These shares were issued to raise capital for the acquisition of the initial portion of the TPE331 engine pool from National Flight.

4. Pacific Turbine Brisbane Ltd - The Business

4.1 Pacific Turbine Brisbane

PTB was established in 2001, and focuses on providing services in relation to the Pratt & Whitney PT6A and Honeywell TPE331 light turbine engines. The Company currently comprises:

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

4.2 Business operations

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

Pratt & Whitney PT6A

The Pratt & Whitney PT6A is a lightweight free turbine engine which was first manufactured by Pratt & Whitney Canada in 1964, and is currently used in aircraft for corporate, commuter, military and agricultural services.

The global population of the PT6 turbo prop engine family is currently estimated by Directors at approximately 31,000 engines delivered.

The original equipment manufacturer, Pratt & Whitney, continues to manufacture PT6A engines. It has four PT6A overhaul shops throughout the world, four major approved companies under licence, and one Pratt & Whitney approved specialist agricultural engine shop, providing repair and overhaul services to these engines.

In addition to the manufacturer approved repair and overhaul facilities, there are a number of middle tier non-Pratt & Whitney authorised repair and overhaul shops ('grey shops') that have the required engine test facilities.

There is a third tier of two to three man repair and overhaul shops ('grey shops') which access the engine test facilities of the larger shops to meet the test requirements for an overhaul.

PTB is CASA approved to perform up to and including Pratt & Whitney PT6A overhauls. Currently, the Brisbane repair and overhaul facility performs hot section inspections and power section overhauls.

Honeywell TPE331

The TPE331 is a single shaft light turbine engine introduced in 1965 and currently manufactured and supported by Honeywell Aerospace. It is estimated by Directors that there are approximately 6,000 engines currently in service on over 40 different aircraft types world wide.

Throughout the world there are a number of Honeywell approved repair and overhaul facilities. One of the requirements of receiving and retaining Honeywell approval is that only Honeywell supplied parts may be used.

Outside of the Honeywell network, there is one major independent, National Flight, and a number of smaller non-Honeywell approved repair and overhaul shops that provide a cost effective alternative to Honeywell approved facilities.

PTB is CASA approved to perform up to and including Honeywell TPE331 overhauls. The Brisbane repair and overhaul facility carries out work up to and including full engine overhauls.

Business opportunity

The PT6A and TPE331 turbine engines were first produced in the mid 1960's. PT6A engines continue to be produced, while the TPE331 is currently not in production.

Aircraft turbine engines are 'lifed'. The life of an engine varies according to engine model and operating conditions. The key determinant for the life is the 'rotatives' in the engine. As engine life is linear, the engine value diminishes as the number of operating hours on the engine increases. At the end of its life, the engine is overhauled or separated into parts. Theoretically, an engine may be overhauled many times.

The PT6A and TPE331 engines are older technology turbine engines which are used in a number of aircraft that continue to operate. At present, there is no economic replacement for these aircraft or the engines.

This creates opportunities, as there is an increasing tendency for aircraft operators to own smaller fleets of aircraft, for which they do not have the internal expertise to provide financial and technical support.

PTB has identified a key opportunity 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.

4. Pacific Turbine Brisbane Ltd - The Business

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.

The rental engine pool will give PTB additional engine inventory for use in the engine trading business. This should generate significant engine sales.

In addition, it is expected that the rental opportunities with a number of the repair and overhaul shops will evolve into long term rentals. The ability to provide funding alternatives will produce additional profit opportunities.

The Seed Capital Raising has provided sufficient funds to access one shop's rental engine pool. There are indications that a number of TPE331 and PT6A overhaul shops would also welcome the opportunity to access an independent engine rental pool such as the one PTB intends to provide.

As a major engine owner, PTB would be able to negotiate favourable repair and overhaul terms. These negotiations would include an arrangement for the purchase of engine parts, which are the major cost in an engine overhaul. PTB would be able to use a number of volume based initiatives to manage engine costs. This should produce increased margins and additional long term rental returns.

4.3 Turbine engine market overview

The Directors believe the turbine engine market may be divided into two sections:

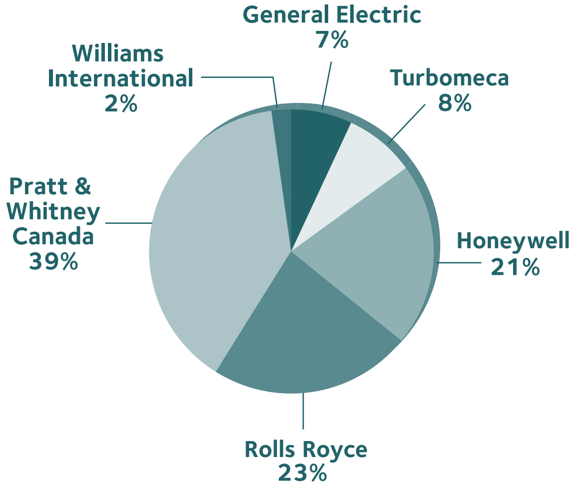
(a) the small propulsion engines ('SPE'); and

(b) the large propulsion engines ('LE').

The market for SPE maintenance repair and overhaul is currently assessed by Directors at USD3.8 billion with 90,000 engines.

The following diagram depicts the approximate levels of SPEs in the world market:

* Source: Aero Strategy Commentary July 2003.



The Directors believe that the maintenance repair and overhaul market for the new generation and larger SPE engines is dominated by the original engine manufacturers. This creates an opportunity to provide services to the older technology engines.

Of the older technology SPE engines, those engines which fall within the 'turbo prop' category (such as the TPE 331 and the PT6A) have a maintenance repair and overhaul market currently assessed at USD1.2 billion. The market is expected to remain at this level for the next 10 years.

4.4 Competition

PTB is a niche player in the engine repair and overhaul marketplace. Because of its size, the Directors believe that the larger approved Pratt & Whitney and Honeywell facilities do not view the Company as a major competitor.

In Australia, there are presently a limited number of potential competitors for PTB which provide repair and overhaul facilities for both the Honeywell and Pratt & Whitney engines. However, these companies are production driven and generally target larger customers, or are limited to providing only 'hot section' inspections. A hot section inspection is a periodic event over the engine's life, which can entail a repair shop visit of the 'hot section' portion of the engine.

4.5 Barriers to entry

The aviation industry is heavily regulated by each country's civil/federal aviation authority.

In order to establish and manage a turbine engine overhaul operation in Australia, organisations must comply with CASA requirements in relation to matters such as management systems, levels of approval, facility requirements, personnel requirements and qualifications, equipment and tooling, maintenance data and manuals, records and quality assurance systems.

CASA undertakes physical inspections to ensure that operations meet the relevant requirements before approval is issued.

PTB followed a strictly prescribed process to become a CASA approved maintenance organisation (Certificate of Approval Number C578907). The Company is audited by CASA, BVQI (Bureau Veritas Quality Internacional, an international standards body) and overseas regulators to ensure that PTB meets the prescribed standards.

The Directors believe the high degree of regulation acts as an effective barrier to newcomers in the aircraft turbine engine repair and overhaul market.

4.6 Future business objectives

The engine business is continually evolving, consolidating and expanding.

PTB's vision is to be a major owner of PT6A and TPE331 engines, generating revenue from providing finance facilities to customers. This control of engines will make PTB a significant player in the world market, providing opportunities to negotiate repairs and overhauls at preferential labour rates using PTB-supplied parts.

PTB expects by managing engine costs in this way to minimise the costs of engine ownership. This will produce increased margins and additional long term lease returns.

4.7 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.

The Company has effective information technology systems.

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.

4.8 Performance

Since it commenced operations, the Company has earned sound level of profits.

In the year to June 2004, PTB:

- earned $1.513 million before tax, a margin of 14.1% of sales revenue;
- earned $1.043 million after tax, which represented a return of 41% on average shareholders' funds.

The Company's Directors understand the profit opportunities in the Company's chosen areas of operation and believe the Company has demonstrated its ability to exploit these from a limited capital base. The Company's Directors consider there are two key elements to success in PTB's business:

- as parts represent 75 to 90 per cent of any engine work, it is vital to source them at the right quality and price; and
- the ability to provide funding alternatives to PTB's engine operator customers.

PTB expects to be able to use the additional equity capital provided from the Seed Capital Raising and this Prospectus to generate continued sound returns for shareholders.

5. Ownership and Management

5.1 Directors' profiles

Harvey Parker
Non Executive Chairman

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

He is currently the Chairman of Dun & Bradstreet Australia Pty Ltd, Emergency Communications Victoria and Datacom Services Pty Ltd.

In addition, he sits on the boards of The Volante Group, and the Riding for Disabled Association Victoria.

He has previously been Chairman of Petroz NL and Moore Australia Pty Ltd.

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

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.

Along with Hugh Jones, he was involved in the development of Airwork (NZ) Ltd which has grown to become a major aviation provider in New Zealand with annual sales in excess of AUD70 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 he remains on the board. He now lives on the Queensland Gold Coast.

Hugh Jones
Non Executive Director

Hugh Jones was born in 1950 and has extensive experience in the aviation industry.

He is the majority shareholder and Managing Director of Airwork (NZ) Limited and has served a number of years on the board of the New Zealand Civil Aviation Authority.

He is also a founding shareholder (through a family company) and a director in Alliance Airlines Pty Ltd.

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.

Most recently, he has served as Commercial Sales Manager for Pacific Turbine Pty Ltd, achieving excellent results.

Andrew Kemp B.Com, CA
Alternate Non Executive Director for Dick David

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 ten 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 and SunnyCove Management Limited.

5. Ownership and Management

5.2 Organisational Structure

Australian operations

The management team is based at PTB's head office and repair and overhaul premises at Brisbane Airport.

Craig Baker BCA, CA	Managing Director
Stephen Smith	Sales Director
Annette Abrahams CA	Finance Manager
Stephen Wesley	Manager Production and Customer Services
Keith Ardern	Manager Special Projects and Quality Assurance

In addition, there are four approved engine tradesmen and an inventory controller.

United States operations

PTB will manage the National Flight rental operation by subcontracting the marketing and operations issues to National Flight sales executives. PTB's Sales Director will speak to them each business day and either he or PTB's Managing Director will visit their United States operations as often as is necessary.

National Flight's main shop is in Toledo, Ohio.
The 16 hour time difference means that at 6 am in Brisbane, it is 2pm in Toledo. PTB's trading team already operates extensively in the North American and other offshore markets and usually start at 5 am to maximise contact with offshore markets.

Finance matters can be handled from Australia.

5.3 Corporate Governance

The Company maintains policies and procedures to ensure proper corporate governance. Further details are set out in section 12.

5.4 Shareholders in PTB

The current Shareholders in PTB are as follows:

Shareholders	Number of ordinary shares	Percentage of share ownership
Hugh Jones	1,776,000	20.4%
Graeme Hills	888,000	10.2%
Craig Baker	888,000	10.2%
Stephen Smith	888,000	10.2%
Margaret Hills	888,000	10.2%
Judith Flintoft	888,000	10.2%
Susan Martin	888,000	10.2%
Harvey Parker	296,000	3.4%
David Family Superannuation Fund Pty Ltd	250,000	2.9%
Hawk Capital Pty Ltd	117,647	1.4%
McIlwaith Bowman Pty Ltd	117,647	1.4%
Harvels Pty Limited	100,000	1.1%
Colex Pty Ltd	100,000	1.1%
Huntington Group Pty Ltd	85,000	1.0%
Rotherby Pty Ltd	72,000	0.8%
Moresnet Pty Ltd	70,000	0.8%
CA Chapman	60,250	0.7%
Ian Jones and Jenny Polley	60,000	0.7%
JF Shadforth and GT Shadforth	60,000	0.7%
L & R Simonetti	60,000	0.7%
Helicopters (NZ) Ltd	58,823	0.7%
NL and GH Bourguignon	44,000	0.5%
NIV Pty Ltd	30,000	0.3%
BF and KJ King	23,530	0.3%

Following the Offer, the share holding structure of PTB will be as follows:

Shareholders	Number of ordinary shares	Percentage of share ownership
Entities associated with Directors	7,400,000	68.5%
Seed Capital Investors	1,308,897	12.1%
Investors under this Prospectus	2,100,000	19.4%
Total	**10,808,897**	**100%**

6. Financial Information

6.1 Basis of Preparation

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

- historical statements of financial performance for the years ended 30 June 2003 and 2004; and
- forecast statement of financial performance for the year ending 30 June 2005 ('Directors' Forecast') which has been reviewed by William Buck Securities Ltd ('WB') and their Independent Review of Directors' Forecast is included in section 10.

Historical statements of financial performance have been included for comparative purposes. The historical statements of financial performance for the years ended 30 June 2003 and 2004 have been audited by Johnston Rorke ('JR') and their Independent Accountant's Report on Historical Financial Information is included in section 9 of this Prospectus.

This section should also be read in conjunction with the Directors' best estimate assumptions included in section 6.4 and the risk factors set out in section 7.
The Directors' Forecast is 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 and the Directors, and upon assumptions with respect to future business decisions which are subject to change.

The inclusion of the Directors' Forecast 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 forecast has been prepared or otherwise.

Investors should note that the past financial performance of a company is not necessarily a guide to its future performance.

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 turbine engine industry is subject to many external factors which can materially impact on its financial performance.

6.2 Statement of Financial Performance – Historical and Forecast

YEAR ENDED (in $'000 unless otherwise stated) 30 June (FY)	Audited actual 2003 (Reported on by JR)	Audited actual 2004 (Reported on by JR)	Unaudited forecast 2005 (Reported on by WB)
Revenue			
Sale of engines	2,811	7,210	6,957
Sale of parts and services	3,804	3,406	3,813
Rental of engines	–	–	861
Other	22	5	–
Total Revenue	**6,637**	**10,621**	**11,631**
Expenses			
Cost of sales	3,729	7,381	7,794
Employee benefits and related costs	857	1,038	1,113
Other	502	587	743
Total Operating Expenses	5,088	9,006	9,650
Depreciation and amortisation	52	65	204
EBIT	**1,497**	**1,550**	**1,777**
EBIT margin	23%	15%	15%
Interest income	11	95	114
Interest expense	(19)	(132)	(65)
Profit before tax	**1,489**	**1,513**	**1,826**
Tax	(443)	(470)	(548)
Net profit after tax	**1,046**	**1,043**	**1,278**

6.3 Management discussion and analysis of financial information

Total revenue increased significantly from 2003FY to 2004FY. This was primarily due to the increase in engine sales. During 2004FY, 27 engines were sold of which 14 were funded via hire purchase agreements. In comparison, during 2003FY, nine engines were sold.

There was an opportunity to change the mix of the business from 2003FY through to 2004FY. In 2003FY, the emphasis was on building revenue from the sale of parts and engine servicing with fewer engine sales. However, because of workshop capacity limitations, which had the potential to limit sales of parts and services revenue growth in the longer-term, during 2004FY the emphasis moved towards increased engine sales.

In June 2003, the ANZ Banking Group approved facilities of $3 million secured by a floating charge over the Company: $2.5 million for chattel mortgage, and $500,000 for an interchangeable facility. This created the opportunity to increase revenue through financed engine sales.

In 2005FY, engine sales are forecast to decrease as a result of a number of engine sales being replaced by rental agreements. The revenue from rental engines is due to the acquisition of the rental pool from National Flight and the conversion of some engine sales to rental agreements.

One effect of the change in revenue mix has been a reduction in the gross profit margin from 44% in 2003FY to 31% in 2004FY. This reduction is due to the fact that generally lower margins are available on engine sales as compared to the margin achieved on the sale of parts and servicing. The 2005FY forecast is based on a slightly lower gross profit margin to that achieved in 2004FY.

6.4 Material Best Estimate Assumptions Underlying the Directors' Forecast

The Directors' Forecast for 2005FY presented in section 6.2 is based on unaudited actual results for the five months to 30 November 2004 and forecast for the remaining seven months to 30 June 2005. The forecast is based on the following material best estimate assumptions:

Operating Assumptions

- Overall business activity for the 2005FY will be consistent with 2004FY levels.
- Engine sales will decrease compared to 2004 levels, with a number of engine sales being replaced by rental agreements.
- Sufficient parts will be available to support the forecast parts and services revenue.
- National Flight engine pool rental revenue is based on the actual engine utilisation for the year ended 31 October 2004 being maintained.
- Salary and wages have been based on existing staff levels and currently agreed salary and wage rates.
- Rental pool engines are depreciated based on the operating hours remaining on the engine.
- Any overhaul costs incurred on rental (TPE331) engines will be capitalised and amortised over the remaining life of the engine.
- The Company maintains its existing levels of insurance and there are no disproportional cost increases in insurance during the forecast period.
- There will be no material bad debts expense.
- There will be additional corporate overheads associated with being a listed company and carrying out the engine rental business in the United States following the acquisition of the National Flight rental pool.

Taxation Assumptions

- The forecast effective tax rate will average 30% for 2005FY.
- Because of the proposed United States operating structure, the United States rental income will be subject to United States tax at the appropriate rate.

Financing and Exchange Rates Assumptions

- The Offer is fully subscribed and PTB will receive an amount of at least $2.1 million less the costs of the offer of approximately $230,000. If the capital raising reaches the minimum subscription of $1 million, the balance of the engine purchase amount will need to be completed using bank funding at an interest cost of approximately AUD 21,000 plus bank fees for the three months to June 2005.
- No change occurs in the existing ANZ financing facility with respect to amount, term or interest rate.
- The Company will have access to adequate overdraft facilities to handle fluctuations in its cash flow.
- The forecast assumes that the exchange rate for both sales and cost of sales will generally be similar, as parts and engines are normally purchased and sold in USD. The forecast assumes that an overall exchange loss for the 2005FY is consistent with the 2004FY.

Capital Expenditure Assumptions

- Other than the acquisition of the National Flight engine rental pool, there is no material forecast capital expenditure.

General Economic Assumptions

- There will be no material changes in the prevailing economic conditions in Australia or the United States, including increases in interest rates.
- There will be no changes to the statutory, legal and regulatory environments, which would have a material adverse effect on the Company.
- No material adverse change occurs to the aviation market conditions over the forecast period.
- No material adverse changes occur to the existing key management of PTB over the forecast period.
- There will be no material change in accounting policies or Australian Accounting Standards, Urgent Issues Group Consensus Views, the Corporations Act or other authoritative announcements of the Australian Accounting Standards Board, which will have a material effect on the Company's results. Refer to section 8.4(t) for comment on the impact of International Financial Reporting Standards.
- There will be no material industrial, economic or political disturbances or material disruptions to operations.
- PTB will continue to comply with CASA regulations and requirements.
- There will be no material breaches of existing contractual arrangements by any parties.
- There will be no significant change in the competitive environment in which PTB operates.
- There will be no material costs as a result of industrial or contractual disputes or litigation.
- There will be no material impact from any legislative or fiscal changes.
- The Company is not and does not expect to become a party to any material litigation or dispute.

6.5 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 6.4.

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 2005 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.

Net profit after tax is influenced by movements in a number of key variables, including:

- gross revenue
- cost of sales and margins
- other expenses

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.

Impact on forecast 2005FY NPAT	$'000
Base forecast net profit after tax	1,278
+/- 5% change in forecast revenue	+/-407
+/- 5% change in forecast cost of sales	+/-273
+/- 5% change in forecast operating expenses	+/-65

There has been no sensitivity analysis carried out in respect of movement in the AUD/USD exchange rate as the Directors' Forecast assumes a constant exchange rate over 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 USD, net profits after tax are likely to increase.

6.6 Statement of Financial Position – Historical and Pro Forma

Set out below is the actual Statement of Financial Position of PTB as at 30 June 2004 (audited) and a pro forma Statement of Financial Position of PTB assuming the completion of the capital raising (as contemplated by this Prospectus) and other transactions (as set out below) as at 30 June 2004.

The Statement of Financial Position at 30 June 2004 should be read in conjunction with the financial information set out in section 8: Extract - 2004 Financial Report and the Independent Accountant's Report on Historical Financial Information in section 9.

Statement of Financial Position	Actual 30 June 2004 $'000	Pro Forma 30 June 2004 $'000	
		Minimum	Maximum
Current Assets			
Cash assets	115	170	220
Receivables	3,476	3,476	3,476
Inventories	1,781	1,781	1,781
Other	154	154	154
Total Current Assets	**5,526**	**5,581**	**5,631**
Non-Current Assets			
Receivables	752	752	752
Property, plant and equipment	393	3,221	3,221
Deferred tax assets	76	76	76
Total Non-Current Assets	**1,221**	**4,049**	**4,049**
Total Assets	**6,747**	**9,630**	**9,680**
Current Liabilities			
Payables	1,096	2,096	1,096
Interest-bearing liabilities	1,493	1,493	1,493
Current tax liabilities	301	301	301
Provisions	124	124	124
Other	123	123	123
Total Current Liabilities	**3,137**	**4,137**	**3,137**
Non-Current Liabilities			
Interest-bearing liabilities	498	498	498
Provisions	61	61	61
Total Non-Current Liabilities	**559**	**559**	**559**
Total Liabilities	**3,696**	**4,696**	**3,696**
Net Assets	**3,051**	**4,934**	**5,984**
Equity			
Contributed equity	4	1,887	2,937
Retained profits	3,047	3,047	3,047
Total Equity	**3,051**	**4,934**	**5,984**

Pro Forma Adjustments

The pro forma Statement of Financial Position as at 30 June 2004 has been prepared as if the following transactions had taken place at that date:

(a) Restructure of the Company's share capital by the issue of 1,850 shares for every A and C class share held in the Company (by the Founding Shareholders) resulting in the share capital increasing from 4,000 fully paid ordinary A and C class shares to 7,400,000 fully paid ordinary shares.

(b) Issue of 1,308,897 fully paid ordinary shares which occurred during November 2004 under the Seed Capital Raising at 85 cents per share to raise equity funds of $1,112,562 and payment of equity transaction costs of approximately $50,000 associated with the Seed Capital Raising.

(c) Purchase of TPE331 turbine aircraft engines from National Flight which settled in November 2004 at a cost of $860,000.

(d) Issue of fully paid ordinary shares at $1 per share pursuant to this Prospectus under the Offer to raise equity funds and payment of the costs associated with the preparation of this Prospectus and capital raising as follows:

	Minimum Subscription	Maximum Subscription
Number of Shares issued	1,000,000	2,100,000
Equity issue transaction costs	$180,000	$230,000

(e) The purchase of TPE331 turbine aircraft engines from National Flight at a cost of $1,968,000. The Company is to take delivery of the engines on payment, which is scheduled to occur over the period December 2004 to March 2005. The funds raised under the Offer are to be used to partly fund the purchase of these engines. The balance payable, if any, is to be funded from working capital and/or bank debt. The pro forma Statement of Financial Position has been prepared as if all engines had been delivered as at 30 June 2004 and the vendor paid in cash (from funds raised under this Prospectus) and, under minimum subscription, the balance payable to the vendor ($1,000,000).

Pro Forma Capital Structure

The pro forma capital structure of PTB as at 30 June 2004 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:

	Minimum		Maximum	
	Number of Shares	Contributed Equity $	Number of Shares	Contributed Equity $
Share capital - 30 June 2004	4,000	4,000	4,000	4,000
Pro forma adjustments:				
Share split (1,850 shares for every share held)	7,396,000	-	7,396,000	-
Seed Capital Raising	1,308,897	1,112,562	1,308,897	1,112,562
Transaction costs arising from Seed Capital Raising		(50,000)		(50,000)
Shares to be offered under the Offer	1,000,000	1,000,000	2,100,000	2,100,000
Transaction costs arising from Offer		(180,000)		(230,000)
Pro forma share capital – 30 June 2004	**9,708,897**	**1,886,562**	**10,808,897**	**2,936,562**

7. Risk Factors

7.1 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.

The PTB 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 and the value of an investment in the Company. There can be no guarantee that PTB 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'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;
- 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.

7.2 Specific business risks

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

Currency fluctuations

As a significant and growing part of PTB's trading is undertaken in United States Dollars, a continued rise in the value of the Australian Dollar against the United States Dollar would affect profitability.

Management of United States Operations

PTB is intending to manage its United States operations from Australia with the assistance of National Flight (see section 11). If this management structure does not prove to be feasible, PTB may need to establish a separate United States based operation.

Reliance on key management

PTB currently has a small but efficient management structure. The loss of any individual, particularly the managing director or the sales director, would cause significant disruption to the conduct of its business. To 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 finance customer is unable to meet its commitments, PTB would move to recover its engine 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.

CASA Approval

The Company is relying upon its current status as a CASA approved organisation 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 the Company's CASA approval would impact on the Company's ability to conduct its repair and overhaul business.

Risk of litigation

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

7.3 General investment risks

Share market investments

Prior to the Offer, there has been no public market for the Shares. It is important to recognise that, once the Shares are quoted on NSX, their price might rise or fall and they might trade at prices below or above the Offer Price. There can also be no assurance that an active trading market will develop for the Shares.

Factors affecting the price at which the Shares are traded on NSX 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'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 which affect its operations.

8. Extract - 2004 Financial Report

8.1 Statement of Financial Performance for the Year ended 30 June 2004

	Note	2004 $	2003 $
Revenues from ordinary activities			
Revenue from ordinary activities	2	10,715,370	6,647,674
Expenses from ordinary activities			
Changes in inventories		(215,741)	(1,492,868)
Purchase of inventories		7,596,727	5,221,429
Employee benefits and related costs		1,037,824	857,346
Net foreign exchange losses		77,383	20,360
Depreciation and amortisation		65,193	51,892
Borrowing costs		131,853	18,812
Other expenses		509,446	482,237
		9,202,685	**5,159,208**
Profit from ordinary activities before income tax expense	3	**1,512,685**	**1,488,466**
Income tax expense	4	469,844	442,961
Net profit	**16**	**1,042,841**	**1,045,505**

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

8.2 Statement of Financial Position as at 30 June 2004

	Note	2004 $	2003 $
Current Assets			
Cash assets		115,051	280,594
Receivables	5	3,475,498	1,798,301
Inventories	6	1,780,945	1,565,204
Other	7	154,256	48,984
Total Current Assets		**5,525,750**	**3,693,083**
Non-Current Assets			
Receivables	5	752,575	77,879
Property, plant and equipment	8	392,614	303,660
Deferred tax assets	9	75,866	61,801
Total Non-Current Assets		**1,221,055**	**443,340**
Total Assets		**6,746,805**	**4,136,423**
Current Liabilities			
Payables	10	1,095,754	799,139
Interest-bearing liabilities	11	1,492,973	126,153
Current tax liabilities	12	300,536	328,426
Provisions	13	124,454	123,144
Other	14	123,080	629,672
Total Current Liabilities		**3,136,797**	**2,006,534**
Non-Current Liabilities			
Interest-bearing liabilities	11	497,978	66,694
Provisions	13	60,825	54,831
Total Non-Current Liabilities		**558,803**	**121,525**
Total Liabilities		**3,695,600**	**2,128,059**
Net Assets		**3,051,205**	**2,008,364**
Equity			
Contributed equity	15	4,000	4,000
Retained profits	16	3,047,205	2,004,364
Total Equity		**3,051,205**	**2,008,364**

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

8.3 Statement of Cash Flows for the Year ended 30 June 2004

	Note	2004 $	2003 $
Cash Flow From Operating Activities			
Cash receipts in the course of operations		8,316,580	6,917,757
Cash payments in the course of operations		(9,510,076)	(6,279,552)
Interest received		94,761	10,556
Borrowing costs paid		(131,853)	(18,812)
Income taxes paid		(511,799)	(549,485)
Net cash provided by/(used in) operating activities	**17**	**(1,742,387)**	**80,464**
Cash Flow From Investing Activities			
Payments for property, plant and equipment		(83,156)	(39,002)
Payments for deposit on property, plant and equipment		(71,684)	–
Payment for purchase of business (in 2002 year)		–	(60,750)
Net cash used in investing activities		**(154,840)**	**(99,752)**
Cash Flow From Financing Activities			
Proceeds from borrowings		1,943,365	–
Repayment of borrowings		(500,020)	–
Repayment of lease liabilities		(46,963)	(33,197)
Repayment of director loans		(75,000)	(78,400)
Net cash provided by/(used in) financing activities		**1,321,382**	**(111,597)**
Net decrease in cash held		(575,845)	(130,885)
Cash at the beginning of the year		216,288	347,173
Cash at the end of the year	**17**	**(359,557)**	**216,288**

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

8.4 Notes to the Financial Statements for the year ended 30 June 2004

1. Summary of Significant Accounting Policies

This extract is based on the 2004 financial report of the Company that was prepared in accordance with the recognition and measurement principles prescribed in Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001, but not necessarily all the disclosure requirements. Certain additional information has been incorporated into this extract to provide additional information to prospective investors.

It is prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report.

(a) Income Tax

Tax effect accounting procedures are followed whereby the income tax expense in the statement of financial performance is matched with the accounting profit after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

(b) Cash

For the purposes of the Statement of Cash Flows, cash includes cash at bank and on hand as well as highly liquid investments with short periods to maturity which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(c) Acquisition of Assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their market price as at acquisition date. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

(d) Receivables

Sales made on credit and due 30 days are included in trade debtors at the amounts receivable, net of a provision for amounts estimated to be uncollectable.

Sales type finance lease receivables (hire purchase receivables) are recognised at the amount equal to the aggregate of the present value of the minimum lease payments and the present value of any unguaranteed residual expected to accrue to the benefit of the company at the end of the lease term. The asset is reduced by the principal component of lease receipts. The interest component is credited to the statement of financial performance.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are assigned to individual items of stock on an actual cost basis.

(f) Leased Non-Current Assets (as lessee)

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incident to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the interest expense.

The leased asset is amortised on a straight-line basis over the term of the lease, or where it is likely that the company will obtain ownership of the asset, the life of the asset. Refer note 1(h) for the expected useful lives.

Operating lease payments are charged to the statement of financial performance in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

(g) 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 company, whichever is the shorter.

(h) Depreciation of Property, Plant and Equipment

Depreciation is calculated on a straight-line or diminishing value basis so as to write off the net cost or revalued amount of each item of property, plant and equipment (excluding land) over its expected useful life to the company.

The expected useful lives are as follows:

Class	Life (Years)	Basis
Leasehold improvements	5	SL
Leasehold improvements – leased	6	SL
Plant and equipment	3 - 10	DV
Plant and equipment – leased	6 - 8	DV

(i) Recoverable Amount of Non-Current Assets

The recoverable amount of an asset is the net amount expected to be recovered through the net cash inflows arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. The expected net cash flows included in determining recoverable amounts of non-current assets are not discounted to their present values.

(j) Foreign Currency Translation

Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. At balance date amounts payable and receivable in foreign currencies are translated into Australian currency at rates of exchange current at that date. Resulting exchange differences are recognised in determining the profit for the period.

(k) Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the company. Trade creditors are unsecured and are usually settled within 30 days of recognition.

(l) Interest-Bearing Liabilities

Interest-bearing liabilities are recognised in the statement of financial position at the principal amount. Interest, where applicable, is charged as an expense as it accrues and is included in trade creditors and accruals.

(m) Employee Benefits

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave are recognised 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.

Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised and is measured in accordance with the above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised 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 period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash flows.

Superannuation

Contributions are made by the company to accumulation superannuation funds. Contributions are charged as expenses as they are incurred.

(n) Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs include:

- interest on bank overdrafts and short-term and long-term borrowings;
- amortisation of discounts and premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- finance lease charges.

(o) Unearned Revenue

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

(p) Revenue Recognition

Revenue from the sale of goods is recognised at time of delivery to customers.

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

Lease finance revenue (interest – hire purchase agreements) is recognised progressively by the company over the lease term to achieve a constant periodic rate of return on the carrying amount of the lease receivable (hire purchase receivable) at the beginning of each lease payment period.

(q) 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 amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

(r) Comparatives

Where necessary comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(s) General

This financial information covers Pacific Turbine Brisbane Pty Ltd as an individual entity. Pacific Turbine Brisbane Pty Ltd is a proprietary 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 its status to a public company at the end of December 2004.

(t) International Financial Reporting Standards (AIFRS)

Australian equivalents to International Financial Reporting Standards (AIFRS) will be adopted in the financial report for the year ending 30 June 2006 and the comparative information represented in that report for the year ending 30 June 2005. In preparation for the transition, opening balances as at 1 July 2004 for the comparative year ending 30 June 2005 will be converted to AIFRS in accordance with new accounting standard AASB 1 "First Time Adoption of Australian Equivalents to International Financial Reporting Standards".

The company has had initial discussions with its professional advisors to conduct assessments to identify key areas that will be impacted. The key differences in accounting policies identified at this time which are expected to arise from adoption of AIFRS are as follows:

Impairment of Assets

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

Share Based Payments

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

Income Tax

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

8. Extract - 2004 Financial Report

2. Revenue

	2004 $	2003 $
Revenue from operating activities		
Sale of engines	7,209,755	2,810,664
Sale of parts	3,132,904	3,471,130
Services	272,908	333,324
	10,615,567	**6,615,118**
Revenue from outside the operating activities		
Interest		
- Hire purchase agreements	92,874	-
- Other	1,887	10,556
Other	5,042	22,000
	10,715,370	**6,647,674**

3. Profit from Ordinary Activities

Profit from ordinary activities before income tax expense includes the following specific items:

	2004 $	2003 $
Cost of sale of goods	7,380,986	3,728,561
Write-off of plant and equipment	1,333	-
Depreciation		
- Plant and equipment	42,889	35,027
Amortisation		
- Leasehold improvements	569	-
- Leased leasehold improvements	13,125	5,011
- Leased plant and equipment	8,610	11,854
Operating lease rentals - minimum lease payments		
- Premises	43,429	41,413
- Equipment	2,536	2,536
Bad and doubtful debts - trade debtors	11,601	-
Provision for stock obsolescence	-	30,000

4. Income Tax

The income tax expense for the financial year differs from the amount calculated on the profit. The differences are reconciled as follows:

	2004 $	2003 $
Profit from ordinary activities before income tax expense	1,512,685	1,488,466
Income tax calculated at 30% (2003: 30%)	453,806	446,540
Tax effect of permanent differences:		
- Non-deductible expenditure	9,485	3,181
Income tax adjusted for permanent differences	463,291	449,721
(Over)/under provision in prior year	6,553	(6,760)
Income tax expense	**469,844**	**442,961**

Franking Credits		
Franking credits available for subsequent financial years	1,365,233	877,912

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

(a) franking credits that will arise from the payment of the current tax liability;

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

(c) franking credits that may be prevented from being distributed in subsequent financial years.

5. Receivables

Current	2004 $	2003 $
Trade debtors	1,902,256	1,710,351
Provision for doubtful debts	(40,054)	(40,054)
	1,862,202	1,670,297
Hire purchase receivables	1,613,296	116,151
Other debtors	–	11,853
	3,475,498	**1,798,301**
Non-Current		
Hire purchase receivables	**752,575**	**77,879**

Hire purchase receivables represent amounts owed by customers under hire purchase agreements between the company and the customer for engines sold by the company to those customers. The amounts are repayable by the customers by monthly installments of principal and fixed interest over periods of 1 to 2 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 the company 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.

Lease Commitments Receivable

Minimum lease payments in relation to the hire purchase agreements are receivable as follows:-

	2004 $	2003 $
Within one year	1,748,463	125,254
Later than one year but not later than five years	782,187	79,706
Minimum lease payments	2,530,650	204,960
Future finance revenue		
Within one year	(135,167)	(9,103)
Later that one year but not later than five years	(29,612)	(1,827)
	(164,779)	(10,930)
	2,365,871	**194,030**
Representing hire purchase receivables:		
Current	1,613,296	116,151
Non-current	752,575	77,879
	2,365,871	**194,030**

6. Inventories

	2004 $	2003 $
Work in progress – at cost	403,789	462,178
Finished goods – at cost	1,407,156	1,133,026
	1,810,945	1,595,204
Provision for obsolescence	(30,000)	(30,000)
	1,780,945	**1,565,204**

Finished goods includes both completed engines and engine parts ready for sale. Work in progress includes engines undergoing reconditioning in preparation for sale as well as incomplete repair jobs.

7. Other Assets – Current

	2004 $	2003 $
Prepayments	70,451	48,984
Deposits	83,805	–
	154,256	**48,984**

8. Property, Plant and Equipment

	2004 $	2003 $
Leasehold improvements – at cost	95,151	–
Accumulated amortisation	(569)	–
	94,582	–
Leasehold improvements under finance lease – at cost	73,533	73,533
Accumulated amortisation	(18,136)	(5,011)
	55,397	68,522
Plant and equipment – at cost	266,656	209,375
Accumulated depreciation	(91,465)	(50,291)
	175,191	159,084
Plant and equipment under finance lease - at cost	98,127	98,127
Accumulated amortisation	(30,683)	(22,073)
	67,444	76,054
	392,614	**303,660**

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Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below:

	Leasehold Improvements		Plant & Equipment		
	At Cost $	Under Finance Lease $	At Cost $	Under Finance Lease $	Total $
Carrying amount at 1 July 2003	–	68,522	159,084	76,054	303,660
Additions	95,151	–	60,329	–	155,480
Write-offs	–	–	(1,333)	–	(1,333)
Depreciation/Amortisation	(569)	(13,125)	(42,889)	(8,610)	(65,193)
Carrying amount at 30 June 2004	**94,582**	**55,397**	**175,191**	**67,444**	**392,614**

9. Deferred Tax Assets – Non-Current

	2004 $	2003 $
Future income tax benefit	**75,866**	**61,801**

10. Payables

	2004 $	2003 $
Trade creditors and accruals	1,023,430	799,139
Other creditors	72,324	–
	1,095,754	**799,139**

11. Interest-Bearing Liabilities

Current	2004 $	2003 $
Secured		
Bank overdraft	474,608	64,306
Bank loans	974,867	–
Lease liabilities	43,498	61,847
	1,492,973	**126,153**
Non-Current		
Secured		
Bank loans	468,478	–
Lease liabilities	29,500	66,694
	497,978	**66,694**

The bank overdraft and bank loans are secured by way of a registered mortgage debenture over all assets and undertakings of the company and limited personal guarantees by two directors.

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

Assets Pledged as Security

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

12. Tax Liabilities – Current

	2004 $	2003 $
Income tax	**300,536**	**328,426**

13. Provisions

Current	2004 $	2003 $
Employee benefits	**124,454**	**123,144**
Non-Current		
Employee benefits	**60,825**	**54,831**

Aggregate employee benefits and related on-cost liabilities included in:

	2004 $	2003 $
Trade creditors and accruals – current	30,091	30,668
Provision for employee benefits		
- current	124,454	123,144
- non-current	60,825	54,831
	215,370	**208,643**
Number of employees at end of financial year	**10**	**8**

As at balance date there were no employee share schemes or option plans in existence.

14. Other Liabilities – Current

	2004 $	2003 $
Unearned revenue	-	431,592
Director loans - unsecured	123,080	198,080
	123,080	**629,672**

Refer to note 18 for information on director loans.

15. Contributed Equity

Share capital	2004 $	2003 $
2000 A Class shares fully paid	2,000	2,000
2000 C Class shares fully paid	2,000	2,000
	4,000	**4,000**

There were no movements in ordinary share capital during 2003 and 2004.

A class shares are entitled to one vote each. C Class shares are not entitled to voting rights. Both classes have rights to dividends and proceeds on winding up.

Options

As at balance date there were no share options outstanding.

16. Retained Profits

	2004 $	2003 $
Retained profits at the beginning of the year	2,004,364	958,859
Net profit	1,042,841	1,045,505
Retained profits at the end of the year	**3,047,205**	**2,004,364**

17. Cash Flow Information

(a) Reconciliation of Cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	2004 $	2003 $
Cash assets	115,051	280,594
Bank overdraft	(474,608)	(64,306)
	(359,557)	**216,288**

(b) Reconciliation of Net Cash Flow from Operating Activities to Net Profit after Income Tax Expense

	2004 $	2003 $
Net profit	1,042,841	1,045,505
Depreciation and amortisation	65,193	51,892
Write-off of plant and equipment	1,333	-
Changes in operating assets and liabilities		
(Increase)/decrease in:		
Receivables	(2,360,473)	(381,530)
Inventories	(215,741)	(1,406,209)
Future income tax benefit	(14,065)	11,080
Other assets	(33,588)	(6,046)
Increase/(decrease) in:		
Trade creditors and accruals	224,291	419,122
Employee provisions	7,304	48,584
Unearned income	(431,592)	415,670
Provision for income taxes payable	(27,890)	(117,604)
Net cash flow from operating activities	**(1,742,387)**	**80,464**

(c) Non-cash Investing and Financing Activities

During the 2004 year the company acquired plant and equipment with an aggregate value of $nil by means of finance lease (2003: $89,950).

(d) Finance Facilities

	2004 $	2003 $
Available facilities		
Bank overdraft	500,000	-
Bank loans	2,500,000	-
	3,000,000	**-**
Amounts utilised		
Bank overdraft	474,608	-
Bank loans	1,443,345	-
	1,917,953	**-**
Unused facilities		
Bank overdraft	25,392	-
Bank loans	1,056,655	-
	1,082,047	**-**

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

Bank loans take the form of chattel mortgage facilities. They are repayable by monthly installments of principal and fixed interest over a period of two years from each draw down date. The bank loan facility is subject to annual review.

18. Director and Executive Disclosures

Directors

The following persons were directors of the Company during the whole of the financial year:

Name	Position
CL Baker	Managing Director
SG Smith	Sales and Marketing Director
GD Hills	Director (non-executive)
HR Jones	Director (non-executive)
H Parker	Director (non-executive)

Executives (other than Directors) with the Greatest Authority for Strategic Direction and Management

There were no other executives with the authority for the strategic direction and management of the company during the current or prior year.

Remuneration of Directors

Remuneration policy

The policy for determining the nature and amount of emoluments of board members and senior executives was as follows:

Non-executive directors receive no fees or expenses. The board remuneration policy is to ensure that remuneration packages properly reflect the person's duties, responsibilities and performance. The current executive remuneration structure has two components; base pay and benefits such as superannuation and motor vehicle allowances.

Details of remuneration

2004 Year	Primary		Post-employment	Equity	
	Cash salary & fees $	Non-cash benefits $	Super-annuation $	Options $	Total $
Directors					
CL Baker	126,855	7,775	59,705	–	194,335
SG Smith	206,671	4,838	14,062	–	225,571
GD Hills *	8,303	4,877	2,013	–	15,193
HR Jones	–	–	–	–	–
H Parker	–	–	–	–	–
Total Director	**341,829**	**17,490**	**75,780**	**-**	**435,099**

2003 Year					
Directors					
CL Baker	121,675	8,745	9,787		140,207
SG Smith	122,591	8,796	9,787	–	141,174
GD Hills *	102,601	10,789	8,850	–	122,240
HR Jones	–	–	–	–	–
H Parker	–	–	–	–	–
Total Director	**346,867**	**28,330**	**28,424**	**-**	**403,621**

* In July 2003 GD Hills resigned his employment position with the Company and became a non-executive director from that date.

Equity Instrument Disclosures Relating to Directors

Remuneration options granted and vested during the year

During the financial year, no options were granted as equity compensation benefits.

Shares issued on exercise of remuneration options

During the financial year, no shares were issued on exercise of remuneration options.

Option holdings

There have been no options over unissued interests in the company on issue since incorporation up to 30 June 2004.

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Share holdings

The number of ordinary shares in the company held during the financial year by each director, including their personally-related entities, are set out below.

	Balance at 1/7/03	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance at 30/6/04
Directors					
CL Baker					
- A class	480	-	-	-	480
- C class	480	-	-	-	480
SG Smith					
- A class	480	-	-	-	480
- C class	480	-	-	-	480
GD Hills					
- A class	480	-	-	-	480
- C class	480	-	-	-	480
HR Jones					
- A class	480	-	-	-	480
- C class	480	-	-	-	480
H Parker					
- A class	80	-	-	-	80
- C class	80	-	-	-	80

Loans to Directors

There were no loans to directors during the current or previous reporting period.

Other Transactions with Directors

The Company purchases and sells various aircraft spare parts from/to Airwork (NZ) Ltd (a company associated with CL Baker and HR Jones). In addition, the Company pays for items on behalf of Airwork (NZ) Ltd which are then recharged to that company.

A management fee was charged in 2003 under a management agreement with Pacific Turbine Perth Pty Ltd (a company associated with CL Baker and HR Jones). The agreement was terminated in 2003.

The directors, HR Jones and SG Smith, provided the company with unsecured loans to assist in the funding of the company's initial working capital prior to the 2003 year. There is no set repayment date and the loans are not subject to interest.

	2004 $	2003 $
Amounts recognised as expense		
Purchases of spare parts (CL Baker, HR Jones)	12,589	92,332
Remuneration paid to employees related to the directors (CL Baker, SG Smith, GD Hills)	31,525	60,836
	44,114	**153,168**
Amounts recognised as revenue		
Management fee (CL Baker, HR Jones)	–	22,000
Sale of spare parts (CL Baker, HR Jones)	7,044	3,205
	7,044	**25,205**
Other		
Amounts recharged (CL Baker, HR Jones)	400	10,039
Repayments of director loans		
– SG Smith	75,000	–
– HR Jones	–	78,400
Aggregate amounts receivable/payable arising from the above types of transactions		
– current receivables	39,665	38,672
– current trade creditors and accruals	59,272	50,203
- current director loans		
SG Smith	24,040	99,040
HR Jones	99,040	99,040
	123,080	**198,080**

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

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19. Auditors' Remuneration

Remuneration of the auditor of the company for:

	2004 $	2003 $
- auditing the financial report	18,500	13,000
- other services	-	-

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

20. Commitments for Expenditure

(a) Finance Leases

Commitments in relation to finance leases are payable as follows:

	2004 $	2003 $
Within one year	47,646	68,466
Later than one year but not later than five years	30,851	71,893
Minimum lease payments	78,497	140,359
Future finance charges	(5,499)	(11,818)
	72,998	**128,541**
Representing lease liabilities:		
Current	43,498	61,847
Non-current	29,500	66,694
	72,998	**128,541**

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

(b) Operating Leases

Commitments in relation to non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:

	2004 $	2003 $
Within one year	46,173	44,931
Later than one year but not later than five years	156,635	197,919
	202,808	**242,850**

Operating leases mainly comprise a lease of premises from the Brisbane Airport Corporation which has a term of 20 years 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 CPI increases. The operating leases are under normal commercial operating lease terms and conditions.

(c) Capital Commitments

Commitments for capital expenditure contracted for but not recognised in the financial statements are payable as follows:

	2004 $	2003 $
Within one year	**625,000**	**-**

21. Financial Instruments

Net Fair Value

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

Credit Risk

The credit risk on financial assets which have been recognised in the statement of financial position is generally the carrying amount, net of any provisions.

The company 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 majority of customers are involved in the airline operation industry.
- There are a number of individually significant receivables. For example, at 30 June 2004 the largest 10 debtors comprised approximately 72% (2003: 76%) of total debtors (the largest debtor alone comprised 11% (2003: 13%).
- The receivables are concentrated in three main geographical areas. Refer to note 22 for further information.

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

Interest Rate Risk

The company'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.

	Effective Weighted Average Interest Rate %	Floating Interest Rate $	Fixed Interest Rate Maturing		Non-Interest Bearing $	Total $
			1 year or less $	1 to 5 years $		
2004						
Financial assets						
Cash assets	0.6%	109,113	-	-	5,938	115,051
Trade and other debtors	-	-	-	-	1,862,202	1,862,202
Hire purchase receivables	8.3%	-	1,613,296	752,575	-	2,365,871
Total financial assets		**109,113**	**1,613,296**	**752,575**	**1,868,140**	**4,343,124**
Financial liabilities						
Payables	-	-	-	-	1,095,754	1,095,754
Bank overdraft	8.0%	474,608	-	-	-	474,608
Bank loans	8.5%	-	974,867	468,478	-	1,443,345
Lease liabilities	8.0%	-	43,498	29,500	-	72,998
Director loans	-	-	-	-	123,080	123,080
Total financial liabilities		**474,608**	**1,018,365**	**497,978**	**1,218,834**	**3,209,785**
2003						
Financial assets						
Cash assets	0.3%	272,044	-	-	8,550	280,594
Trade and other debtors	-	-	-	-	1,682,150	1,682,150
Hire purchase receivables	7.0%	-	116,151	77,879	-	194,030
Total financial assets		**272,044**	**116,151**	**77,879**	**1,690,700**	**2,156,774**
Financial liabilities						
Payables	-	-	-	-	799,139	799,139
Bank overdraft	16.6%	64,306	-	-	-	64,306
Lease liabilities	8.8%	-	53,267	66,694	8,580*	128,541
Director loans	-	-	-	-	198,080	198,080
Total financial liabilities		**64,306**	**53,267**	**66,694**	**1,005,799**	**1,190,066**

*GST liability relating to future payments.

Derivative Financial Instruments

The company does not normally use derivative financial instruments.

22. Segment Information

Business Segments (Primary Reporting)

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

Geographical Segments (Secondary Reporting)

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

The following table shows the distribution of the company's sales and receivables by those geographical markets –

	Segment Revenues From Sales to External Customers		Segment Receivables	
	2004 $	2003 $	2004 $	2003 $
Australia/NZ	5,763,370	2,607,159	2,404,416	698,678
Pacific Islands	3,133,148	3,414,075	1,561,092	718,088
USA	824,630	290,711	51,311	240,488
Other	894,419	303,173	211,254	207,073
	10,615,567	**6,615,118**	**4,228,073**	**1,864,327**
Unallocated	99,803	32,556	–	11,853
Total	**10,715,370**	**6,647,674**	**4,228,073**	**1,876,180**

All other segment assets other than receivables are attributed to Australia.

23. Subsequent Events

Refer to section 6.6 of the Prospectus (Pro Forma Statement of Financial Position) for post balance date events which have occurred or are expected to occur.

4 January 2005

JOHNSTON RORKE JR
Chartered Accountants
Floor 5 National Bank House
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
Email jr@jr.com.au

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

Dear Directors

Independent Accountant's Report on Historical Financial Information

We have prepared this Independent Accountant's Report on historical financial information of Pacific Turbine Brisbane Ltd (the Company) for inclusion in a Prospectus dated on or about 4 January 2005 relating to the issue of 2.1 million Shares and listing on the Newcastle Stock Exchange.

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

1. Background

The Company was incorporated in October 2001. Its principal activities comprise the repair and sale of aircraft turbine engines and related parts.

Section 6.2 of the Prospectus contains a summary of the historical financial performance of the Company which has been extracted /derived from the respective financial reports. Section 6.6 of the Prospectus sets out a pro forma statement of financial position, as at 30 June 2004, prepared on the basis of completion of the proposed capital raising and other post balance date transactions. Section 8 of the Prospectus contains an extract from the Company's 2004 financial report.

2. Scope

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

a) the historical financial performance of the Company for the years ended 30 June 2003 and 2004 as set out in section 6.2;

b) the pro forma statement of financial position as at 30 June 2004, which assumes completion of the proposed capital raising and other post balance date transactions as set out in section 6.6 of the Prospectus; and

c) the financial information for the year ended 30 June 2004 as set out in section 8 of the Prospectus.

The above is referred to collectively as the historical financial information.

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

Audit of Actual Historical Statements of Financial Performance - Section 6.2

The actual historical statements of financial performance set out in section 6.2 of the Prospectus have been extracted /derived from the audited financial reports of the Company for the years ended 30 June 2003 and 2004. The financial reports were audited by us with unqualified opinions being expressed. The Directors of the Company are responsible for the actual historical statements of financial performance.

We have conducted an independent audit of the actual historical statements of financial performance of the Company. Our audit has been conducted in accordance with Australian Auditing and Assurance Standards to provide reasonable assurance whether the actual historical statements of financial performance are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the actual historical statements of financial performance are presented fairly in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia and accounting policies adopted by the Company disclosed in section 8 of the Prospectus, so as to present a view which is consistent with our understanding of the Company's results for the years ended 30 June 2003 and 2004. The audit opinion expressed in this report has been formed on the above basis.

9. Independent Accountant's Report

Review of Pro Forma Historical Financial Information – Section 6.6

The pro forma historical financial information set out in section 6.6 of the Prospectus has been derived from the financial report of the Company for the year ended 30 June 2004. The Directors of the Company are responsible for the pro forma historical financial information (including determination of the adjustments).

We have conducted an independent review of the pro forma historical financial information. Our review has been conducted in accordance with Australian Auditing and Assurance Standard AUS 902 "Review of Financial Reports" and was performed in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the pro forma statement of financial position has not been properly prepared on the basis of the pro forma transactions and in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia, and accounting policies adopted by the Company disclosed in section 8 of the Prospectus. We made such inquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances including:

- a review of work papers, accounting records and other documents;
- a review of the assumptions used to compile the pro forma statement of financial position;
- a review of the adjustments made to the pro forma historical financial information;
- a comparison of consistency in application of the recognition and measurement principles in Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by the Company disclosed in section 8 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 on the pro forma historical financial information.

Audit of Actual Historical Financial Information – Section 8

The actual historical financial information set out in section 8 of the Prospectus has been extracted/derived from the audited financial report of the Company for the year ended 30 June 2004. This financial report was audited by us with an unqualified audit opinion being expressed. The Directors of the Company are responsible for the actual historical financial information.

We have conducted an independent audit of the actual historical financial information of the Company. Our audit has been conducted in accordance with Australian Auditing and Assurance Standards to provide reasonable assurance whether the actual historical financial information is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the actual historical financial information, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the actual historical financial information is presented fairly in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia and accounting policies adopted by the Company disclosed in section 8 of the Prospectus, so as to present a view which is consistent with our understanding of the Company's financial position and performance, as represented by the results of its operations and its cash flows for the year ended 30 June 2004. The audit opinion expressed in this report has been formed on the above basis.

This report has been solely prepared to provide potential investors with information on historical results and the financial position of the Company. This report does not address the risks associated with the investment and is not to be relied upon for any purpose other than that for which it was prepared.

9. Independent Accountant's Report

3. Conclusion

Audit Opinion on Actual Historical Statements of Financial Performance – Section 6.2

In our opinion the actual historical statements of financial performance, as set out in section 6.2 of the Prospectus, present fairly the historical financial results of the Company for the years ended 30 June 2003 and 2004 in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia, and accounting policies adopted by the Company disclosed in section 8 of the Prospectus.

Review Statement on Pro Forma Historical Financial Information – Section 6.6

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the pro forma statement of financial position, as set out in section 6.6 of the Prospectus, has not been properly prepared on the basis of the pro forma transactions and in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia, and accounting policies adopted by the Company disclosed in section 8 of the Prospectus.

Audit Opinion on Actual Historical Financial Information – Section 8

In our opinion the actual historical financial information, as set out in section 8 of the Prospectus, presents fairly:

(a) the historical financial performance of the Company for the year ended 30 June 2004; and

(b) the historical statement of financial position of the Company as at 30 June 2004,

in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia, and accounting policies adopted by the Company disclosed in section 8 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 the Company'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 the Company.

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

ROSS WALKER
Partner

DWL:ab
4 January 2005
The Directors
Pacific Turbine Brisbane Ltd
PO Box 306
HAMILTON QLD 4007

William Buck

Dear Sirs

INDEPENDENT REVIEW OF THE DIRECTORS' FORECAST

INTRODUCTION

In accordance with your request, we have prepared this report for inclusion in a Prospectus to be issued by Pacific Turbine Brisbane Ltd (PTB) dated on or about 4 January 2005.

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 Financial Services Guide also forms part of this report and should be read in conjunction with the report.

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

SCOPE OF OUR REPORT

The report deals with the forecast statement of financial performance of PTB for the year ending 30 June 2005 (referred to as the Directors' Forecast) included in this Prospectus at section 6.2. The assumptions underlying the Directors' Forecast are disclosed in section 6.4.

The Directors of PTB are responsible for the preparation and presentation of the Directors' Forecast, including the best estimate assumptions on which it is based, and the sensitivity analysis of the impact on net profit after tax from changes of key assumptions. The Directors' Forecast is 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 have undertaken a review of the Directors' Forecast in order to form an opinion whether anything 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' Forecast;
2. The Directors' Forecast has not been 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' Forecast has not been presented on a basis consistent with the accounting policies of PTB, Australian Accounting Standards and other mandatory professional reporting requirements in Australia.

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' Forecast 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' Forecast.

REVIEW OF THE DIRECTORS' FORECAST

We have conducted our review of the Directors' Forecast in accordance with Australian Auditing and Assurance Standards AUS 804 "The Audit of Prospective Financial Information" and AUS 902 "Review of Financial Reports", and Policy Statement 170 "Prospective Financial Information" issued by the Australian Investment and Securities Commission. We made such inquiries and performed such procedures as we, in our professional judgment, considered reasonable in the circumstances including:

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- Analytical procedures on the audited historical financial reports of PTB for the years ended 30 June 2003 and 2004 and the management financial reports for the five month period to 30 November 2004;
- A review of work papers, accounting records and other documents of PTB;
- A review of the assumptions used to compile the Directors' Forecast;
- A comparison of consistency in application of the recognition and measurement principles in Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by PTB disclosed in section 8.4 of the Prospectus; and
- Enquiry of Directors, management and others.

Our review does not attempt to confirm the achievability of the Directors' Forecast, 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' Forecast 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 7 of the Prospectus.

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. In addition, William Buck Securities Limited was not involved in the preparation of any other part of this Prospectus and makes no representations as to the completeness or accuracy of the information contained in any other part of this Prospectus.

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' Forecast;

2. The Directors' Forecast has 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' Forecast has not been properly compiled and presented on a basis consistent with the accounting policies of PTB, Australian Accounting Standards and other mandatory professional reporting requirements in Australia.

SUBSEQUENT EVENTS

To the best of our knowledge and belief, there have been no material items, transactions or events prior to 4 January 2005, 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.

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 13.6 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 of the Directors' Forecast 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

William Buck

William Buck

Financial Services Guide
General Advice
Version 2, 15 October 2004

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.

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 Expert's Report to be provided to you.

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 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 our report 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 Product Disclosure Statement (PDS) relating to the product and consider the PDS before making any decision about whether to acquire the product.

What kinds of financial services are you authorised to provide me and what kinds of financial products do those services relate to?

William Buck Securities Ltd provides the following services:

- Asset Allocation
- Investment Structuring
- Personal risk insurance
- Retirement planning
- Superannuation
- Wealth Creation
- Debt Structuring
- Savings Plans
- Estate Planning

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;

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- 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.

William Buck Securities Ltd is also authorised (in relation to wholesale and retail clients) to operate the "Farrington Grove Trust" scheme (ARSN: 086 301 377) being a scheme that only holds financial assets, mortgages and incidental property in its capacity as a responsible entity.

William Buck Securities Ltd also acts as Trustee and Manager for three unregistered schemes – Forest Ridge Investment Trust, Waterline Investment Trust and Heritage Pacific Investment Trust No. 3.

We recommend that you regularly review your financial strategy and investments.

Experts Reports

We provide financial product advice by virtue of an engagement to issue an Expert's Report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of 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 a financial services licensee authorised to provide the financial product advice contained in the report.

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

William Buck Securities Ltd is authorised to distribute the William Buck Portfolio Service SuperWrap and Investment Wrap but are not authorised to act for or on behalf of the trustees or administrators of the product.

William Buck Securities Ltd is the responsible entity for the "Farrington Grove Trust" and acts as Trustee and Manager for three unregistered schemes – Forest Ridge Investment Trust, Waterline Investment Trust and Heritage Pacific Investment Trust No. 3.

From time to time William Buck Securities Ltd or William Buck (Qld) Pty Ltd and/or related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

How is William Buck Securities Ltd paid to produce an Expert's Report?

We charge fees for providing Expert's Reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for these fees, neither William Buck Securities Ltd, nor any of its directors, employees or related entities, 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 the Expert's Reports?

We do not pay commissions or provide any other benefits to any person for referring clients to us in connection with the reports that we are engaged to provide.

We do not receive commissions or any other benefits for referring clients in connection with the underlying product and / or 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 Expert's Report. It is the responsibility of the persons who engaged our services to produce the report to meet this cost.

Privacy statement

William Buck Securities Ltd values the privacy of personal information. Since 21 December 2001, when we collect, use, disclose or handle personal information, we are bound by the Privacy Act 1988. We collect personal information to offer, provide, manage and administer the financial services as outlined in this Financial Services Guide. Our privacy policy sets out in detail our policies on the management of personal information. You can obtain a copy of our privacy policy free of charge by visiting **www.williambuck.com.au**, calling the Privacy Officer on (07) 3233 3555 or writing to the Privacy Officer at William Buck Securities Ltd, GPO Box 736, Brisbane Qld 4001.

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.

4. 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.

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11. Material Agreements

11.1 Key documents

The Board considers that certain agreements relating to PTB are significant to the Offer, the operations of PTB 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.

11.2 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 installments. 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, installments, 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 NSX Listing Rules.

The Company has a first lien or charge for unpaid calls, installments 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 NSX Listing Rules 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 NSX Listing Rules.

Directors need not issue share certificates

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

Meeting procedure

NSX 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.

11. Material Agreements

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 NSX 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.

11.3 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.

11.4 Employment agreement – Craig Baker

Craig Louis 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 with specific responsibilities in relation to the Company's operations.

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

PTB 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.

Upon the listing of PTB, Craig Baker will receive 200,000 options exercisable in three years at $1.15 per option.

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.

11.5 Employment agreement – Stephen Smith

Stephen Garry 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. The agreement may be terminated by a minimum of 12 months notice in writing by either party.

PTB 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.

Upon the listing of PTB, Stephen Smith will receive 200,000 options exercisable in three years at $1.15 per option.

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

11.6 National Flight

On 31 October 2004, PTB entered into an agreement with National Flight, for the purchase of a rental pool of TPE331 engines . Under the agreement, title to the engines progressively passes to PTB as installments are paid.

While title to the engines progressively passes to PTB, the agreement authorises National Flight to operate a rental pool of the engines owned by PTB, and to enter into rental agreements on the Company's behalf with customers. In return for managing the rental pool, National Flight receives a fixed fee per flying hour with respect to each engine rented on behalf of the PTB.

PTB will also pay National Flight an hourly fee or fixed percentage on each rental agreement which National Flight facilitates which is outside of the arrangements regarding the rental pool, provided that National Flight underwrites all credit risk associated with such agreement.

National Flight may also receive a commission on the net sale price of each engine sold by National Flight on behalf of PTB on terms acceptable to PTB.

11.7 Restriction agreements

Pursuant to the NSX Listing Rules, the Founding Shareholders will enter into restriction agreements pursuant to which they may be restricted from dealing in a specified number of fully paid ordinary shares in PTB held by them, for a period specified by NSX. The total number of Shares which are expected to be restricted is 7.4 million.

Restriction agreements will be in the form required by the NSX Listing Rules and restrict the ability of the Founding Shareholders to dispose of, create any security interest in or transfer effective ownership or control of, the restricted shares.

11.8 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.

11.9 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:

(a) the constitution of PTB;

(b) the consents to the issue of this Prospectus.

12. Corporate Governance

12.1 Scope of responsibility of the Board

Responsibility for the Company's proper corporate governance rests with the Board. The Board's guiding principle in meeting this responsibility is to act honestly, conscientiously and fairly, in accordance with the law, in the interests of PTB's shareholders (with a view to building sustainable value for them) and those of employees and other stakeholders.

The Board's broad function is to:

(a) chart strategy and set financial targets for the Company;

(b) monitor the implementation and execution of strategy and performance against financial targets; and

(c) appoint and oversee the performance of executive management and generally to take and fulfil an effective leadership role in relation to the Company.

Power and authority in certain areas is specifically reserved to the Board - consistent with its function as outlined above. These areas include:

(a) composition of the Board itself including the appointment and removal of Directors;

(b) oversight of the Company including its control and accountability system;

(c) appointment and removal of senior management and the Company secretary;

(d) reviewing and overseeing systems of risk management and internal compliance and control, codes of ethics and conduct, and legal and statutory compliance;

(e) monitoring senior management's performance and implementation of strategy; and

(f) approving and monitoring financial and other reporting and the operation of committees.

12.2 Composition of Board

The Board performs its role and function, consistent with the above statement of its overall corporate governance responsibility, in accordance with the following principles:

(a) the Board should comprise at least five directors;

(b) at least half of the Board should be non-executive directors independent from management; and

(c) the chairman of the Board should be one of the independent non-executive directors.

12.3 Board charter and policy

The Board has adopted a charter (which will be kept under review and amended from time to time as the Board may consider appropriate) to give formal recognition to the matters outlined above. This charter sets out various other matters that are important for effective corporate governance including the following:

(a) a detailed definition of 'independence';

(b) a framework for the identification of candidates for appointment to the Board and their selection;

(c) a framework for individual performance review and evaluation;

(d) proper training to be made available to Directors both at the time of their appointment and on an on-going basis;

(e) basic procedures for meetings of the Board and its committees - frequency, agenda, minutes and private discussion of management issues among non-executive Directors;

(f) ethical standards and values - formalised in a detailed code of ethics and values;

(g) dealings in securities - formalised in a detailed code for securities transactions designed to ensure fair and transparent trading by Directors and senior management and their associates; and

(h) communications with shareholders and the market.

These initiatives, together with the other matters provided for in the Board's charter, are designed to 'institutionalise' good corporate governance and generally, to build a culture of best practice in PTB's own internal practices and in its dealings with others.

12.4 Audit and risk management committee

The purpose of this committee is to advise on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Group. Its current members are Harvey Parker, Craig Baker, Dick David, Hugh Jones, and Stephen Smith.

The committee performs a variety of functions relevant to risk management and internal and external reporting and reports to the Board following each meeting. Among other matters for which the committee is responsible are the following:

(a) Board and committee structure to facilitate a proper review function by the Board;

(b) internal control framework including management information systems;

(c) corporate risk assessment and compliance with internal controls;

(d) internal audit function and management processes supporting external reporting;

(e) review of financial statements and other financial information distributed externally;

(f) review of the effectiveness of the audit function;

(g) review of the performance and independence of the external auditors;

(h) review of the external audit function to ensure prompt remedial action by management, where appropriate, in relation to any deficiency in or breakdown of controls;

(i) assessing the adequacy of external reporting for the needs of shareholders; and

(j) monitoring compliance with the Company's code of ethics.

Meetings are held at least three times each year. A broad agenda is laid down for each regular meeting according to an annual cycle. The committee invites the external auditors to attend each of its meetings.

12.5 Remuneration committee

The purpose of this committee is to assist the Board and report to it on remuneration and issues relevant to remuneration policies and practices including those for senior management and non-executive Directors. Its current members are Harvey Parker, Dick David, and Hugh Jones.

Among the functions performed by the committee are the following:

(a) review and evaluation of market practices and trends on remuneration matters;

(b) recommendations to the Board in relation to the Company's remuneration policies and procedures;

(c) oversight of the performance of senior management and non-executive Directors; and

(d) recommendations to the Board in relation to the remuneration of senior management and non-executive Directors.

Meetings are held at least twice each year.

12.6 Nominations committee

The purpose of this committee is to assist the Board and make recommendations to it in relation to the appointment of new Directors . Its current members are Harvey Parker, Dick David, and Hugh Jones.

Functions performed by the committee include the following:

(a) development of suitable criteria (as regards skills, qualifications and experience) for Board candidates;

(b) identification and consideration of possible candidates, and recommendation to the Board accordingly;

(c) establishment of procedures, and recommendations to the Chairman, for the proper oversight of the Board and management; and

(d) ensuring the performance of each Director is reviewed and assessed each year in accordance with procedures adopted by the Board.

Meetings are held at least annually.

12.7 Best practice commitment

The Company is committed to achieving and maintaining the highest standards of conduct and has undertaken various initiatives, as outlined in this section, that are designed to achieve this objective. PTB's corporate governance charter is intended to 'institutionalise' good corporate governance and, generally, to build a culture of best practice both in the Company's own internal practices and in its dealings with others.

The following are a tangible demonstration of the Company's corporate governance commitment.

Independent professional advice

With the prior approval of the Chairman, which may not be unreasonably withheld or delayed, each Director has the right to seek independent legal and other professional advice concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as directors. Any costs incurred are borne by the Company.

Code of ethics and values

The Company has developed and adopted a detailed code of ethics and values to guide Directors in the performance of their duties.

Code of conduct for transactions in securities

The Company has developed and adopted a formal code to regulate dealings in securities by Directors and senior management and their associates. This is designed to ensure fair and transparent trading in accordance with both the law and best practice.

Charter

The code of ethics and values and the code of conduct for transactions in securities (referred to above) both form part of the Company's corporate governance charter which has been formally adopted, which complies with Australian Stock Exchange ('ASX') corporate governance guidelines and best practice recommendations.

The ASX document, 'Principles of Good Corporate Governance and Best Practice Recommendations' ('Guidelines') applying to listed entities was published in March 2003 by the ASX Corporate Governance Council with the aim of enhancing the credibility and transparency of Australia's capital markets.

The Board has assessed the Company's current practice against the Guidelines and outlines its assessment below:

Principle 1 – Lay solid foundations for management and oversight

The role of the Board and delegation to management have been formalised as described above in this section and will continue to be refined, in accordance with the Guidelines, in light of practical experience gained in operating as a listed company. PTB complies with the Guidelines in this area.

Principle 2 – Structure the Board to add value

Of the five Company Directors, Harvey Parker, Hugh Jones and Dick David are non-executive directors.

Together, the Directors have a broad range of experience, expertise, skills, qualifications and contacts relevant to the business of the Company.

Principle 3 – Promote ethical and responsible decision making

The Board has adopted a detailed code of ethics and values and a detailed code of conduct for transactions in securities as referred to above. The purpose of these codes is to guide Directors in the performance of their duties and to define the circumstances in which both they and management, and their respective associates, are permitted to deal in securities.

The Board will ensure that restrictions on dealings in securities are strictly enforced. Both codes have been designed with a view to ensuring the highest ethical and professional standards , as well as compliance with legal obligations, and therefore compliance with the Guidelines.

Principle 4 – Safeguard integrity in financial reporting

The audit and risk committee (with its own charter) complies with the guidelines. All the members of the audit committee are financially literate.

Principle 5 – Make timely and balanced disclosure

PTB's current practice on disclosure is consistent with the Guidelines. Policies and procedures for compliance with NSX Listing Rules disclosure requirements are included in the Company's corporate governance charter.

Principle 6 – Respect the rights of shareholders

The Board recognises the importance of this principle and strives to communicate with shareholders both regularly and clearly – both by electronic means and using more traditional communication methods. Shareholders are encouraged to attend and participate at general meetings. The Company's auditors will always attend the annual general meeting and will be available to answer shareholders' questions. The Company's policies comply with the Guidelines in relation to the rights of shareholders.

Principle 7 – Recognise and manage risks

The Board, together with management, has constantly sought to identify, monitor and mitigate risk.
Internal controls are monitored on a continuous basis and, wherever possible improved. The whole issue of risk management is formalised in the Company's corporate governance charter (which complies with the Guidelines in relation to risk management) and will continue to be kept under regular review. Review takes place at both committee level (audit and risk management committee), with meetings at least three times each year, at Board level.

Principle 8 – Encourage enhanced performance

The corporate governance charter adopted by the Board requires individual performance review and evaluation to be conducted formally on an annual basis. The Board acknowledges that performance can always be enhanced and will continue to seek and consider ways of further enhancing performance both individually and collectively. PTB's practice complies with the Guidelines in this area.

Principle 9 – Remunerate fairly and responsibly

PTB's current practices in this area are reviewed regularly and comply with the Guidelines. Remuneration of Directors and executives is fully disclosed in the annual report.
The remuneration committee, which advises and reports to the Board, is appropriately constituted in that members of the remuneration committee are non-executive directors with experience in corporate governance best practice.

Principle 10 – Recognise the legitimate interests of stakeholders

The Board recognises the importance of this principle (which it believes represents not only sound ethics but also good business sense and commercial practice) and continues to develop and implement procedures to ensure compliance with legal and other obligations to legitimate stakeholders. The Company and its policies and practices comply with the Guidelines in this area.

13. Additional Information

13.1 Incorporation

PTB was incorporated in Queensland on 9 October 2001.

PTB has a financial year end of 30 June.

13.2 Rights attaching to Shares

PTB has only one class of shares, fully paid ordinary shares ('Shares'). As at the date of this Prospectus, PTB has 8,708,897 Shares on issue. The rights attaching to Shares in PTB are set out in the Constitution and summarised in section 11.2 of this Prospectus.

13.3 Shareholding qualifications

Directors are not required under the Constitution to hold any Shares.

13.4 Litigation

PTB 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.

13.5 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 10 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 8 of this Prospectus in the form and context in which it is included.

ASX Perpetual Registrars 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.

13.6 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:

(a) has any interest or has had any interest during the last two years, in the formation or promotion of PTB, or in property acquired or proposed to be acquired by PTB in connection with its formation or promotion, or the Offer of the Shares; and

(b) 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, 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 $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 $25,000 plus GST in respect of these services.

In addition, Huntington Group Pty Ltd previously acted as an advisor to the Company on its capital raising strategies. It has accrued fees up to and including the Seed Capital Raising of $37,000 plus GST for these services.

Upon the listing of PTB, Huntington Group Pty Ltd will be issued with 150,000 options at $1.15 per share. The option term will be three years from the date of issue.

Johnston Rorke is the auditor of the Company and has acted as Independent Accountant performed work in relation to due diligence enquires. Johnston Rorke will be paid an amount of $20,000 plus GST in respect of these services.

William Buck Securities Ltd has prepared an Independent Review of Directors Forecast in section 10 of this Prospectus. William Buck Securities Ltd will be paid an amount of $20,000 plus GST up to the date of this Prospectus in respect of these services.

13.7 Interests of Directors

Other than set out above or elsewhere in this Prospectus:

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

(b) 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 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 or the Offer of Shares.

Share holdings

The Directors of PTB or their associates have a beneficial interest in the following shares and options in PTB:

Director	Shares	Options
Harvey Parker	296,000	–
Craig Baker	1,776,000	200,000
Dick David	250,000	–
Hugh Jones	1,776,000	–
Stephen Smith	1,776,000	200,000
Andrew Kemp	85,000	150,000

Andrew Kemp, a director and 50% shareholder of Huntington Group Pty Ltd, is Dick David's alternate director. The fees Huntington Group Pty Ltd has received from the Company are disclosed in section 13.6. Huntington Group Pty Ltd participated in the Seed Capital Raising and currently holds 85,000 shares in PTB. In addition, upon the listing of PTB, Huntington Group Pty Ltd will be issued with 150,000 options at $1.15 per share. The option term will be three years from the date of issue.

Payments to Directors

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

The maximum aggregate amount which has been approved by PTB's shareholders for payment to the Directors is $50,000 per annum. An amount of approximately $25,000 per annum is to be paid to the Directors for the current year to 30 June 2005.

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.

13. Additional Information

13.8 Expenses of the Offer

The total estimated expenses of the Offer payable by the Company including NSX and ASIC fees, underwriting fees, accounting fees, legal fees, share registry fees, printing costs, public relations costs and other miscellaneous expenses are estimated to be approximately $230,000.

These expenses comprise:

	$
Legal fees	55,000
William Buck Securities Ltd	20,000
Johnston Rorke	20,000
Printing postage and marketing	15,990
ASIC fees	2,010
NSX fees	12,000
Brokerage and commission	80,000
Huntington Group Pty Ltd	25,000
Total	**$230,000**

13.9 Privacy

Upon applying for Shares in the Company, Applicants will be required to provide personal information to PTB 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.

13.10 ASIC Exemptions/Modifications

Save for a declaratory instrument issued by ASIC mentioned below, there are no separate exemptions or modifications granted by ASIC under the Corporations Act applicable to this Prospectus.

ASIC has, pursuant to section 951B of the Corporations Act, issued an instrument to enable William Buck Securities Limited to issue their Financial Services Guide and a copy of their report entitled 'Independent Review of Directors' Forecast' together in this Prospectus.

13.11 Authorisation

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

Dated 4 January 2005

Harvey Parker
Chairman

Pin cheque(s) here. Do not staple.

Pacific Turbine Brisbane Ltd

ABN 99 098 390 991

Application Form

This Application Form is important. If you are in doubt as to how to deal with it, please contact your stockbroker or professional adviser without delay. You should read the entire Prospectus carefully before completing the form.

Share Offer

AFSL Code

Advisor Code

AFSL Reference Stamp Only

Offer Closes 1st March 2005

A Shares Applied for

No of Shares X Price per Share **A $1.00**

B

Total Application amount **A $**

Must be a minimum of 2,000 shares.
Applications for more than 2,000 shares must be in multiples of 500 Shares

C Print your name here

Name of Applicant 1

Name of Applicant 2 or <Account Name>

Name of Applicant 3 or <Account Name>

D Print your postal address here

PO Box number/ Street Number/Street Name

Suburb/Town

State

Post Code

E Tax file number or ABN Number

TFN of Applicant 1

TFN of Applicant 2

Exemption Category

ABN of Applicant 1

ABN of Applicant 2

F CHESS HIN (if applicable)

G Cheque payment details

Please fill out your cheque details and make your cheque payable to 'PACIFIC TURBINE BRISBANE LTD SHARE OFFER'

Name of drawer of cheque	Cheque No.	BSB No.	Account No.	Amount A$
			Total Amount Enclosed $	

H Telephone Number

( )

Important Notice

The Corporations Act prohibits any person from passing onto another person the Application Form which was attached to this Prospectus, unless the Application Form is attached to or accompanying a complete and unaltered copy of the Prospectus and accompanied by any relevant supplementary prospectus. A person who gives another person access to the Application Form must at the same time and by the same means give the other person access to the Prospectus, and any supplementary prospectus. Applications for Shares will only be accepted if made on an Application Form issued together with this Prospectus.

Guide to Completing the Application Form

A Enter the number of Shares you wish to apply for. The application must be for a minimum of 2,000 Shares. Applications for greater than 2,000 Shares must be in multiples of 500 Shares

B Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares applied for by the price per Share.

C Enter the full name you wish to appear on the register. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable name. Applications using the wrong form of name may be **rejected**. Clearing House Electronic Sub-Register System (CHESS) participants should complete their name and address in the same format as that are presently registered in the CHESS system.

D Enter your postal address for all correspondence. All communications to you from the Share Registry will be mailed to the address as shown. For joint Applicants, only one address can be entered.

E Enter your Tax File Number (TFN) or exemption category or Australian Business Number (ABN). Collection of TFNs and ABNs is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application. However, if no TFN or ABN is quoted any dividends may be taxed at the highest marginal tax rate plus the Medicare Levy.

F Pacific Turbine Brisbane Ltd will apply to the NSX to participate in CHESS. In CHESS, the Company will operate an electronic CHESS subregister of share holdings and an electronic issuer sponsored subregister of share holdings. Together the two subregisters will make up the Company's principal register of shares. The Company will not be issuing certificates to Applicants in respect of Shares allotted.

If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold securities allotted to you under this application in uncertificated form on the CHESS subregister, enter your CHESS HIN. Otherwise, leave the section blank and on allotment, you will be sponsored by Pacific Turbine Brisbane Ltd and a Security holder Reference Number (SRN) will be allocated to you.

Payment

G Make your cheque or bank draft payable to 'PACIFIC TURBINE BRISBANE LTD SHARE OFFER' in Australian currency and cross it "Not Negotiable". Your cheque or bank draft must be drawn in Australian dollars.

Complete the cheque details in the boxes provided. The amount must agree with the amount shown in box "B".

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(s) to the Application Form where indicated.

H Enter your telephone number. This will assist us to contact you if there are any problems with your Application.

BEFORE COMPLETING THE APPLICATION FORM THE APPLICANT(S) SHOULD READ THE PROSPECTUS TO WHICH THE APPLICATION RELATES. BY LODGING THE APPLICATION FORM, THE APPLICANT(S) AGREES THAT THIS APPLICATION IS FOR SHARES IN PACIFIC TURBINE BRISBANE LTD UPON AND SUBJECT TO THE TERMS OF THE PROSPECTUS, AGREES TO TAKE ANY NUMBER OF SHARES EQUAL TO OR LESS THAN THE NUMBER OF SHARES SHOWN IN BOX A THAT MAY BE ALLOTTED TO THE APPLICANT(S) PURSUANT TO THE PROSPECTUS AND DECLARES THAT ALL DETAILS AND STATEMENTS MADE ARE COMPLETE AND ACCURATE AND THE APPLICANT HAS PERSONALLY RECEIVED A COMPLETE AND UNALTERED PROSPECTUS. IT IS NOT NECESSARY TO SIGN THE APPLICATION FORM.

Lodgement of Applications

Return your completed Application Form with cheque(s) attached to:

Pacific Turbine Brisbane Ltd Share Offer
C/- Huntington Group Pty Ltd
Level 38, 123 Eagle Street
PO Box 7009, Riverside
BRISBANE QLD 4001
AUSTRALIA

Correct forms of registrable name

Note that ONLY legal entities are allowed to hold Shares. Applications must be in the name(s) of natural persons, companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. The name of the beneficial or any other registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable names below.

Type of Investor	Correct Form	Samples of Incorrect Form
Individual • Use given names, not initials	John Alfred Smith	J.A. Smith
Company • Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts • Use trustee(s) personal name(s), • Do not use the name of the trust	Janet Smith <Janet Smith Family>	Janet Smith Family Trust
Deceased Estates • Use executor(s) personal name(s), • Do not use the name of the deceased	Michael Smith <Est John Smith A/C>	Estate of Late John Smith
Partnerships • Use partners' personal name(s), • Do not use the name of the partnership	John Smith and Michael Smith .John Smith & Son A/c.	John Smith & Son
Clubs/Unincorporated Bodies/Business Names • Use office bearer(s) personal name(s), • Do not use the name of clubs etc	Janet Smith <ABC Tennis Association>	ABC Tennis Association
Superannuation Funds • Use name of trustee of fund, • Do not use the name of the fund	John Smith Pty Ltd <Super Fund A/C>	John Smith Pty Ltd Superannuation Fund

Pin cheque(s) here. Do not staple.

Pacific Turbine Brisbane Ltd

ABN 99 098 390 991

Application Form

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Share Offer

AFSL Code

Advisor Code

AFSL Reference Stamp Only

Offer Closes 1st March 2005

A Shares Applied for

No of Shares X Price per Share **A $1.00**

B

Total Application amount **A $**

Must be a minimum of 2,000 shares.
Applications for more than 2,000 shares must be in multiples of 500 Shares

C Print your name here

Name of Applicant 1

Name of Applicant 2 or <Account Name>

Name of Applicant 3 or <Account Name>

D Print your postal address here

PO Box number/ Street Number/Street Name

Suburb/Town

State

Post Code

E Tax file number or ABN Number

TFN of Applicant 1

TFN of Applicant 2

Exemption Category

ABN of Applicant 1

ABN of Applicant 2

F CHESS HIN (if applicable)

G Cheque payment details

Please fill out your cheque details and make your cheque payable to 'PACIFIC TURBINE BRISBANE LTD SHARE OFFER'

Name of drawer of cheque	Cheque No.	BSB No.	Account No.	Amount A$
			Total Amount Enclosed $	

H Telephone Number

( )

Important Notice

The Corporations Act prohibits any person from passing onto another person the Application Form which was attached to this Prospectus, unless the Application Form is attached to or accompanying a complete and unaltered copy of the Prospectus and accompanied by any relevant supplementary prospectus. A person who gives another person access to the Application Form must at the same time and by the same means give the other person access to the Prospectus, and any supplementary prospectus. Applications for Shares will only be accepted if made on an Application Form issued together with this Prospectus.

Guide to Completing the Application Form

A Enter the number of Shares you wish to apply for. The application must be for a minimum of 2,000 Shares. Applications for greater than 2,000 Shares must be in multiples of 500 Shares

B Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares applied for by the price per Share.

C Enter the full name you wish to appear on the register. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable name. Applications using the wrong form of name may be **rejected**. Clearing House Electronic Sub-Register System (CHESS) participants should complete their name and address in the same format as that are presently registered in the CHESS system.

D Enter your postal address for all correspondence. All communications to you from the Share Registry will be mailed to the address as shown. For joint Applicants, only one address can be entered.

E Enter your Tax File Number (TFN) or exemption category or Australian Business Number (ABN). Collection of TFNs and ABNs is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application. However, if no TFN or ABN is quoted any dividends may be taxed at the highest marginal tax rate plus the Medicare Levy.

F Pacific Turbine Brisbane Ltd will apply to the NSX to participate in CHESS. In CHESS, the Company will operate an electronic CHESS subregister of share holdings and an electronic issuer sponsored subregister of share holdings. Together the two subregisters will make up the Company's principal register of shares. The Company will not be issuing certificates to Applicants in respect of Shares allotted.

If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold securities allotted to you under this application in uncertificated form on the CHESS subregister, enter your CHESS HIN. Otherwise, leave the section blank and on allotment, you will be sponsored by Pacific Turbine Brisbane Ltd and a Security holder Reference Number (SRN) will be allocated to you.

Payment

G Make your cheque or bank draft payable to 'PACIFIC TURBINE BRISBANE LTD SHARE OFFER' in Australian currency and cross it "Not Negotiable". Your cheque or bank draft must be drawn in Australian dollars.

Complete the cheque details in the boxes provided. The amount must agree with the amount shown in box "B".

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(s) to the Application Form where indicated.

H Enter your telephone number. This will assist us to contact you if there are any problems with your Application.

BEFORE COMPLETING THE APPLICATION FORM THE APPLICANT(S) SHOULD READ THE PROSPECTUS TO WHICH THE APPLICATION RELATES. BY LODGING THE APPLICATION FORM, THE APPLICANT(S) AGREES THAT THIS APPLICATION IS FOR SHARES IN PACIFIC TURBINE BRISBANE LTD UPON AND SUBJECT TO THE TERMS OF THE PROSPECTUS, AGREES TO TAKE ANY NUMBER OF SHARES EQUAL TO OR LESS THAN THE NUMBER OF SHARES SHOWN IN BOX A THAT MAY BE ALLOTTED TO THE APPLICANT(S) PURSUANT TO THE PROSPECTUS AND DECLARES THAT ALL DETAILS AND STATEMENTS MADE ARE COMPLETE AND ACCURATE AND THE APPLICANT HAS PERSONALLY RECEIVED A COMPLETE AND UNALTERED PROSPECTUS. IT IS NOT NECESSARY TO SIGN THE APPLICATION FORM.

Lodgement of Applications

Return your completed Application Form with cheque(s) attached to:

Pacific Turbine Brisbane Ltd Share Offer
C/- Huntington Group Pty Ltd
Level 38, 123 Eagle Street
PO Box 7009, Riverside
BRISBANE QLD 4001
AUSTRALIA

Correct forms of registrable name

Note that ONLY legal entities are allowed to hold Shares. Applications must be in the name(s) of natural persons, companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. The name of the beneficial or any other registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable names below.

Type of Investor	Correct Form	Samples of Incorrect Form
Individual • Use given names, not initials	John Alfred Smith	J.A. Smith
Company • Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts • Use trustee(s) personal name(s), • Do not use the name of the trust	Janet Smith <Janet Smith Family>	Janet Smith Family Trust
Deceased Estates • Use executor(s) personal name(s), • Do not use the name of the deceased	Michael Smith <Est John Smith A/C>	Estate of Late John Smith
Partnerships • Use partners' personal name(s), • Do not use the name of the partnership	John Smith and Michael Smith .John Smith & Son A/c.	John Smith & Son
Clubs/Unincorporated Bodies/Business Names • Use office bearer(s) personal name(s), • Do not use the name of clubs etc	Janet Smith <ABC Tennis Association>	ABC Tennis Association
Superannuation Funds • Use name of trustee of fund, • Do not use the name of the fund	John Smith Pty Ltd <Super Fund A/C>	John Smith Pty Ltd Superannuation Fund

PACIFIC TURBINE BRISBANE

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Brisbane Airport Qld 4007 AUSTRALIA
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