

Appendix 4D Half Year Report and Condensed Half Year Financial Report

Name of entity

PACIFICA GROUP LIMITED

Reporting period

Half year ended 30 June 2006

Previous corresponding period

Half year ended 30 June 2005



This document contains the half year information given to ASX under listing rule 4.2A.3 and the half year financial report prepared in accordance with the requirements of Accounting Standard AASB 134 *Interim Financial Reporting*.

The information should be read in conjunction with the 2005 Annual Financial Report.

Appendix 4D

Half year report

Name of entity

PACIFICA GROUP LIMITED

ABN

69 006 530 641

Half year ended

30 June 2006

2. Results for announcement to the market

\$A'000

2.1 Total revenue	up	10.1% to	438,962
2.2 (a) Profit after tax for the period attributable to equity holders of the parent before significant items	up	32.8% to	15,099
2.2 (b) Profit after tax for the period attributable to equity holders of the parent after significant items	up	107.5% to	15,070
2.3 Net profit for the period attributable to equity holders of the parent	up	107.5% to	15,070
2.4 Dividends			
		Amount per security	Franked amount per security
Interim dividend (<i>reporting period</i>)		4.0 cents	2.4 cents
Interim dividend (<i>previous corresponding period</i>)		4.0 cents	2.2 cents

Record date for determining entitlements to the dividend

1 September 2006

A brief explanation of any of the figures reported above

Please refer to the accompanying Pacifica Group Limited Profit Report which is included as Attachment 1 to this Appendix 4D and Condensed Half Year Financial Report.

Appendix 4D

Half year report

Name of entity

PACIFICA GROUP LIMITED

ABN

69 006 530 641

Half year ended

30 June 2006

30 June 2006	31 December 2005
\$1.62	\$1.51

3. Net tangible assets per security

4 (a) Details of entities over which control has been gained

None to report

4 (b) Details of entities over which control has been lost

4.1 Name of entity

Melwire Group

4.2 Date of loss of control

1 May 2006

4.3 (a) Contribution to profit after tax up to date of loss
of control

\$531,000

4.3 (b) Contribution to profit after tax for the whole of the
previous corresponding period

\$879,000

4.3 (c) Contribution to profit after tax from the sale of interest
leading to the loss of control

\$1,826,000

5. Details of individual and total dividends

Dividends recognised during the half year

Final ordinary dividend of 3.0 cents per share, franked to
34% at 30% tax rate, paid 7 April 2006

2006 \$000	2005 \$000
4,070	-
-	13,562
5,427	-
-	5,427

Final ordinary dividend of 10.0 cents per share, franked to
85% at 30% tax rate, paid 4 April 2005

Dividends recognised subsequent to the end of the half year

Interim ordinary dividend of 4.0 cents per share, franked to
60% at 30% tax rate, payable 15 September 2006

Interim ordinary dividend of 4.0 cents per share, franked to
55% at 30% tax rate, payable 16 September 2005

Appendix 4D

Half year report

Name of entity

PACIFICA GROUP LIMITED

ABN

69 006 530 641

Half year ended

30 June 2006

6. Details of any dividend reinvestment plans in operation

The Pacifica Group Limited Dividend Reinvestment Plan was suspended with effect from the interim 2001 dividend paid 5 October 2001.

7. Details of associates

Pacifica Group Limited has a 49% interest (2005: 49%) in FMP Group (Australia) Pty Ltd, an Australian resident company involved in the manufacture and sale of friction materials.

Results of associate and contribution to net profit

Share of associate's profit (loss) before income tax
Share of associate's income tax expense
Share of associate's net profit (loss) as disclosed by associate
Adjustment for dissimilar accounting treatment
Associate's contribution to net profit

	2006	2005
	\$000	\$000
	(464)	49
	182	4
	(282)	53
	(47)	-
	(329)	53

8. Not applicable

9. The accounts are not subject to an audit dispute or qualification.

R S Joblin
Company Secretary

Dated 3 August 2006

Financial Report for the Half Year ended 30 June 2006



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Directors' Report

The Directors present their report together with the condensed consolidated Half Year Financial Report of Pacifica Group Limited (the Company) and its subsidiaries (together being the Group) for the half year ended 30 June 2006 and the auditor's review report thereon.

Directors

The Directors of the Company at any time during the half year and up to the date of this report are set out below.

Jeremy K Ellis MA	Non-Executive Director since August 1999 and Non-Executive Chairman since July 2002
Patrick M Burroughs FCA, BSSc (Hons)	Non-Executive Director since August 2004
Anthony J Clarke FCPA, BComm	Finance Director since June 2002
G Douglas W Curlewis BA, MBA	Non-Executive Director since March 1998
Peter A F Hay LLB	Non-Executive Director since September 1989
John R MacKenzie BSc	Managing Director since July 2001
Peter G Thomas AM, BComm	Non-Executive Director since June 2004

Review of Operations

A review of the operations of the Group during the half year and the results of those operations is set out in the Pacifica Group Limited Profit Report dated 3 August 2006 which forms part of this Directors' Report. The Profit Report is included as Attachment 1 to the Financial Report.

Lead Auditor's Independence Declaration

A copy of the lead auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included on page 7 of this Financial Report.

Rounding of Amounts

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998. As a result, amounts in the Half Year Financial Report have been rounded off to the nearest thousand dollars unless otherwise stated.

Signed on this 3rd day of August 2006 in accordance with a resolution of the Directors:

J K Ellis
Director

J R MacKenzie
Director

Lead Auditor's Independence Declaration



***Lead Auditor's Independence Declaration under Section 307C
of the Corporations Act 2001***

To: the directors of Pacifica Group Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 30 June 2006 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Adrian V. King

Adrian V King
Partner

Melbourne, 3 August 2006

Condensed Consolidated Income Statement for the half year ended 30 June 2006

	Note	2006 \$000	2005 \$000
Sale of goods		437,693	398,061
Finance income		1,114	550
Royalty income		155	68
Revenue		438,962	398,679
Cost of sales		(379,119)	(346,099)
Gross profit		59,843	52,580
Other income	3(a)	11,070	6,840
Marketing and selling expenses		(7,524)	(8,080)
Warehouse and distribution expenses		(3,456)	(2,912)
Administration expenses		(11,004)	(13,659)
Research and development expenses		(9,896)	(8,336)
Other expenses	3(b)	(4,699)	(6,075)
Profit before tax and finance costs	3(c)	34,334	20,358
Finance costs	3(c)	(7,093)	(7,231)
Share of profit (loss) of associate		(329)	53
Profit before income tax		26,912	13,180
Income tax expense		(7,844)	(3,592)
Profit for the period	3(d)	19,068	9,588
Profit for the period attributable to:			
Equity holders of the parent		15,070	7,264
Minority interests		3,998	2,324
		19,068	9,588
		cents	cents
Earnings per share			
Basic earnings per share		11.1	5.4
Diluted earnings per share		10.6	5.2
Dividends paid per share		3.0	10.0

Condensed Consolidated Balance Sheet as at 30 June 2006

	Note	30 June 2006 \$000	31 December 2005 \$000
ASSETS			
Cash and cash equivalents		78,409	81,669
Trade and other receivables		182,404	135,124
Inventories		59,837	61,951
Prepayments		3,224	4,104
Total current assets		323,874	282,848
Trade and other receivables		10,646	10,762
Investments accounted for using the equity method		21,641	21,970
Deferred tax assets		34	398
Property, plant and equipment		453,642	457,470
Intangible assets		41,164	40,614
Total non-current assets		527,127	531,214
Total assets		851,001	814,062
LIABILITIES			
Trade and other payables		150,976	127,213
Interest bearing borrowings		39,716	45,178
Current tax payable		4,202	4,964
Provisions		25,870	25,817
Deferred government grants		3,493	3,034
Total current liabilities		224,257	206,206
Interest bearing borrowings		261,792	258,486
Deferred tax liabilities		13,238	13,880
Provisions		7,839	6,610
Deferred government grants		16,172	15,608
Total non-current liabilities		299,041	294,584
Total liabilities		523,298	500,790
Net assets		327,703	313,272
EQUITY			
Issued capital	6	220,473	220,286
Reserves		12,099	7,825
Retained earnings		28,174	17,174
Parent interests		260,746	245,285
Minority interests		66,957	67,987
Total equity		327,703	313,272

Condensed Consolidated Cash Flow Statement for the half year ended 30 June 2006

	2006	2005
	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	388,711	400,265
Cash payments to suppliers and employees	(351,828)	(345,212)
Cash generated from operations	36,883	55,053
Interest received	1,091	532
Interest paid and expensed in the income statement	(7,541)	(7,278)
Income taxes paid	(7,564)	(6,887)
Net cash from operating activities	22,869	41,420
CASH FLOWS FROM INVESTING ACTIVITIES		
Development expenditure	-	(2,724)
Proceeds from sale of property, plant and equipment	777	1,171
Proceeds from sale of subsidiaries net of cash disposed	13,444	-
Purchase of other intangibles	-	(455)
Purchase of property, plant and equipment	(26,543)	(28,415)
Interest paid and capitalised to property, plant and equipment	(1,506)	(488)
Net cash provided by (used in) investing activities	(13,828)	(30,911)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	187	81
Proceeds from borrowings	19,062	8,900
Repayment of borrowings	(26,205)	(9,310)
Dividends paid to equity holders of the parent	(4,070)	(13,562)
Dividends paid to minority interests	(6,850)	(2,422)
Share buy back	-	(1,174)
Net cash provided by (used in) financing activities	(17,876)	(17,487)
Net increase (decrease) in cash and cash equivalents	(8,835)	(6,978)
Cash and cash equivalents at the beginning of the half year	81,669	87,026
Effects of exchange rate fluctuations on cash held	1,743	(1,382)
Cash and cash equivalents at the end of the half year	74,577	78,666
	cents	cents
Operating cash flow per share	16.9	30.5

Condensed Consolidated Statement of Changes in Equity for the half year ended 30 June 2006

	Parent interests				Minority interests	Total equity
	Issued capital	Reserves	Retained earnings	Total		
	\$000	\$000	\$000	\$000		
At 1 January 2005	286,540	5,534	(41,183)	250,891	63,544	314,435
Income tax liability recognised directly in equity	-	-	-	-	1,160	1,160
Currency translation differences	-	(2,286)	-	(2,286)	787	(1,499)
Total income (expense) recognised directly in equity	-	(2,286)	-	(2,286)	1,947	(339)
Profit for the period	-	-	7,264	7,264	2,324	9,588
Total income (expense)	-	(2,286)	7,264	4,978	4,271	9,249
Transactions with equity holders:						
Expense of share-based payments	-	696	-	696	-	696
Issue of share capital	81	-	-	81	-	81
Share buy back	(1,174)	-	-	(1,174)	-	(1,174)
Dividends	-	-	(13,562)	(13,562)	(2,422)	(15,984)
At 30 June 2005	285,447	3,944	(47,481)	241,910	65,393	307,303
At 1 January 2006	220,286	7,825	17,174	245,285	67,987	313,272
Income tax liability recognised directly in equity	-	-	-	-	2,019	2,019
Currency translation differences	-	3,189	-	3,189	(197)	2,992
Total income (expense) recognised directly in equity	-	3,189	-	3,189	1,822	5,011
Profit for the period	-	-	15,070	15,070	3,998	19,068
Total income (expense)	-	3,189	15,070	18,259	5,820	24,079
Transactions with equity holders:						
Expense of share-based payments	-	1,085	-	1,085	-	1,085
Issue of share capital	187	-	-	187	-	187
Share buy back	-	-	-	-	-	-
Dividends	-	-	(4,070)	(4,070)	(6,850)	(10,920)
At 30 June 2006	220,473	12,099	28,174	260,746	66,957	327,703

Notes to the Condensed Consolidated Financial Statements for the half year ended 30 June 2006

Note 1. Basis of Preparation and Statement of Compliance

Pacifica Group Limited is a company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Stock Exchange. The condensed consolidated financial report of Pacifica Group Limited (the Company) for the half year ended 30 June 2006 comprises the Company and its subsidiaries (together being the Group) and the Group's interest in associates.

The condensed consolidated financial report was authorised for issue in accordance with a resolution of Directors on 3 August 2006.

The condensed consolidated financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards adopted by the Australian Accounting Standards Board, including AASB 134 *Interim Financial Reporting*.

This condensed consolidated financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2005 and any public announcements made by Pacifica Group Limited during the interim reporting period in accordance with the continuous disclosure obligations arising under the Corporations Act 2001. The accounting policies and methods of computation applied in preparing the condensed consolidated financial report are the same as those applied in the 31 December 2005 annual report.

In the financial report for the year ended 31 December 2005, Directors identified two key sources of estimation uncertainty that would have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the ensuing reporting period. During the current reporting period, Directors reassessed the estimates in respect of:

- (i) the recoverable amount of certain trade receivables (refer Note 3(d)); and
- (ii) the cash flow assumptions used to determine the recoverable amount of the Group's equity accounted investment. The reassessment concluded that no additional impairment loss was required to be recognised in the financial statements; however, the continuing poor earnings performance of FMP Australia means that its carrying value is still at risk of further adjustment.

The condensed consolidated financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that this financial report, comprising the condensed consolidated financial statements and notes thereto, complies with International Financial Reporting Standards.

Notes to the Condensed Consolidated Financial Statements for the half year ended 30 June 2006

Note 2. Segment Reporting

Segment revenue and segment result based on location of assets - half year ended 30 June 2006

	Australia & New Zealand \$000	United States of America \$000	Europe \$000	Asia \$000	Eliminations \$000	Consolidated \$000
Sale of goods	81,690	270,733	67,220	18,050	-	437,693
Royalty income	134	-	21	-	-	155
Segment revenue from external customers	81,824	270,733	67,241	18,050	-	437,848
Inter-segment revenue	25,829	-	-	25,504	(51,333)	-
Segment revenue	107,653	270,733	67,241	43,554	(51,333)	437,848
Unallocated revenue						1,114
Total revenue						438,962
Operating segment result	9,650	10,451	12,559	2,286	-	34,946
Significant items	(639)	1,725	-	-	-	1,086
Segment result	9,011	12,176	12,559	2,286	-	36,032
Associate's profit (loss)	(329)	-	-	-	-	(329)
Unallocated corporate expenses						(1,575)
Unallocated significant items						(1,237)
Finance costs net of finance income						(5,979)
Profit before income tax						26,912

Segment sales revenue based on location of external customers - half year ended 30 June 2006

	Australia & New Zealand \$000	United States of America \$000	Europe \$000	Asia \$000	Eliminations \$000	Consolidated \$000
Sales by asset location	81,690	270,733	67,220	18,050	-	437,693
(Export) import sales	(8,400)	8,189	-	211	-	-
Sales by customer location	73,290	278,922	67,220	18,261	-	437,693

Notes to the Condensed Consolidated Financial Statements for the half year ended 30 June 2006

Note 2. Segment Reporting (continued)

Segment revenue and segment result based on location of assets - half year ended 30 June 2005

	Australia & New Zealand \$000	United States of America \$000	Europe \$000	Asia \$000	Eliminations \$000	Consolidated \$000
Sale of goods	126,935	206,221	49,870	15,035	-	398,061
Royalty income	33	-	35	-	-	68
Segment revenue from external customers	126,968	206,221	49,905	15,035	-	398,129
Inter-segment revenue	17,801	-	-	4,455	(22,256)	-
Segment revenue	144,769	206,221	49,905	19,490	(22,256)	398,129
Unallocated revenue						550
Total revenue						398,679
Operating segment result	15,195	5,926	5,890	1,034	-	28,045
Significant items	(4,514)	(452)	-	-	-	(4,966)
Segment result	10,681	5,474	5,890	1,034	-	23,079
Associate's profit (loss)	53	-	-	-	-	53
Unallocated corporate expenses						(3,271)
Unallocated significant items						-
Finance costs net of finance income						(6,681)
Profit before income tax						13,180

Segment sales revenue based on location of external customers - half year ended 30 June 2005

	Australia & New Zealand \$000	United States of America \$000	Europe \$000	Asia \$000	Eliminations \$000	Consolidated \$000
Sales by asset location	126,935	206,221	49,870	15,035	-	398,061
(Export) import sales	(35,952)	33,769	-	2,183	-	-
Sales by customer location	90,983	239,990	49,870	17,218	-	398,061

Notes to the Condensed Consolidated Financial Statements for the half year ended 30 June 2006

	2006	2005
	\$000	\$000
Note 3. Items of Income and Expense		
(a) Other income		
Government grants	4,522	3,212
Net gain on disposal of property, plant and equipment	-	257
Net gain on sale of subsidiary (refer Note 3(d))	1,602	-
Reversal of impairment loss on receivables (refer Note 3(d))	1,861	-
Sundry other income	3,085	3,371
	11,070	6,840
(b) Other expenses		
Change of control appraisal costs (refer Note 3(d))	1,237	-
Expense of share-based payments	1,085	696
Rationalisation costs (refer Note 3(d))	2,377	5,379
	4,699	6,075
(c) Other relevant expenses included in the income statement		
Finance costs:		
Borrowing costs on loans and overdrafts	9,050	7,889
Finance charges payable under finance leases	4	5
Borrowing costs capitalised to property, plant and equipment	(1,506)	(488)
(Gain) loss on fair value derivatives	(455)	(175)
	7,093	7,231
Employee benefits expense:		
Wages and salaries	63,043	61,102
Social security costs	3,792	3,378
Contributions to defined contribution plans	4,029	4,099
Expense of share-based payments	1,085	696
	71,949	69,275
Amortisation of intangibles	1,403	1,374
Depreciation of property, plant and equipment	27,656	25,581
Net foreign exchange differences	(99)	(269)
Operating lease expense	3,124	4,116

Notes to the Condensed Consolidated Financial Statements for the half year ended 30 June 2006

Note 3. Items of Income and Expense (continued)	Pre-tax profit \$000	Income tax \$000	Profit for the period \$000	Attributable to:	
				Parent interests \$000	Minority interests \$000
(d) Individually significant income (expense) items					
<i>Half year ended 30 June 2006</i>					
Included in other income:					
Gain on sale of subsidiary	1,602	224	1,826	1,826	-
Reversal of impairment loss on trade receivables	1,861	(646)	1,215	761	454
Included in other expenses:					
Change of control appraisal costs	(1,237)	285	(952)	(952)	-
Rationalisation costs	(2,377)	713	(1,664)	(1,664)	-
<i>Half year ended 30 June 2005</i>					
Rationalisation costs included in other expenses	(5,379)	1,636	(3,743)	(3,743)	-
Rationalisation costs included in associate profit	(367)	-	(367)	(367)	-

Gain on sale of subsidiary

With effect from 1 May 2006, the Group sold for cash its 100% interest in the shares of Melwire Pty Ltd and Mounts Wire Industries Ltd, which together comprise the Melwire Group (refer Note 8).

Reversal of impairment loss on trade receivables

In the previous financial year, an impairment loss was recognised for non-recovery of approximately 50% of the pre-petition debt owed by Delphi Corporation at the time of its filing for Chapter 11 protection. In the current half year, Pacifica negotiated the sale of pre-petition Delphi debt for 67 cents in the dollar, with the proceeds being received in July 2006.

Rationalisation costs

Includes redundancy costs and asset write-offs primarily associated with rationalisation of Australian automotive activities.

	2006 cents	2005 cents
Note 4. Earnings per Share		
(a) EPS		
Basic EPS including significant items	11.1	5.4
Basic EPS excluding significant items	11.1	8.4
Diluted EPS including significant items	10.6	5.2
Diluted EPS excluding significant items	10.6	8.1

Notes to the Condensed Consolidated Financial Statements for the half year ended 30 June 2006

Note 4. Earnings per Share (continued)	2006	2005
	\$000	\$000
(b) Profit used in the calculation of basic and diluted EPS		
Profit attributable to equity holders of the parent used in the calculation of EPS including significant items	15,070	7,264
Add back (deduct) individually significant loss (profit) items attributable to equity holders of the parent:		
Gain on sale of subsidiary	(1,826)	-
Reversal of impairment loss on trade receivables	(761)	-
Change of control appraisal costs	952	-
Rationalisation costs	1,664	4,110
Profit used in the calculation of EPS excluding significant items	15,099	11,374
	number	number
(c) Weighted average number of ordinary shares		
Number used as the denominator in calculating basic EPS	135,682,481	135,705,014
Effect of executive share options on issue and expired	6,192,209	4,549,100
Number used as the denominator in calculating diluted EPS	141,874,690	140,254,114
Note 5. Dividends		
Dividends recognised during the half year		
Final ordinary dividend of 3.0 cents per share, franked to 34% at 30% tax rate, paid 7 April 2006	4,070	-
Final ordinary dividend of 10.0 cents per share, franked to 85% at 30% tax rate, paid 4 April 2005	-	13,562
Dividends recognised subsequent to the end of the half year		
Interim ordinary dividend of 4.0 cents per share, franked to 60% at 30% tax rate, payable 15 September 2006	5,427	-
Interim ordinary dividend of 4.0 cents per share, franked to 55% at 30% tax rate, payable 16 September 2005	-	5,427

Notes to the Condensed Consolidated Financial Statements for the half year ended 30 June 2006

Note 6. Issued Capital	30 June 2006 \$000	31 December 2005 \$000
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Issued capital

Ordinary shares issued 135,682,481 (31 December 2005: 135,682,481)	220,473	220,286
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	2006 number	2006 \$000
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Movements in ordinary shares on issue

Balance at the beginning of the half year	135,682,481	220,286
Receipt pursuant to Employee Share Plan	-	187
Balance at the end of the half year	135,682,481	220,473

Note 7. Commitments and Contingencies	30 June 2006 \$000	31 December 2005 \$000
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(a) Capital expenditure commitments

Capital expenditure contracted but not provided for and payable within one year	605	21,135
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(b) Contingent liabilities

There were no material changes in contingent liabilities since 31 December 2005.

Notes to the Condensed Consolidated Financial Statements for the half year ended 30 June 2006

Note 8. Changes in Composition of the Group

Acquisitions

The Group did not acquire any subsidiaries during the current or previous corresponding half year.

Disposals

During the current half year, the Group sold for cash its 100% interest in the shares of Melwire Pty Ltd and Mounts Wire Industries Ltd, which together comprise the Melwire Group. The sales have effect from 1 May 2006. Financial details of the disposal are shown below.

	2006 \$000
Cash consideration received	14,647
Cash in subsidiaries sold	(1,203)
Total consideration net of cash disposed	13,444
Fair value of net assets disposed	
Receivables	3,649
Inventories	5,149
Property, plant and equipment	5,234
Deferred tax assets	174
Payables	(1,327)
Provisions	(1,184)
Net identifiable assets and liabilities	11,695
Excess of consideration over net assets disposed	1,749
Related cumulative foreign currency translation reserve	(147)
Net gain on sale of subsidiary	1,602

Directors' Declaration

In the opinion of the Directors of Pacifica Group Limited:

- 1 the financial statements and notes set out on pages 8 to 19 are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the financial position of the Group as at 30 June 2006 and of its performance, as represented by the results of its operations and its cash flows for the half year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- 2 there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed on this 3rd day of August 2006 in accordance with a resolution of the Directors.

J K Ellis
Director

J R MacKenzie
Director

Independent Review Report to the Members of Pacifica Group Limited

Scope

The financial report and directors' responsibility

The financial report comprises the condensed consolidated interim statements of income, balance sheet, changes in equity, cash flows, accompanying notes 1 to 8 to the financial statements, and the directors' declaration set out on pages 8 to 20 for Pacifica Group Limited ("the Consolidated Entity"), for the half-year ended 30 June 2006. The Consolidated Entity comprises Pacifica Group Limited ("the Company") and the entities it controlled during that half-year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review in order for the Company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether on the basis of the procedures described anything has come to our attention that would indicate the financial report does not present fairly, in accordance with the Corporations Act 2001, Australian Accounting Standard AASB 134 *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Consolidated Entity's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which were limited primarily to:

- enquiries of company personnel; and
- analytical procedures applied to the financial data.

Independent Review Report to the Members of Pacifica Group Limited (continued)

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

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

A review cannot guarantee that all material misstatements have been detected.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe the half-year financial report of Pacifica Group Limited is not in accordance with:

- a) the Corporations Act 2001, including:
 - i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2006 and of its performance for the half-year ended on that date; and
 - ii. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- b) other mandatory financial reporting requirements in Australia.

KPMG

KPMG



Adrian V King
Partner

Place: Melbourne
Date: 3 August 2006

Attachment 1 - Pacifica Group Limited Profit Report dated 3 August 2006

"PACIFICA DELIVERS SIGNIFICANTLY IMPROVED INTERIM EARNINGS
 IN LINE WITH EXPECTATIONS"

Financial Summary	2006	2005	% change
Half Year ended 30 June 2006	\$000	\$000	fav/-unfav
Sales revenue	437,693	398,061	10%
Cash EBIT (EBITDA)	63,405	53,001	20%
Depreciation and amortisation	(29,059)	(26,955)	
Other non-cash expenses	(1,304)	(439)	
EBIT	33,042	25,607	29%
Net interest	(5,979)	(6,681)	11%
Tax	(8,420)	(5,228)	-61%
Minority interests	(3,544)	(2,324)	-52%
Net operating profit	15,099	11,374	33%
EPS (cents)	11.1	8.4	32%
Return on equity	12.0%	9.3%	
Significant items after tax	(29)	(4,110)	
Net profit	15,070	7,264	107%
EPS (cents)	11.1	5.4	
<i>Other Financial Items:</i>			
Interim dividend per share	4.0c	4.0c	
Operating cash flow	22,869	41,420	
Net debt	223,099	221,995	at 31 Dec 2005
Gearing (net debt to equity)	68.1%	70.9%	at 31 Dec 2005
Interest cover (EBITDA to interest)	10.6	7.9	
EBITDA % to sales	14.5%	13.3%	
Return on net operating assets (EBIT to NOA)	12.4%	10.1%	

Pacifica Group Limited reported a net profit after significant items of \$15.1 million for the six months ended 30 June 2006. This represents a 107% increase over the comparable half and is broadly in line with the Company's expectations.

Attachment 1 - Pacifica Group Limited Profit Report dated 3 August 2006

In summary, the six months to 30 June 2006 included:

- Sales of \$437.7 million, an increase of 10% over the comparable period
- Net profit before significant items of \$15.1 million, up 33% from \$11.4 million, reflecting a combination of:
 - The positive impact on profitability from increased North American volumes
 - Weak Australian car demand weighing on the performance of the domestic business
 - Another strong performance from AP Italia as supply to further new programs commenced
 - An improved overall EBITDA margin of 14.5%
- Significant items amounting to a net charge of \$29,000 compared to a charge of \$4.1 million in the previous corresponding period
- Period end gearing of 68%, down from 71% at 31 December 2005
- Interim dividend of 4 cents franked to 60%
- Completion of Construction Products divestment with the sale of Melwire

Commentary

Against the background of a still difficult automotive industry environment, Pacifica has achieved a satisfactory turnaround in its first half earnings. The improved net profit has been driven by continued strong growth from the Company's European operations and by a better North American result as supply to the new General Motors' light truck platform ramped up.

The improvement in Pacifica's overall EBITDA margin, which builds on the trend established in the second half of 2005, is also a pleasing outcome and the Company expects the emerging cost benefits from the enlarged manufacturing base in Asia to underpin the Group's long term competitiveness.

North America

Pacifica's North American operations recorded an increase in sales revenue of approximately 20%, largely reflecting commencement of supply to General Motors' GMT900 light truck

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platform. This was offset to some extent by a sharper than anticipated decline in demand for GM's ageing mid-sized light truck platform. Margins at both the Knoxville, Tennessee and Columbia, South Carolina plants improved on the back of increased volumes.

Volumes for the GMT900 platform have been slightly better than expected and are anticipated to be at a similar level in the second half which contains fewer sales days. In contrast, demand associated with GM's mid-sized light trucks has been disappointing and is likely to remain so ahead of the launch of the Lambda crossover vehicle late this year. While the performance of the key GMT900 platform has been encouraging to date, the longer term direction of overall North American light truck volumes, in a high fuel cost environment, is uncertain.

Australia

The Australian business experienced tough trading conditions. A 35% drop in automotive revenue reflected both the relocation of export Banksia park brake volumes to Thailand in 2005 and worse than expected softness in large passenger car volumes in the domestic market.

PBR Australia's first half was very challenging. Underlying demand remains a concern, but the second half will benefit from the commencement of supply of new products for Toyota's export Camry, as well as supply to the recently launched VE Commodore. The Australian business continues to contend with the repercussions of structural change in the domestic automotive industry supplier base.

Europe

AP Italia has produced another very strong result, increasing first half sales by 35% and earnings by over 100%. This performance reflects the new contracts progressively coming on stream which will fuel further growth over the balance of 2006. AP Italia's operating margin has continued to increase, as expanded throughput realises operational efficiencies. The strength of the result also reflects the seasonality of sales volumes which are biased towards the first half.

AP Italia is a valuable and growing component of Pacifica's earnings mix. With its differing product offering and customer profile, this business is creating growth opportunities for Pacifica elsewhere in the world which would otherwise be difficult to realise. Specifically, the Company continues to pursue opportunities to extend both AP Italia's drum brake expertise and its customer relationships into the Asian region.

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Asia

An improved result from Asia was lower than originally anticipated owing to the sharper than expected deterioration in caliper and park brake volumes associated with GM's mid-sized light truck platform. While benefits from the lower cost base established in Asia are now beginning to emerge, these were diluted in the half by lower than expected volumes. Construction of the iron foundry in Dalian, China is largely complete and foundry trials will commence later this year.

Pacifica's strategy of creating a world-competitive manufacturing footprint in the region is progressing well. The Company is also continuing to pursue the other aspect to its regional strategy, namely direct participation in the growth opportunities presented by the local automotive market. Whilst not large in volume terms, the Company will commence supply of calipers, rotors and park brakes to Shanghai GM in early 2007.

Friction Materials

FMP Australia continues to perform poorly, reflecting a prolongation of soft aftermarket conditions and the continued presence of competing imported product in a slightly smaller market. As previously advised, a new original equipment contract, in respect of the VE Commodore, will assist FMP's earnings from mid-2006.

Significant Items

Significant items recognised in the six months to 30 June 2006 amount to a net charge of \$29,000 after tax and comprise:

- Profit on sale of Melwire of \$1.8 million. The Company announced the sale of this residual component of the former Construction Products Division on 1 May 2006.
- Reversal of impairment loss on Delphi receivable of \$0.8 million. At 31 December 2005, the Pacifica Board determined to provide for 50% of the sum owing by Delphi Corporation at the time of its petition for Chapter 11 protection under the US Bankruptcy Code. Pacifica has recently sold its pre-petition Delphi receivable in the credit default market, realising a sum in excess of written down value. The related proceeds of approximately \$9 million were received in July.

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- Change of control appraisal costs of \$1.0 million, incurred in relation to the third party approach notified to the market on 10 April 2006. On 28 July 2006, the Company announced that discussions with that party had been terminated following its refusal to lift its conditional offer of \$2.40 per share. The Pacifica Board has determined that the offer does not represent an adequate premium for control.
- Rationalisation and asset writedown costs of \$1.7 million, associated with the relocation of Banksia park brake production to Thailand.

Cash Flow

Operating cash flow declined to \$22.9 million in the half, owing to altered customer trading terms associated with changeover from the GMT800 to GMT900 platform and the reversion back to normal terms with Delphi from a cash-on-delivery basis. Second half cash flow is expected to be substantially stronger and will be bolstered by settlement of the pre-petition Delphi receivable in July.

Capital expenditure in the half amounted to approximately \$27 million, with the major components being the Dalian foundry and the installation of equipment in Australia to accommodate new business volumes. It is now expected that full year spend will be around \$60 million. Period end gearing (net debt to equity) dropped to 68% and is expected to fall to approximately 62% at year end. Interest cover at the EBITDA level has strengthened to be in excess of 10 times in the latest half.

Dividend

The Board has declared an interim dividend of 4 cents per share franked to 60%, which equates to a payout ratio of approximately 36% of earnings after significant items. The lower than normal payout ratio reflects the Board's decision to prioritise debt reduction in the face of industry risks and uncertainties. This policy will be applied until the Company is back within its traditional targeted gearing zone of 55-60%. The dividend will be paid on 15 September 2006 to shareholders registered as at 1 September 2006.

Outlook

Pacifica's first half performance represents an encouraging turnaround. Whilst the Company continues to target a full year net profit after significant items in the mid-\$30 million range,

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dated 3 August 2006

which is in line with the Company's previous guidance and would represent a significant improvement over 2005, Directors are mindful of a number of market-related uncertainties which could impact the outcome. These include the degree of decline in large passenger car volumes in the Australian market, the growing pressure on costs associated with the upheaval in the domestic supplier base and the possibility of increased steel-related costs. Directors will again review the carrying value of FMP Australia at year end.

Looking out to 2007, the degree of earnings growth which Pacifica can achieve is proving difficult to predict. Whilst expected growth from AP Italia and the commencement of realisation of cost benefits in Asia are positive influences, there are uncertainties attached to the current trend in Australian-produced vehicles and the outlook for the North American light truck market. There are also the domestic supplier and steel-related cost pressures to take into consideration.