

Appendix 4D Half Year Report and Condensed Interim Financial Report

Name of entity

PACIFICA GROUP LIMITED

Reporting period

Half year ended 30 June 2008

Previous corresponding period

Half year ended 30 June 2007



This document contains the half year information given to ASX under listing rule 4.2A.3 and the interim 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 2007 Annual Report.

Appendix 4D

Half year report

Name of entity

PACIFICA GROUP LIMITED

ABN

69 006 530 641

Half year ended

30 June 2008

2. Results for announcement to the market

\$A'000

2.1 Total revenue from continuing operations	down	20.5%	to	274,200
2.2 (a) Profit (loss) after tax for the period attributable to equity holders of the parent before significant items	down	3756.1%	to	(22,944)
2.2 (b) Profit (loss) after tax for the period attributable to equity holders of the parent after significant items	down	169.4%	to	(37,841)
2.3 Net profit (loss) for the period attributable to equity holders of the parent	down	169.4%	to	(37,841)
2.4 Dividends		Amount per security		Franked amount per security
Interim dividend (<i>reporting period</i>)		nil		nil
Interim dividend (<i>previous corresponding period</i>)		nil		nil
Record date for determining entitlements to the dividend	not applicable			
A brief explanation of any of the figures reported above				
<p>Please refer to the Pacifica Group Limited Profit Report which is included as Attachment 1 to this Appendix 4D Half Year Report and Condensed Interim Financial Report. Due to the absence of profits for the reporting period, no interim dividend is proposed.</p>				

Appendix 4D

Half year report

Name of entity

PACIFICA GROUP LIMITED

ABN

69 006 530 641

Half year ended

30 June 2008

3. Net tangible assets per security

30 June 2008	31 December 2007
\$1.63	\$1.95

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

None to report

5. Details of individual and total dividends

Dividends recognised during the half year

No final ordinary dividend was paid in respect of the financial year ended 31 December 2007

No final ordinary dividend was paid in respect of the financial year ended 31 December 2006

Dividends recognised subsequent to the end of the half year

No interim ordinary dividend is proposed in respect of the financial half year ended 30 June 2008

No interim ordinary dividend was paid in respect of the financial half year ended 30 June 2007

2008 \$000	2007 \$000
-	-
-	-

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.

Appendix 4D

Half year report

Name of entity

PACIFICA GROUP LIMITED

ABN

69 006 530 641

Half year ended

30 June 2008

7. Details of associates

Pacifica Group Limited has a 49% interest (2007: 49%) in FMP Group (Australia) Pty Ltd, an Australian resident company whose principal activity is the manufacture and sale of friction materials.

	2008	2007
	\$000	\$000
<i>Results of associate and contribution to net profit (loss)</i>		
Share of associate's profit (loss) before income tax	(1,946)	(1,292)
Share of associate's tax (expense) income	563	401
Share of associate's net profit (loss) as disclosed by associate	(1,383)	(891)
Adjustment for dissimilar accounting treatment	87	52
Adjustment for unrealised profit in inventory	3	-
Associate's contribution to net profit (loss)	(1,293)	(839)

8. For foreign entities, which set of accounting standards is used in compiling the report.

Not applicable to Pacifica Group Limited

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

P H Rose
Company Secretary

Dated 5 August 2008

Condensed Interim Financial Report

for the Half Year ended 30 June 2008



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Directors' Report

The Directors of Pacifica Group Limited (the Company) present their report together with the condensed consolidated interim financial report of the Company and its subsidiaries (collectively the Group) for the half year ended 30 June 2008 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.

Peter Delhey MA	Executive Chairman since 7 March 2007
Patrick Burroughs FCA, BSSc (Hons)	Independent Non-Executive Director since August 2004
Peter Hay LLB	Independent Non-Executive Director since September 1989 until his retirement from the Board on 16 May 2008
Michael Kopka MBA	Executive Director since 7 March 2007
Guenther Plapp MSc	Non-Executive Director since 7 March 2007 until his retirement from the Board on 16 May 2008
David Robinson	Non-Executive Director since 11 May 2007

Review of Operations

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

Auditor's Independence Declaration

A copy of the 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 Condensed Interim Financial Report have been rounded off to the nearest thousand dollars unless otherwise stated.

Signed on this 5th day of August 2008 in accordance with a resolution of the Directors:

P M Burroughs
Director

M P Kopka
Director

Auditor's Independence Declaration



PricewaterhouseCoopers
ABN 52 780 433 757

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Auditor's Independence Declaration

As lead auditor for the review of Pacifica Group Limited for the half-year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Pacifica Group Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Graeme Billings', with a long horizontal flourish extending to the right.

Graeme Billings
Partner
PricewaterhouseCoopers

Melbourne
5 August 2008

Liability limited by a scheme approved under Professional Standards Legislation

Condensed Consolidated Income Statement for the half year ended 30 June 2008

	Note	2008 \$000	2007 \$000
Sale of goods		273,053	343,334
Finance income		734	1,368
Royalty income		413	80
Revenue from continuing operations		274,200	344,782
Cost of sales		(277,833)	(331,699)
Gross profit (loss)		(3,633)	13,083
Other income	3(a)	5,893	6,179
Selling and distribution expenses		(8,163)	(8,298)
Administration expenses		(10,904)	(12,377)
Research and development expenses		(9,396)	(7,856)
Other expenses	3(b)	-	(15,602)
Profit (loss) before tax and finance costs		(26,203)	(24,871)
Finance costs	3(c)	(2,457)	(8,698)
Share of profit (loss) of associate		(1,293)	(839)
Profit (loss) before income tax		(29,953)	(34,408)
Tax (expense) income	5	(15,115)	11,042
Profit (loss) from continuing operations		(45,068)	(23,366)
Profit from discontinued operations	6	-	6,993
Profit (loss) for the period		(45,068)	(16,373)
Profit (loss) for the period attributable to:			
Equity holders of the parent entity		(37,841)	(14,048)
Minority interest		(7,227)	(2,325)
		(45,068)	(16,373)

		cents	cents
Earnings per share for profit (loss) from continuing operations attributable to the ordinary equity holders of the parent entity	4		
Basic earnings per share		(26.7)	(15.1)
Diluted earnings per share		(26.7)	(15.1)
Earnings per share for profit (loss) attributable to the ordinary equity holders of the parent entity	4		
Basic earnings per share		(26.7)	(10.1)
Diluted earnings per share		(26.7)	(10.1)

Condensed Consolidated Balance Sheet

as at 30 June 2008

	Note	30 June 2008 \$000	31 December 2007 \$000
ASSETS			
Cash and cash equivalents		57,206	72,529
Trade and other receivables		91,505	95,776
Inventories		48,307	42,945
Current tax assets		903	866
Total current assets		197,921	212,116
Trade and other receivables		10,712	10,176
Investments accounted for using the equity method		14,560	15,853
Deferred tax assets		567	14,305
Property, plant and equipment		313,256	338,875
Intangible assets		9,362	10,201
Total non-current assets		348,457	389,410
Total assets		546,378	601,526
LIABILITIES			
Trade and other payables		88,711	82,252
Interest bearing borrowings		136,061	139,300
Current tax liabilities		178	553
Provisions, including employee benefits		28,942	27,341
Deferred government grants		1,693	2,442
Total current liabilities		255,585	251,888
Interest bearing borrowings		28	30
Deferred tax liabilities		188	412
Provisions, including employee benefits		747	1,000
Deferred government grants		15,291	15,225
Total non-current liabilities		16,254	16,667
Total liabilities		271,839	268,555
Net assets		274,539	332,971
EQUITY			
Issued capital	7	223,044	223,044
Reserves	7	10,694	18,895
Retained earnings		6,424	44,265
Equity attributable to equity holders of the parent entity		240,162	286,204
Minority interest		34,377	46,767
Total equity		274,539	332,971

Condensed Consolidated Cash Flow Statement for the half year ended 30 June 2008

	Note	2008 \$000	2007 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		270,701	396,218
Payments to suppliers and employees		(273,187)	(369,817)
Cash generated from (used by) operations		(2,486)	26,401
Interest received		791	1,378
Interest paid and expensed in the income statement		(2,643)	(8,451)
Income taxes paid		(1,912)	(7,501)
Net cash inflow (outflow) from operating activities	8	(6,250)	11,827
CASH FLOWS FROM INVESTING ACTIVITIES			
Development expenditure		(734)	(1,820)
Purchase of other intangibles		-	(41)
Proceeds from sale of property, plant and equipment		80	14
Purchase of property, plant and equipment		(12,769)	(20,288)
Interest paid and capitalised to property, plant and equipment		(279)	(820)
Net cash provided by (used in) investing activities		(13,702)	(22,955)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		-	2,371
Proceeds from borrowings		73,172	26,478
Repayment of borrowings		(64,253)	(20,408)
Dividends paid to minority interest		(561)	(445)
Net cash provided by (used in) financing activities		8,358	7,996
Net increase (decrease) in cash and cash equivalents		(11,594)	(3,132)
Cash and cash equivalents at the beginning of the period		72,529	69,793
Effect of exchange rate changes on cash held		(3,729)	2,122
Cash and cash equivalents at the end of the period		57,206	68,783

Condensed Consolidated Statement of Changes in Equity for the half year ended 30 June 2008

	Equity holders of the parent entity				Minority interest \$000	Total equity \$000
	Issued capital \$000	Reserves \$000	Retained earnings \$000	Total \$000		
	At 1 January 2007	220,672	9,161	22,898		
Currency translation differences	-	(743)	-	(743)	(3,343)	(4,086)
Total income and expense recognised directly in equity for the period	-	(743)	-	(743)	(3,343)	(4,086)
Profit (loss) for the period	-	-	(14,048)	(14,048)	(2,325)	(16,373)
Total income and expense	-	(743)	(14,048)	(14,791)	(5,668)	(20,459)
Transactions with equity holders:						
Expense of share-based payments	-	6,107	-	6,107	-	6,107
Issue of share capital	2,371	-	-	2,371	-	2,371
Dividends	-	-	-	-	(445)	(445)
At 30 June 2007	223,043	14,525	8,850	246,418	54,424	300,842
At 1 January 2008	223,044	18,895	44,265	286,204	46,767	332,971
Currency translation differences	-	(8,201)	-	(8,201)	(4,602)	(12,803)
Total income and expense recognised directly in equity for the period	-	(8,201)	-	(8,201)	(4,602)	(12,803)
Profit (loss) for the period	-	-	(37,841)	(37,841)	(7,227)	(45,068)
Total income and expense	-	(8,201)	(37,841)	(46,042)	(11,829)	(57,871)
Transactions with equity holders:						
Expense of share-based payments	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-
Dividends	-	-	-	-	(561)	(561)
At 30 June 2008	223,044	10,694	6,424	240,162	34,377	274,539

Notes to the Condensed Consolidated Financial Statements for the half year ended 30 June 2008

Note 1. Basis of Preparation

Pacifica Group Limited is a company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange. The condensed consolidated financial report of Pacifica Group Limited (the Company) for the half year ended 30 June 2008 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 5 August 2008.

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*.

As at 30 June 2008, there is a deficiency of net current assets of \$57,664,000. This is predominantly due to the Group's principal interest bearing borrowings being classified as current: \$83,480,000 of unsecured bank loans is provided on an annual renewable basis and \$52,544,000 of related party loans is provided on a revolving basis. The Directors are confident that the unsecured bank loans will be extended at maturity and that the related party loans will continue to be provided. As such, the financial statements have been prepared on a going concern basis.

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 2007 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 2007 annual report.

Notes to the Condensed Consolidated Financial Statements for the half year ended 30 June 2008

Note 2. Segment Reporting

	Continuing operations				Discontinued operations	Consolidated
	Australia	USA	Asia	Total	Europe	
	2008	2008	2008	2008	2008	2008
	\$000	\$000	\$000	\$000	\$000	\$000
Segment revenue						
Sale of goods	101,284	155,039	16,730	273,053	-	273,053
Royalty income	413	-	-	413	-	413
Revenue from external customers	101,697	155,039	16,730	273,466	-	273,466
Inter-segment revenue	11,805	-	22,589	34,394	-	34,394
Segment revenue	113,502	155,039	39,319	307,860	-	307,860
Inter-segment elimination				(34,394)	-	(34,394)
Unallocated revenue				734	-	734
Consolidated revenue				274,200	-	274,200
Segment result						
Segment result	(2,948)	(22,374)	2,492	(22,830)	-	(22,830)
Associate's profit (loss)	(1,293)	-	-	(1,293)	-	(1,293)
Unallocated corporate expenses				(4,107)	-	(4,107)
Unallocated significant items				-	-	-
Net finance cost				(1,723)	-	(1,723)
Profit (loss) before income tax				(29,953)	-	(29,953)

Notes to the Condensed Consolidated Financial Statements for the half year ended 30 June 2008

Note 2. Segment Reporting (continued)

	Continuing operations				Discontinued	Consolidated
	Australia	USA	Asia	Total	operations	
	2007	2007	2007	2007	Europe	
	\$000	\$000	\$000	\$000	2007	2007
					\$000	\$000
Segment revenue						
Sale of goods	92,610	228,101	22,623	343,334	73,953	417,287
Royalty income	80	-	-	80	70	150
Revenue from external customers	92,690	228,101	22,623	343,414	74,023	417,437
Inter-segment revenue	19,400	-	24,142	43,542	-	43,542
Segment revenue	112,090	228,101	46,765	386,956	74,023	460,979
Inter-segment elimination				(43,542)	-	(43,542)
Unallocated revenue				1,368	18	1,386
Consolidated revenue				344,782	74,041	418,823
Segment result						
Segment result	959	(12,194)	4,741	(6,494)	12,549	6,055
Associate's profit (loss)	(839)	-	-	(839)	-	(839)
Unallocated corporate expenses				(4,523)	-	(4,523)
Unallocated significant items				(15,222)	-	(15,222)
Net finance cost				(7,330)	(441)	(7,771)
Profit (loss) before income tax				(34,408)	12,108	(22,300)

Notes to the Condensed Consolidated Financial Statements for the half year ended 30 June 2008

	2008	2007
	\$000	\$000
Note 3. Items of Income and Expense		
The following items of income and expense are included in the calculation of profit (loss) from continuing operations.		
(a) Other income		
Government grants	3,385	3,392
Sundry other income	2,508	2,787
	5,893	6,179
(b) Other expenses		
Change of control costs	-	9,495
Expense of share-based payments:		
- accelerated upon change of control	-	5,727
- in the ordinary course	-	380
	-	15,602
(c) Other relevant expenses included in the income statement		
Amortisation of intangibles	1,573	1,257
Depreciation of property, plant and equipment	22,257	24,860
Net foreign exchange (gains) losses	(1,304)	721
Operating lease expense	2,716	2,743
	51,356	66,987
Employee benefits expense:		
Wages and salaries	46,199	55,600
Social security costs	1,276	1,249
Contributions to defined contribution plans	3,881	4,031
Expense of share-based payments	-	6,107
	51,356	66,987
Finance costs:		
Borrowing costs on loans and overdrafts	2,734	8,308
Finance charges payable under finance leases	2	2
Penalty on prepayment of private placement notes	-	1,208
Borrowing costs capitalised to property, plant and equipment	(279)	(820)
	2,457	8,698

Notes to the Condensed Consolidated Financial Statements for the half year ended 30 June 2008

	Pre-tax profit 2008 \$000	Tax expense 2008 \$000	Profit for the period 2008 \$000	Attributable to:	
				Parent	Minority
				interest	interest
				2008 \$000	2008 \$000
Note 3. Items of Income and Expense (continued)					
(d) Individually significant income (expense) items					
Included in tax (expense) income:					
Write-down of deferred tax asset	-	(14,897)	(14,897)	(14,897)	-
	2007 \$000	2007 \$000	2007 \$000	2007 \$000	2007 \$000
Included in other expenses:					
Change of control costs	(15,222)	2,849	(12,373)	(12,373)	-
Included in finance costs:					
Penalty on prepayment of private placement notes	(1,208)	785	(423)	(423)	-
Included in share of profit (loss) of associate:					
Rationalisation costs	(657)	-	(657)	(657)	-

Write-down of deferred tax asset

In the current operating environment, it has been determined that it is no longer probable that sufficient Australian taxable profit will be available to allow the benefit of the Australian deferred tax asset to be utilised. The entire carrying value of the deferred tax asset as at 1 January 2008 has been written down.

Change of control costs (previous corresponding period)

On 4 March 2007, Robert Bosch Investment Nederland B.V. (Bosch) announced that its offer for all the shares in the Company had closed and that it had achieved acceptances of some 75% of the Company's issued capital. Consequential change of control costs include (i) acceleration of the expensing of the fair value of options and performance rights; (ii) success fees and other amounts paid to advisors; and (iii) retention and other payments made to executives.

Penalty on prepayment of private placement notes (previous corresponding period)

Following a review of the Group's funding arrangements, the fixed interest 10 year notes were prepaid. Under the terms of the notes, a make-whole payment was also made.

Rationalisation costs (previous corresponding period)

Includes redundancy costs associated with rationalisation of the associate's automotive activities.

Notes to the Condensed Consolidated Financial Statements for the half year ended 30 June 2008

	2008 cents	2007 cents
Note 4. Earnings per Share (EPS)		
(a) EPS		
Basic EPS:		
- from continuing operations including significant items	(26.7)	(15.1)
- from continuing operations excluding significant items	(16.2)	(5.4)
- profit from discontinued operations	-	5.0
- profit attributable to the ordinary equity holders of the parent	(26.7)	(10.1)
Diluted EPS:		
- from continuing operations including significant items	(26.7)	(15.1)
- from continuing operations excluding significant items	(16.2)	(5.4)
- profit from discontinued operations	-	5.0
- profit attributable to the ordinary equity holders of the parent	(26.7)	(10.1)
\$000		
(b) Reconciliation of profit (loss) used in the calculation of basic and diluted EPS		
Profit (loss) for the period attributable to equity holders of the parent entity	(37,841)	(14,048)
Deduct profit from discontinued operations	-	(6,993)
Profit (loss) from continuing operations attributable to equity holders of the parent entity including significant items	(37,841)	(21,041)
Add back individually significant loss items from continuing operations attributable to equity holders of the parent entity:		
Write-down of deferred tax asset	14,897	-
Change of control costs	-	12,373
Penalty on prepayment of private placement notes	-	423
Rationalisation costs	-	657
Profit (loss) from continuing operations attributable to equity holders of the parent entity excluding significant items	(22,944)	(7,588)
number		
(c) Weighted average number of ordinary shares		
Used as the denominator in calculating basic and diluted EPS	141,544,781	139,728,511

Notes to the Condensed Consolidated Financial Statements for the half year ended 30 June 2008

	2008	2007
	\$000	\$000
Note 5. Income Tax		
Numerical reconciliation between tax expense and profit (loss) before income tax from continuing operations		
Profit (loss) before income tax from continuing operations	(29,953)	(34,408)
Tax expense (income) using the Australian domestic corporation tax rate of 30% (2007: 30%)	(8,986)	(10,322)
Increase in tax expense due to:		
Non-deductible depreciation and amortisation	3	72
Other non-deductible expenses	101	2,068
Effect of tax losses not recognised	7,626	-
Minority shareholder's share of tax income	2,637	993
Share of associate's net loss	388	252
Individually significant item - write-down of deferred tax asset	14,897	-
Decrease in tax expense due to:		
Offshore profits at lower tax rates	(1,340)	(2,132)
Research and investment allowances	(300)	(483)
Other tax exempt items	(549)	(1,286)
	14,477	(10,838)
Under (over) provided in prior years	638	(204)
Tax expense (income) on pre-tax profit (loss)	15,115	(11,042)

Note 6. Discontinued Operations

With effect from 31 August 2007, the Group sold for cash its 100% interest in the shares of Pacifica European Holdings Ltd, a company which held 100% of the shares of Automotive Products Italia (SV) Srl, together comprising 'AP Italia'. AP Italia represented a separate major geographical area of operations, constituting the European segment of the Group's activities, and on this basis is reported in this financial report as a discontinued operation.

Financial details of the discontinued operation are included on page 19. The income statement and cash flow statement information disclosed on page 19 is for the entire six month period ended 30 June 2007 as the operations were disposed of in the second half of the previous financial year.

Notes to the Condensed Consolidated Financial Statements for the half year ended 30 June 2008

	2008	2007
	\$000	\$000
Note 6. Discontinued Operations (continued)		
Financial performance and cash flow information		
Sale of goods	-	73,953
Finance income	-	18
Royalty income	-	70
Revenue	-	74,041
Expenses	-	(61,933)
Profit before income tax	-	12,108
Tax expense	-	(5,115)
Profit after income tax of discontinued operations	-	6,993
Net cash inflow (outflow) from operating activities	-	11,439
Net cash provided by (used in) investing activities	-	(3,436)
Net cash provided by (used in) financing activities:		
- repayment of borrowings	-	(8,608)
Net decrease in cash and cash equivalents held by discontinued operations	-	(605)
	30 June	31 December
	2008	2007
	\$000	\$000

Note 7. Issued Capital and Reserves

Issued capital

Ordinary shares issued 141,544,781 (31 December 2007: 141,544,781)	223,044	223,044
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	Employee equity benefits	Foreign currency translation	Total
	2008	2008	2008
	\$000	\$000	\$000
Reserves			
Balance at the beginning of the period	10,775	8,120	18,895
Currency translation differences	-	(8,201)	(8,201)
Balance at the end of the period	10,775	(81)	10,694

Notes to the Condensed Consolidated Financial Statements for the half year ended 30 June 2008

	2008	2007
	\$000	\$000
Note 8. Reconciliation of Profit (Loss) for the Period to Net Cash Inflow (Outflow) from Operating Activities		
Profit (loss) for the period	(45,068)	(16,373)
Adjustments for:		
Depreciation and amortisation	23,830	30,213
Expense of share-based payments	-	6,107
(Profit) loss on disposal of property, plant and equipment	-	(7)
Share of associate's net (profit) loss	1,293	839
Increase (decrease) in current and deferred taxes payable	13,203	(13,428)
Net cash from operating activities before changes in working capital and provisions	(6,742)	7,351
(Increase) decrease in trade and other receivables	(3,412)	(23,635)
(Increase) decrease in inventories	(8,418)	(165)
Increase (decrease) in payables and provisions	13,005	30,332
Increase (decrease) in deferred government grants	(683)	(2,056)
Net cash inflow (outflow) from operating activities	(6,250)	11,827

Note 9. Related Parties

As a result of Robert Bosch Investment Nederland B.V. acquiring 75% of the Company's issued capital in March 2007, and the subsequent changes to the Company's Board to reflect Bosch's proportionate ownership interest, the ultimate parent entity and ultimate controlling party is Robert Bosch GmbH (incorporated in Germany). Bosch is also one of the Group's key North American customers, as well as a supplier.

During the reporting period, the Group made sales to Bosch of \$87,957,000 (from the date of change of control to the end of the previous corresponding period: \$102,216,000), and purchased inventory from Bosch in the amount of \$23,840,000 (from date of change of control to the end of the previous corresponding period \$25,193,000). At the end of the reporting period, trade receivables due from Bosch amount to \$28,141,000 (31 December 2007: \$33,780,000) and trade payables amount to \$11,568,000 (31 December 2007: \$9,515,000). Sales of product to, and purchase of components from, Bosch are priced on normal commercial terms and in the ordinary course of business.

In addition, interest bearing loans due to Bosch at the end of the reporting period amount to \$52,544,000 (31 December 2007: \$11,412,000). Interest paid on the loans for the reporting period amounts to \$505,000 and interest rates were determined on normal commercial terms.

Notes to the Condensed Consolidated Financial Statements for the half year ended 30 June 2008

Note 10. Contingent Assets

In April 2007, a key supplier to the Group's US plants alleged that it was not contractually bound to continue the supply of cast iron components. The Company rejects the supplier's interpretation of the contractual arrangements and the matter has been referred to arbitration in the US. The arbitration process is likely to take some months and in order to ensure continued supply of essential components, the Group has agreed to pay significantly higher prices, the cost of which has been expensed as incurred. An arbitration outcome in the Group's favour is considered probable. In such circumstances, the supplier is required to repay a sum equivalent to the increase in the component prices and also costs associated with the dispute. The contingent asset, which at balance date amounts to approximately \$36 million (31 December 2007: approximately \$33 million), has not been recognised as a receivable at 30 June 2008 as receipt of the amount is dependent on the outcome of the arbitration process.

Directors' Declaration

In the opinion of the Directors of Pacifica Group Limited:

- 1 the financial statements and notes set out on pages 8 to 21 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 2008 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 5th day of August 2008 in accordance with a resolution of the Directors:

P M Burroughs
Director

M P Kopka
Director

Independent Auditor's Review Report to the members of Pacifica Group Limited

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Pacifica Group Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Pacifica Group Limited Group (the consolidated entity). The consolidated entity comprises both Pacifica Group Limited (the company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Pacifica Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of the half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing

Independent Auditor's Review Report to the members of Pacifica Group Limited (continued)

Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

For further explanation of a review, visit our website <http://www.pwc.com/au/financialstatementaudit>

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.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

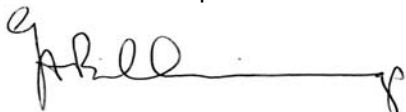
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Pacifica Group Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position at 30 June 2008 and of its performance for the half-year ended on that date, and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



PricewaterhouseCoopers



Graeme Billings
Partner

Melbourne
5 August 2008

Liability limited by a scheme approved under Professional Standards Legislation

Attachment 1 - Pacifica Group Limited Profit Report dated 5 August 2008

FINANCIAL SUMMARY	2008	2007	Fav (Unfav)
Half Year ended 30 June 2008	\$000	\$000	\$000
CONTINUING OPERATIONS			
Sales revenue	273,053	343,334	(70,281)
Cash EBIT (EBITDA)	(3,107)	15,473	(18,580)
Depreciation and amortisation	(23,830)	(26,117)	
Other non-cash expenses	-	(373)	
EBIT	(26,937)	(11,017)	(15,920)
Associate profit (loss)	(1,293)	(182)	(1,111)
Net interest	(1,723)	(6,122)	4,399
Tax (expense) income	(218)	7,408	(7,626)
Minority interest share of (profit) loss	7,227	2,325	4,902
Net operating profit (loss)	(22,944)	(7,588)	(15,356)
EPS (cents)	(16.2)	(5.4)	(10.8)
Significant profit (loss) items after tax	(14,897)	(13,453)	(1,444)
Net profit (loss) continuing operations	(37,841)	(21,041)	(16,800)
EPS (cents)	(26.7)	(15.1)	(11.6)
DISCONTINUED OPERATIONS			
Net operating profit	-	6,993	(6,993)
TOTAL NET PROFIT	(37,841)	(14,048)	(23,793)
EPS (cents)	(26.7)	(10.1)	(16.6)
<i>Other Financial Items:</i>			
Operating cash flow	(6,250)	11,827	
Net debt	78,883	66,801	at 31 Dec 2007
Gearing (net debt to equity)	28.7%	20.1%	at 31 Dec 2007
Interest cover (EBITDA to interest)	(1.8)	2.5	
Average exchange rate (A\$/US\$)	93.1	81.1	

Pacifica Group Limited, in which Robert Bosch GmbH (Bosch) holds a 76.5% ownership interest, reported a net loss after significant items of \$37.8 million for the six months ended 30 June 2008.

Attachment 1 - Pacifica Group Limited Profit Report dated 5 August 2008

In summary, the result included:

- Sales from continuing operations of \$273.1 million, a decline of \$70.3 million, or 20%, from the corresponding half year period of which approximately \$31 million relates to the translation effect of a stronger Australian dollar
- Net loss from continuing operations before significant items of \$22.9 million, compared to a net loss from continuing operations before significant items of \$7.6 million in the opening half of 2007, reflecting the ongoing adverse impact of:
 - Lower underlying vehicle volumes in the North American market
 - Higher input costs, notably increased steel costs
- An individually significant loss item of \$14.9 million, being the write-down of the Australian deferred tax asset

Operational Commentary

Pacifica Group's financial performance in the opening half of 2008 reflects the further deterioration in global automotive industry conditions, most notably in the North American market, as highlighted at the Company's Annual General Meeting in May 2008.

Pacifica's North American operations incurred a fall in first half sales revenue of approximately \$73 million, or 32%, compared to the corresponding period in 2007. Approximately \$29 million of the sales decline was attributable to the adverse translation effect of a stronger Australian dollar, with the balance reflecting reduced underlying light truck volumes as consumers responded to the steep rise in petrol prices. The majority of the sales decrease impacted the Knoxville, Tennessee plant, where first half volume reductions were exacerbated by the effect of the strike activity at American Axle which caused significant disruption to truck production at Pacifica's major end-customer, General Motors.

Pacifica's North American performance continues to be severely impacted by higher raw material input costs, both in the form of increased steel costs and the disputed price increases for iron castings imposed by Internet Corporation in its supply of both the Knoxville and Columbia plants. The dispute with Internet has entered arbitration proceedings, with resolution expected in the fourth quarter of calendar 2008. It remains Pacifica's firm belief that Internet is in breach of its contractual supply commitments.

Attachment 1 - Pacifica Group Limited Profit Report dated 5 August 2008

Pacifica's Asian operations recorded a 16% drop in sales revenue (inclusive of inter-company sales) against the comparable half, owing to softer demand from the North American market and the closure of the PBR Malaysia operation. The Asian business remains profitable, but lower export volumes to North America have served to reduce earnings. Considerable effort is being applied to attracting increased custom from the local market to lift the capacity utilisation of the foundry operation at Dalian, China.

The Australian business registered a 4% increase in first half sales revenue (inclusive of inter-company sales) to nearly \$110 million. Increased demand associated with supply to the successful export programs of both GM Holden and Toyota has offset the continuing decline of large passenger car volumes in the local market. Profitability has been impacted by increased raw material costs and the inclusion of \$2.6 million of restructuring costs associated with implementation of the outcomes of Bosch's operational review.

As outlined in February 2008, completion of the operational review has resulted in key decisions being taken concerning future research and development activities, regional reporting structures and management responsibilities. Implementation of these outcomes is now largely complete, with increased benefits expected to accrue in future periods.

FMP Australia, the 49%-owned friction materials business, has fallen back into loss as cheaper competing imported product has benefited from the strength of the Australia dollar and gained market share.

Significant Item

The absence of sufficient taxable profit in the current operating environment has caused Pacifica to cease recognition of tax losses in both the North American and Australian jurisdictions. In addition, the carrying value of the Australian deferred tax asset as at 1 January 2008 of \$14.9 million, has been written down to nil and identified as a significant item.

Cash Flow

Reflecting the deterioration in operating performance, Pacifica recorded an operating cash outflow of \$6.3 million for the half, compared to an inflow of \$11.8 million in the corresponding six months of 2007. Capital expenditure for the half year declined to \$13.7 million and period end gearing (net debt to equity) stood at 28.7%.

Attachment 1 - Pacifica Group Limited Profit Report dated 5 August 2008

Outlook

There is no immediate prospect of an improvement in the highly challenging industry conditions that Pacifica is currently experiencing. As identified at the Company's Annual General Meeting in May 2008, original equipment manufacturers in Pacifica's key North American market have announced significant reductions to their second half production schedules, as they reconfigure manufacturing profiles to accommodate the marked shift in consumer demand towards more fuel efficient smaller vehicles. There is also no short term expectation of an increase in locally manufactured large passenger car volumes in Australia. Consequently, Pacifica expects to report a further operating loss in the second half of 2008.

In response to the lasting shift in demand towards smaller, more fuel efficient cars in the automotive industry, Pacifica continues to actively pursue initiatives that further improve its capacity utilisation.

