

Appendix 4E

Preliminary final report

Name of entity

PACIFICA GROUP LIMITED

1.1 Reporting period

Financial year ended 31 December 2004

1.2 Previous corresponding period

Financial year ended 31 December 2003

This document contains the financial year information given to ASX under listing rule 4.3A.

The item numbering used in this document is the same as that used in listing rule 4.3A.

Appendix 4E

Preliminary final report

Name of entity

PACIFICA GROUP LIMITED

ABN

69 006 530 641

Financial year ended

31 December 2004

2.0 Results for announcement to the market

\$A'000

2.1	Revenue from ordinary activities	down	9.9% to	890,245
2.2	Profit from ordinary activities after tax attributable to members			
	(a) before individually significant items	down	3.5% to	45,017
	(b) after individually significant items	down	30.2% to	33,681
2.3	Net profit for the period attributable to members	down	30.2% to	33,681

2.4 Dividends

	Amount per security	Franked amount per security
Final dividend (<i>reporting period</i>) Refer item 2.6 below	10.0 cents	8.5 cents
Interim dividend (<i>reporting period</i>)	10.5 cents	10.5 cents
Final dividend (<i>previous corresponding period</i>)	11.5 cents	11.5 cents
Interim dividend (<i>previous corresponding period</i>)	10.0 cents	10.0 cents

2.5 Record date for determining entitlements to the dividend

17 March 2005

2.6 A brief explanation of any of the figures reported above

<p>A dividend of 10 cents per share, franked to 85% at the 30% tax rate, will be paid on 4 April 2005 out of available profits as at that date.</p>

**3.0 Statement of Financial Performance
for the financial year ended 31 December 2004**

	Note	2004 \$000	2003 \$000
Revenue from sale of goods		872,087	923,810
Other revenue from operating activities	3.1	18,158	11,946
Proceeds from sale of controlled entities	3.2	-	52,182
Total revenue from ordinary activities		890,245	987,938
Cost of goods sold		(741,572)	(781,821)
Marketing and selling expenses		(16,208)	(12,182)
Warehouse and distribution expenses		(5,182)	(4,534)
Administration expenses		(22,148)	(31,599)
Research and development expenses		(14,456)	(12,965)
Borrowing costs		(14,710)	(13,329)
Other expenses from ordinary activities		(12,152)	(1,607)
Net assets of controlled entities sold	3.2	-	(47,369)
Total expenses		(826,428)	(905,406)
Share of net profit (loss) of associate		(600)	(938)
Profit from ordinary activities before income tax		63,217	81,594
Income tax attributable to ordinary activities	3.3	(19,268)	(18,928)
Profit from ordinary activities after income tax		43,949	62,666
Profit from ordinary activities after income tax attributable to outside equity interests		(10,268)	(14,428)
Profit from ordinary activities after income tax attributable to members of Pacifica Group Limited		33,681	48,238
Non-owner transaction changes in equity			
Net decrease in retained earnings on initial adoption of AASB 1028 Employee Benefits		-	(137)
Net exchange difference on translation of financial statements of self-sustaining foreign operations		4,043	(32,892)
Total changes in equity from non-owner related transactions attributable to members of Pacifica Group Limited		37,724	15,209
		cents	cents
Earnings per share			
Basic earnings per share		24.7	35.2
Diluted earnings per share		24.1	34.3

Notes to the Statement of Financial Performance

3.1 Other Revenue from Operating Activities

	2004 \$000	2003 \$000
Interest	741	926
Proceeds from sale of property, plant and equipment	1,988	291
Other revenue	15,429	10,729
Total other revenue from operating activities	18,158	11,946

3.2 Individually Significant Items

Profit from ordinary activities includes the following items of revenue (expense), together with related income tax and outside equity interests, for which disclosure is relevant in explaining the financial performance of the consolidated entity:

Net proceeds from sale of Webforge group of companies	-	52,182
Net assets disposed from sale of Webforge group of companies	-	(47,369)
Profit on sale of Webforge group of companies	-	4,813
Adjustment to carrying value of non-current assets ⁽¹⁾	-	2,532
Rationalisation and restructuring costs ⁽²⁾	(5,019)	(5,094)
Call on guarantee ⁽³⁾	(7,288)	-
Write-off development costs	-	(4,557)
Individually significant items before income tax	(12,307)	(2,306)
Income tax attributable to individually significant items	892	3,343
Individually significant items attributable to outside equity interests	79	530
Individually significant items attributable to members of Pacifica Group Limited	(11,336)	1,567

⁽¹⁾ Includes reversal of a provision for diminution in value of buildings of \$5,394,000 and a write-off of deferred expenditure of (\$2,862,000).

⁽²⁾ For the previous corresponding period, rationalisation and restructuring costs include asset write-downs, redundancies and associated costs relating to exiting non-core businesses and quitting obsolete product lines. For the reporting period, the amount includes redundancy costs and asset write-downs associated with rationalisation of Australian automotive activities.

⁽³⁾ To assist in the management buyout of Lionweld Kennedy in 2002, Pacifica Group Limited provided a guarantee of up to £2.9 million of the monies provided by a UK-based bank to fund the buyout. Following a request for the appointment of a receiver to Lionweld Kennedy, the bank exercised its right to call on the guarantee.

Notes to the Statement of Financial Performance (continued)

3.3 Income tax

	2004	2003
	\$000	\$000
Prima facie income tax calculated at 30% (2003: 30%) on profit from ordinary activities before income tax	18,965	24,478
<i>Add increased income tax arising from:</i>		
Non-allowable depreciation and amortisation	412	272
Offshore profits at higher tax rates	1,916	1,007
Share of associate's net loss	180	281
Other non-allowable items	363	989
Individually significant item - non-deductible payment resulting from call on guarantee	2,186	-
<i>Less reduced income tax arising from:</i>		
Research and investment allowances	(1,202)	(1,317)
Other non-assessable items	(2,734)	(2,360)
Individually significant item - non-taxable profit on sale of Webforge group of companies	-	(1,444)
Individually significant item - non-taxable reversal of provision for diminution in value of buildings	-	(1,783)
Income tax on operating profit	20,086	20,123
Income tax under (over) provided in prior year	(818)	(1,195)
Income tax attributable to ordinary activities	19,268	18,928

**4.0 Statement of Financial Position
as at 31 December 2004**

	Note	2004 \$000	2003 \$000
Current assets			
Cash assets	4.1	87,026	36,948
Receivables		145,723	129,467
Inventories		53,023	50,200
Prepayments		3,587	4,552
Total current assets		289,359	221,167
Non-current assets			
Receivables		11,558	11,825
Investments accounted for using the equity method		26,819	27,992
Property, plant and equipment		436,893	422,384
Intangible assets		30,537	30,647
Deferred tax assets		19,202	20,980
Other non-current assets		8,192	5,575
Total non-current assets		533,201	519,403
Total assets		822,560	740,570
Current liabilities			
Payables		127,853	122,957
Interest bearing liabilities	4.1	6,444	2,728
Current tax liabilities		5,656	4,719
Provisions		22,730	18,658
Total current liabilities		162,683	149,062
Non-current liabilities			
Interest bearing liabilities	4.1	279,916	216,132
Deferred tax liabilities		40,584	43,559
Provisions		6,156	5,220
Total non-current liabilities		326,656	264,911
Total liabilities		489,339	413,973
Net assets		333,221	326,597
Equity			
Contributed equity		290,649	292,052
Reserves		(24,468)	(28,511)
Retained profits (accumulated losses)	8.0	2,386	(1,313)
Total parent entity interest		268,567	262,228
Outside equity interests		64,654	64,369
Total equity		333,221	326,597

Notes to the Statement of Financial Position

4.1 Cash Assets and Interest Bearing Liabilities

	2004	2003
	\$000	\$000
Current interest bearing liabilities		
Bank overdraft unsecured	-	2,675
Bank loans unsecured	6,415	-
Lease liabilities	29	53
	6,444	2,728
Non-current interest bearing liabilities		
Bank loans unsecured ⁽¹⁾	215,764	149,624
Private placement unsecured ⁽²⁾	64,152	66,480
Lease liabilities	-	28
	279,916	216,132
Total interest bearing liabilities	286,360	218,860
Cash at bank and on hand	(46,928)	(20,617)
Short term deposits at call	(40,098)	(16,331)
Net debt	199,334	181,912

- ⁽¹⁾ For the reporting period, represents principal bank borrowings of:
Pacifica Group Limited - A\$77,000,000 drawn under commercial bill facilities totalling A\$105,000,000 maturing May 2005, of which the Company is committed to an agreement to refinance at least the amount drawn, and bearing interest at BBSW plus credit margin.
Pacifica USA Holdings - US\$30,000,000 fully drawn under a credit facility maturing April 2008 and bearing interest at the applicable LIBOR rate plus credit margin.
PBR International USA Ltd - US\$40,000,000 fully drawn under a credit facility maturing June 2009 and bearing interest at the applicable LIBOR rate plus credit margin.
Automotive Products Italia (SV) Srl - €28,000,000 drawn under a €33,000,000 term loan facility maturing July 2006 and bearing interest at the applicable EURIBOR rate plus credit margin.
- ⁽²⁾ Represents US\$50,000,000 senior unsecured guaranteed 10 year notes, issued April 2003 in the United States private placement market, with interest payable semi-annually.

5.0 Statement of Cash Flows
for the financial year ended 31 December 2004

	Note	2004 \$000	2003 \$000
Cash flows from operating activities			
Receipts from customers		869,293	933,931
Payments to suppliers and employees		(741,919)	(819,081)
Dividends received		573	-
Interest received		718	926
Borrowing costs paid		(14,543)	(11,651)
Income taxes paid		(14,507)	(14,011)
Net cash from operating activities	5.1	99,615	90,114
Cash flows from investing activities			
Payment for call on guarantee	3.2	(7,288)	-
Payments for purchase of controlled entities		-	(61,275)
Payments for product development costs		(3,700)	(6,017)
Payments for property, plant and equipment		(70,584)	(72,351)
Proceeds from sale of controlled entities net of cash disposed		1,070	47,905
Proceeds from sale of property, plant and equipment		1,988	2,691
Net cash used in investing activities		(78,514)	(89,047)
Cash flows from financing activities			
Dividends paid to members of Pacifica Group Limited		(29,982)	(28,838)
Dividends paid to outside equity interests		(12,778)	(9,698)
Payments for share buy back		(1,965)	(17,242)
Proceeds from borrowings		70,694	14,360
Proceeds from issue of shares		562	839
Net cash provided by (used in) financing activities		26,531	(40,579)
Net increase (decrease) in cash held		47,632	(39,512)
Cash at the beginning of the reporting period		34,273	87,706
Effects of exchange rate changes on cash held in foreign currencies		5,121	(13,921)
Cash at the end of the reporting period		87,026	34,273
		cents	cents
Operating cash flow per share		73.2	65.7

Notes to the Statement of Cash Flows

5.1 Reconciliation of profit from ordinary activities after income tax to net cash from operating activities

	2004 \$000	2003 \$000
Profit from ordinary activities after income tax	43,949	62,666
Call on guarantee classified as investing activity	7,288	-
<i>Add (less) non-cash items:</i>		
(Profit) loss on disposal of property, plant and equipment	(693)	(193)
Profit on sale of controlled entities	(532)	(4,813)
Adjustment to carrying value of non-current assets	409	(2,532)
Write-off of deferred development costs	-	4,557
Depreciation and amortisation	52,278	51,954
Share of associate's net loss	1,173	938
Increase (decrease) in current and deferred taxes payable	4,761	4,917
Net cash from operating activities before changes in assets and liabilities	108,633	117,494
(Increase) decrease in debtors, prepayments and other receivables	(15,867)	(3,068)
(Increase) decrease in inventories	(2,907)	1,633
Increase (decrease) in payables and provisions	9,756	(25,945)
Net cash from operating activities	99,615	90,114

6.0 Details of Dividends

The following dividends have been paid or declared since the end of the preceding reporting period:

During the reporting period and previous corresponding period

Final ordinary dividend of 11.5 cents per share, fully franked at 30%, paid 2 April 2004	15,646	-
Interim ordinary dividend of 10.5 cents per share, fully franked at 30%, paid 17 September 2004	14,336	-
Final ordinary dividend of 11 cents per share, fully franked at 30%, paid 4 April 2003	-	15,234
Interim ordinary dividend of 10 cents per share, fully franked at 30%, paid 19 September 2003	-	13,604

Subsequent to the end of the reporting period

Since the end of the reporting period, the Directors have declared a dividend of 10 cents per share, franked to 85% at the 30% tax rate, payable out of 2005 profits on 4 April 2005 and totalling \$13,566,920. The financial effect of this dividend has not been brought to account in the financial statements for the reporting period.

7.0 Details of Dividend Reinvestment Plans

No dividend reinvestment plans are in operation; the Pacifica Group Ltd Dividend Reinvestment Plan was suspended with effect from the interim dividend paid 5 October 2001.

8.0 Statement of Retained Profits (Accumulated Losses)

	2004	2003
	\$000	\$000
Accumulated losses at the beginning of the reporting period	(1,313)	(17,783)
Profit from ordinary activities after income tax attributable to members of Pacifica Group Limited	33,681	48,238
Net effect of initial adoption of AASB 1028 Employee Benefits	-	(137)
Transfer from foreign currency translation reserve	-	(2,793)
Dividends	(29,982)	(28,838)
Retained profits (accumulated losses) at the end of the reporting period	2,386	(1,313)

9.0 Net Tangible Assets per Security

	2004	2003
	\$	\$
Net tangible asset backing per ordinary security	\$1.75	\$1.70

10.0 Details of Entities over which Control has been Gained or Lost

10.1 The consolidated entity did not gain control over any entities during the reporting period.

10.2 The consolidated entity did not lose control over any entities during the reporting period.

11.0 Details of Associates

	2004	2003
	\$000	\$000
Details of associate and contribution to net profit:		
FMP Group (Australia) Pty Ltd		
Ownership interest: 49% (2003: 49%)	(600)	(938)

12.0 Any Other Significant Information**12.1 Segment Reporting****(a) Segment revenue and segment result based on location of assets**

	Australia & New Zealand	United States of America	Europe	Asia	Eliminations	Consolidated
2004	\$000	\$000	\$000	\$000	\$000	\$000
Sales revenue	317,399	442,723	79,840	32,125	-	872,087
Other revenue	22,066	1,946	3,886	276	(11,290)	16,884
Segment revenue	339,465	444,669	83,726	32,401	(11,290)	888,971
Unallocated revenue						1,274
Total revenue						890,245
EBITA segment result	49,712	29,510	10,502	3,228	-	92,952
Amortisation of intangibles	-	-	(2,376)	-	-	(2,376)
Significant items	(2,682)	(249)	-	(409)	-	(3,340)
Segment result	47,030	29,261	8,126	2,819	-	87,236
Associate's profit (loss)	(600)	-	-	-	-	(600)
Unallocated corporate expenses						(2,162)
Unallocated significant items						(7,288)
Borrowing costs net of interest revenue						(13,969)
Profit from ordinary activities before income tax						63,217
2003						
Sales revenue	353,731	499,287	36,312	34,480	-	923,810
Other revenue	17,800	1,604	833	231	(9,448)	11,020
Segment revenue	371,531	500,891	37,145	34,711	(9,448)	934,830
Unallocated revenue						53,108
Total revenue						987,938
EBITA segment result	48,299	41,998	3,870	4,578	-	98,745
Amortisation of intangibles	-	-	(1,158)	-	-	(1,158)
Significant items	(1,636)	(2,862)	-	(344)	-	(4,842)
Segment result	46,663	39,136	2,712	4,234	-	92,745
Associate's profit (loss)	(938)	-	-	-	-	(938)
Unallocated corporate expenses						(2,623)
Unallocated significant items						4,813
Borrowing costs net of interest revenue						(12,403)
Profit from ordinary activities before income tax						81,594

12.0 Any Other Significant Information (continued)

12.1 Segment Reporting (continued)

(b) Segment sales revenue based on location of customers

	Australia & New Zealand	United States of America	Europe	Asia	Consolidated
	\$000	\$000	\$000	\$000	\$000
2004					
Sales by asset location	317,399	442,723	79,840	32,125	872,087
(Export) import sales	(126,616)	120,794	-	5,822	-
Sales by customer location	190,783	563,517	79,840	37,947	872,087
2003					
Sales by asset location	353,731	499,287	36,312	34,480	923,810
(Export) import sales	(167,445)	162,977	-	4,468	-
Sales by customer location	186,286	662,264	36,312	38,948	923,810

(c) Segment non-cash expenses and capital expenditure based on location of assets

	Australia & New Zealand	United States of America	Europe	Asia	Unallocated	Consolidated
	\$000	\$000	\$000	\$000	\$000	\$000
2004						
Depreciation & amortisation	21,975	22,274	6,567	1,436	26	52,278
Other non-cash expenses	-	26	8	416	-	450
Capital expenditure	38,435	13,089	9,241	9,701	118	70,584
2003						
Depreciation & amortisation	18,883	27,944	3,072	1,980	75	51,954
Other non-cash expenses	4,606	2,902	1	82	-	7,591
Capital expenditure	28,832	40,534	2,400	584	1	72,351

12.0 Any Other Significant Information (continued)

12.1 Segment Reporting (continued)

(d) Segment assets and liabilities based on location of assets

	Australia & New Zealand	United States of America	Europe	Asia	Unallocated	Consolidated
2004	\$000	\$000	\$000	\$000	\$000	\$000
Segment assets	269,696	272,999	105,189	36,651	4,978	689,513
Investment in associate	26,819	-	-	-	-	26,819
Operating assets	296,515	272,999	105,189	36,651	4,978	716,332
Cash assets						87,026
Income tax assets						19,202
Total assets						822,560
Segment liabilities	56,521	54,794	33,570	8,807	3,047	156,739
Interest bearing liabilities						286,360
Income tax liabilities						46,240
Total liabilities						489,339
2003						
Segment assets	258,194	267,734	98,148	23,930	6,644	654,650
Investment in associate	27,992	-	-	-	-	27,992
Operating assets	286,186	267,734	98,148	23,930	6,644	682,642
Cash assets						36,948
Income tax assets						20,980
Total assets						740,570
Segment liabilities	61,778	47,699	29,068	4,051	4,239	146,835
Interest bearing liabilities						218,860
Income tax liabilities						48,278
Total liabilities						413,973

Notes to Segment Reporting

The consolidated entity's revenues are derived predominantly from automotive products and services. In line with its management reporting system, the consolidated entity reports on four geographical segments: Australia and New Zealand, United States of America, Europe and Asia. The consolidated entity has manufacturing plants in each of the reportable segments, which predominantly supply their respective local customers. In some cases, sales are made to external customers located in other reportable segments.

12.0 Any Other Significant Information (continued)**12.2 Changes in Contingent Liabilities and Contingent Assets**

At 31 December 2003 and 30 June 2004, the consolidated entity disclosed a contingent liability in respect of a guarantee provided to a UK-based bank to assist in the management buyout of Lionweld Kennedy in 2002. As Lionweld Kennedy was meeting its obligations with the bank, Directors considered that a call on the guarantee was not probable. In the third quarter of the current reporting period, Lionweld Kennedy's cash flow position rapidly deteriorated, owing to substantial increases in steel prices, the unavailability of creditor insurance and the existence of some low margin fixed price contracts. Following the request for the appointment of a receiver, the bank exercised its right to call on the guarantee and the liability, previously reported as contingent, was paid out.

12.3 Events Subsequent to Reporting Date

No matter or circumstance has arisen since the end of the reporting period which is not otherwise dealt with in this report that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

13.0 Accounting Standards used in Compiling the Report

Under Listing Rule 4.3A, this item is to be completed by foreign entities only.

14.0 Commentary on the Results and Other Significant Investor Information

14.1 Earnings per Share and the Nature of any Dilution Aspects

	2004 cents	2003 cents
Earnings per share (EPS)		
Basic earnings per share:		
including individually significant items	24.7	35.2
excluding individually significant items	33.1	34.0
Diluted earnings per share:		
including individually significant items	24.1	34.3
excluding individually significant items	32.2	33.1

	\$000	\$000
Reconciliation of earnings used in the calculation of basic and diluted earnings per share		
Profit from ordinary activities after income tax	43,949	62,666
Profit from ordinary activities after income tax attributable to outside equity interests	(10,268)	(14,428)
Earnings used in the calculation of EPS including individually significant items	33,681	48,238
Add back (less) aggregate individually significant loss (profit) items attributable to members of Pacifica Group Limited	11,336	(1,567)
Earnings used in the calculation of EPS excluding individually significant items	45,017	46,671

	Number	Number
Weighted average number of ordinary shares		
Number used as the denominator in calculating basic EPS	136,111,491	137,219,761
Effect of executive share options on issue	3,317,796	3,029,496
Effect of executive share options expired during the period	289,376	571,692
Number used as the denominator in calculating diluted EPS	139,718,663	140,820,949

The following executive share options have not been included in the calculation of diluted EPS as they are not dilutive

Issue date 31 May 1999	780,000	1,329,000
Issue date 16 June 2000	840,000	-
Issue date 17 June 2002	312,000	-
Issue date 21 June 2004	59,000	-

14.0 Commentary on the Results and Other Significant Investor Information (continued)

14.2 Returns to Shareholders including Distributions and Buy Backs

	2004	2003
	\$000	\$000
Contributed equity		
Ordinary shares issued and fully paid 136,006,176 (2003: 136,042,760)	290,649	292,052

	Average	Number	\$000
	Date	of Shares	
	Price		
Details of movements in issued ordinary shares for the reporting period			
Opening balance of shares issued		136,042,760	292,052
Issued pursuant to Non-Executive Directors' Share Plan	5 Jan	\$4.20 10,064	42
Issued pursuant to Non-Executive Directors' Share Plan	2 Apr	\$4.42 9,953	44
Issued pursuant to Non-Executive Directors' Share Plan	6 Jul	\$4.11 9,717	40
Issued pursuant to Non-Executive Directors' Share Plan	5 Oct	\$3.63 11,809	43
Buy back pursuant to on-market program ⁽¹⁾		\$3.62 (542,127)	(1,965)
Options issued pursuant to Executive Option Plan		\$3.70 106,000	393
Performance Rights issued pursuant to Executive Option Plan		- 358,000	-
Closing balance of shares issued		136,006,176	290,649

⁽¹⁾ On 12 August 2004, the Company announced an on-market buy back program to purchase a maximum of 6,819,425 ordinary shares, representing 5% of the shares on issue on that date. For the reporting period, the share buy back occurred between 2 September 2004 and 26 October 2004 at an average price of \$3.62.

14.3 Significant Features of Operating Performance

14.4 Results of Segments

14.5 Discussion of Trends

14.6 Any Other Factors which Affected the Results or may Affect the Results in the Future

Please refer to the accompanying
Commentary on Results on pages
18 to 22.

Annual Meeting

The annual meeting will be held at 11.00 am on Friday, 6 May 2005 at Sofitel Melbourne, 25 Collins Street, Melbourne.

Compliance Statement

- 1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views.
- 2 This report and the accounts upon which the report is based use the same accounting policies.
- 3 This report does give a true and fair view of the matters disclosed.
- 4 This report is based on accounts which are in the process of being audited.
- 5 The entity has a formally constituted audit committee.

R S Joblin
Company Secretary

Dated 23 February 2005

COMMENTARY ON RESULTS

HEADLINE RESULTS

The key results for the year are:

- Sales revenue decreased by 6% primarily due to the impact of the strengthening A\$/US\$ exchange rate.
- Sales revenue increased by 1% before the impact of currency translation.
- Net operating profit decreased by 4% primarily due to the impact of the strengthening A\$/US\$ exchange rate.
- Net operating profit increased by 1% before the impact of currency translation.
- Operating cash flow increased by 11% to \$100 million.
- Capital expenditure of \$72 million was \$12 million below forecast, primarily due to the timing of payments relating to construction of the China facility.
- EPS before significant items decreased by 3%.
- Return on equity was maintained.

BUSINESS HIGHLIGHTS

The key highlights for the year include:

- Continued expansion of AP Italia to meet the requirements of previously announced new contracts.
- PBR Columbia benefited from two new programs. These were for the supply of front and rear calipers to DaimlerChrysler for a new passenger vehicle and to Ford for a cross-over vehicle.
- Relocation of export Banksia park brake production from Australia to Thailand is progressing with a new facility leased in Thailand and production equipment being moved in stages.
- New contracts won with Toyota and GMH.

- Delivery of electro mechanical brakes to an original equipment manufacturer for their concept vehicle.
- Major expansion of the production capacity of the Group with construction of a new facility in Dalian, China. This expansion will be available for use in two stages: (i) machining and assembly operations in June 2005 and (ii) foundry operations in mid-2006.

Summary of Results	2004 \$000	2003 \$000	% change fav/-unfav
Sales revenue	872,087	923,810	-6%
<i>Operating Result:</i>			
EBIT	89,493	96,303	-7%
Net interest	(13,969)	(12,403)	-13%
Tax	(20,160)	(22,271)	9%
Minority interests	(10,347)	(14,958)	31%
Net operating profit	45,017	46,671	-4%
EPS (cents)	33.1	34.0	-3%
Return on equity	16.9%	17.1%	
<i>Total Result:</i>			
Net significant items	(11,336)	1,567	
Net profit	33,681	48,238	-30%
EPS (cents)	24.7	35.2	-30%
<i>Other Financial Items:</i>			
Dividend per share	20.5c	21.5c	
Net debt	199,334	181,912	-10%
Gearing	59.8%	55.7%	
Interest cover (times)	6.4	7.8	
Exchange rate A\$/US\$	74.0	65.2	-12%

COMMENTARY ON RESULTS (continued)

OUTLOOK

As previously advised, earnings for 2005 will be lower as a result of the impact of:

- Lower volumes arising from:
 - change over in late 2005 of General Motors current light truck platform;
 - full year impact of General Motors change to a rear drum brake system for selected light trucks; and
 - softer market conditions expected in North America.
- Higher raw material costs, in particular higher steel costs.

2006 should be a year of growth for Pacifica.

The reasons for this are:

- Significant increase in sales of approximately \$100 million as a result of previously announced new contracts which come on line during 2006.
- Manufacturing cost improvements from the newly developed operations in China and Thailand.

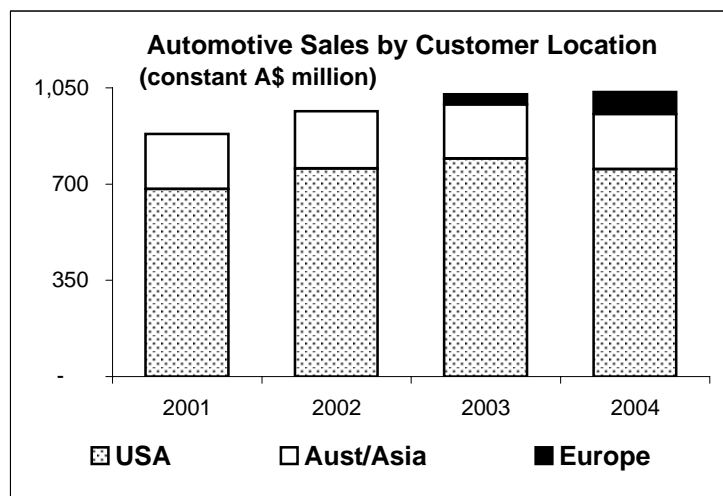
SALES REVENUE

Although overall sales revenue decreased by 6% to \$872 million, this was significantly impacted by the strengthening A\$/US\$ exchange rate. The translation impact of this has been a reduction of approximately \$63 million in sales compared to 2003.

Partially offsetting this has been the first full year that AP Italia's results have been included in Pacifica's result.

The two **North American** plants were able to increase sales in constant dollars by 1%. This was driven by the following factors:

- PBR Columbia benefited from two new programs during 2004 which resulted in an increase in sales of approximately 65%. The programs were for DaimlerChrysler and Ford.
- Lower sales at PBR Knoxville were as a result of General Motors' decision to fit drum brakes to selected light trucks. This change took effect mid-year.



Overall sales by **Australia** decreased \$36 million or 10%. Export sales to the United States reduced in the current year due in part to the aforementioned decision by General Motors to fit drum brakes on selected light trucks also impacting park brake production in Australia. Sales within the Australian market were in line with prior years with new vehicle registrations being at record levels. The aftermarket business recorded a small increase in sales over the prior year.

Sales in **Europe** relate to AP Italia's operations. AP Italia's results were included in Pacifica's results for the whole of the 2004 year compared to just the second six months in 2003. AP Italia's sales in the second half of 2004 were 9% above the previous corresponding period.

COMMENTARY ON RESULTS (continued)

Pacifica's operations in **Asia** are relatively small, but did record a reduction in sales of 7%. This was primarily driven by movements in exchange rates.

EARNINGS BEFORE INTEREST AND TAX (EBIT)

EBIT decreased by 7% from \$96.3 million in 2003 to \$89.5 million in 2004. The decrease is mainly attributable to the translation of US earnings into Australian dollars. If the A\$/US\$ had remained constant, EBIT would have decreased by less than \$1 million or 1%.

In **North America**, operating margins reduced as a result of both pricing pressures and lower volumes at PBR Knoxville. Management has maintained a strong focus on cost reduction and minimisation of waste. Lean manufacturing systems implemented in prior years have continued to aid in reducing the cost of manufacturing.

Operating margins in **Australia** increased due to a reduction in low margin work, higher royalty receipts and the recovery of some R&D expenditure. Lean manufacturing processes, which continue to be developed across the site, and the restructuring initiatives undertaken in the last two years have helped to improve the efficiency of manufacturing operations in Australia.

AP Italia contributed \$10.5 million to segment EBIT for the full year, compared to \$3.9 million for the last six months of 2003. This contribution is in line with expectations.

Earnings Summary	2004	2003	% change
	\$000	\$000	fav/-unfav
<i>Operating EBIT:</i>			
Australia & New Zealand	49,712	48,299	3%
United States of America	29,510	41,998	-30%
Europe	10,502	3,870	171%
Asia	3,228	4,578	-29%
Segment EBIT	92,952	98,745	-6%
Associate profits	1,079	1,339	
Corporate expenses	(2,162)	(2,623)	
Intangibles	(2,376)	(1,158)	
Total EBIT	89,493	96,303	-7%
Net interest	(13,969)	(12,403)	-13%
Tax	(20,160)	(22,271)	9%
Minority interests	(10,347)	(14,958)	31%
Net operating profit	45,017	46,671	-4%
Significant items after tax	(11,336)	1,567	
Net profit	33,681	48,238	-30%
Australia/NZ EBIT margin	15.7%	13.7%	
USA EBIT margin	6.7%	8.4%	
Europe EBIT margin	13.2%	10.7%	
Asia EBIT margin	10.0%	13.3%	

Operating margins for **Asian** operations were adversely affected by higher costs of purchase materials.

NET INTEREST

Net interest expense is 13% or \$1.6 million higher than the prior year. Of this increase, \$1.1 million is a result of the first full year of interest on the additional debt that was used to acquire AP Italia. The remaining increase is a result of additional borrowings required to support capital expenditure for the year.

COMMENTARY ON RESULTS (continued)
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TAXATION

Tax expense was \$20.2 million with an effective tax rate of 26.7%, compared to 26.5% for 2003.

NET OPERATING PROFIT (before significant items)

Profit after tax and minority interests decreased by 4% from \$46.7 million to \$45 million. If the A\$/US\$ exchange rate had remained unchanged from 2003, net operating profit would have been \$47 million.

Earnings per share decreased from 34c to 33.1c, a decline of 3%. This is less than the percentage decrease in net operating profit due to the impact of the share buy back program. During 2004, Pacifica bought back 542,127 shares at an average price of \$3.62.

SIGNIFICANT ITEMS

Significant items after tax and minority interests amounted to a loss of \$11.3 million. The individually significant items were:

- Call on a guarantee that was provided to a UK-based bank in 2002 when Lionweld Kennedy was sold via a management buy out. A receiver was appointed over the affairs of Lionweld Kennedy in October 2004 and, as a result, the bank called the £2.9 million (A\$7.3 million) guarantee.
- Redundancy costs and asset write-downs associated with rationalisation of the Australian automotive activities, including the activities of FMP Group (Australia) P/L, amounted to \$4 million.

BALANCE SHEET

Balance Sheet Summary	2004	2003
	\$000	\$000
Trade working capital	59,622	49,147
Property and plant	436,893	422,384
Intangibles	30,537	30,647
Net other assets	5,503	6,331
Net debt	(199,334)	(181,912)
Net assets	333,221	326,597
Parent entity interest	268,567	262,228
Minority interests	64,654	64,369
Equity	333,221	326,597
Gearing	59.8%	55.7%

The increase in trade working capital reflects changes in programs and customers. During the year, working capital in North America increased as sales accelerated on those programs with new terms and new customers.

Purchase of land, construction of the factory and commencement of purchase of equipment for the China operations led to an increase in property and plant. The China factory is still being developed, however during 2004 more than \$11 million was spent on construction of this facility.

Pacifica's gearing increased from 55.7% at the end of 2003 to 59.8% at balance date. During the year, Pacifica drew down on a new US\$40 million facility that matures in 2009. Proceeds from this draw down were utilised to pay down A\$ facilities that were subject to higher interest rates.

COMMENTARY ON RESULTS (continued)

CASH FLOW

Of the \$6.8 million decrease in cash EBIT, \$6.7 million is due to the unfavourable movement in the A\$/US\$ exchange rate.

Trade working capital increased as a result of changes in trading terms with customers as new programs were introduced.

Operating cash flow improved on the prior year due to management maintaining tight controls over the costs of running the business. This has resulted in operating cash flow per share increasing to 73.2 cents from 65.7 cents.

Net investing cash flows of \$78.5 million were the result of the following:

- Capital expenditure of \$72.3 million. This includes capital spent on the development of the Dalian greenfield site in China and expenditure required for previously announced new contracts that start production in 2006.
- Payment of \$7.3 million on the call of the Lionweld Kennedy guarantee.

The main feature of financing cash flows was the decrease in the quantity of shares bought back as part of the on-market share buy back program.

Borrowings increased in 2004 as a result of paying out on the UK bank guarantee and to fund the capital program which, in addition to the new China plant, included capital expenditure for the new domestic Toyota and Holden contracts.

Cash Flow Summary	2004 \$000	2003 \$000	% change fav/-unfav
Cash EBIT	137,109	143,908	-5%
Net interest paid	(13,825)	(10,725)	-29%
Income taxes paid	(14,507)	(14,011)	-4%
Trade working capital mvt	(10,994)	(18,271)	40%
Other working capital mvt	1,832	(10,787)	-ve to +ve
Operating cash flow	99,615	90,114	11%
Cash flow per share	73.2	65.7	11%
Net capital expenditure	(72,296)	(75,677)	4%
Acquisition of AP Italia	-	(61,275)	
Sale of businesses	1,070	47,905	
Call on guarantee	(7,288)	-	
Investing cash flows	(78,514)	(89,047)	12%
Dividends paid:			\$000
Pacifica shareholders	(29,982)	(28,838)	(1,144)
Minority interests	(12,778)	(9,698)	(3,080)
Share buy back	(1,965)	(17,242)	15,277
Share issues	562	839	(277)
Borrowings movement	70,694	14,360	56,334
Financing cash flows	26,531	(40,579)	67,110

SEGMENT REPORTING

Pacifica's revenues are derived predominantly from automotive products and technologies. The group operates in and reports on four geographical segments: Australia and New Zealand, United States of America, Europe and Asia.

The commentary on the preceding pages highlights the trends for each of the geographical segments. Therefore, further commentary is not included in this section.