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NEWS RELEASE



Pacifica Group Limited
ACN 006 530 641

264 East Boundary Road
East Bentleigh Victoria 3165 Australia
Telephone (613) 9575 2222
Facsimile (613) 9575 2411
<http://www.Pacifica.com.au>
Pacifica_enquiries@Pacifica.com.au

INCREASED OFFER OF \$2.20 PER SHARE RECOMMENDED BY PACIFICA

Pacifica Group Limited (Pacifica) and Robert Bosch Investment Nederland B.V.(Bosch), a wholly owned subsidiary of Robert Bosch GmbH, today announced that following discussions between Pacifica and Bosch, Bosch has agreed to increase its takeover offer for Pacifica to \$2.20 per share from \$1.92 per share.

In addition, Bosch has agreed that it will waive all the conditions of its offer upon:

- (a) Bosch obtaining a relevant interest in more than 50% of Pacifica shares, or Bosch otherwise waiving its minimum acceptance condition; and
- (b) certain regulatory conditions being satisfied or waived,

provided that no conditions of the offer have been breached at or prior to that time.

The Pacifica Board, having carefully considered Bosch's increased offer, has formed the view that Bosch's increased offer represents a fair value for Pacifica shares and the Pacifica Directors unanimously recommend that shareholders accept the increased offer by Bosch, in the absence of a superior offer.

In recommending the increased offer from Bosch, and based on discussions with Bosch, the Pacifica Board expects that the necessary regulatory approvals will be obtained. If the regulatory approvals are not obtained by the scheduled offer closing date of 18 December 2006, and the closing date is extended beyond 18 January 2007 (whilst the offer remains conditional), shareholders who accepted the bid prior to the extension will have a right to withdraw their acceptance.

Bosch's offer of \$2.20 per share is a 15% increase on the previous offer of \$1.92 and represents a 40% premium to the volume weighted average price of Pacifica shares traded during the period from the release of Pacifica's revised earnings guidance on 29 August 2006 through to 17 October 2006, the day prior to Bosch's unsolicited initial takeover offer being announced.

In order to assist shareholders, the Pacifica Board has commissioned an Independent Expert's Report by Grant Samuel & Associates (Grant Samuel) to independently assess the offer. It is the opinion of Grant Samuel that the increased offer by Bosch is both fair and reasonable. A

copy of the Grant Samuel report will be included in Pacifica's Target's Statement which shareholders will receive within the next two weeks. The Target's Statement will also contain further information in relation to Bosch's offer and the Pacifica Board's recommendation.

Pacifica had previously announced in April 2006 that it had commenced discussions with a then unnamed party which could lead to an offer or proposal being put to Pacifica shareholders. Stemming from these discussions, Pacifica received from Bosch a conditional, non-binding proposal to acquire Pacifica for \$2.40 per share by way of a scheme of arrangement. Discussions were terminated on 28 July 2006 after the Pacifica Board reached the conclusion that this proposal did not, at that time, represent an acceptable control premium for Pacifica and the refusal by the party to lift its offer.

On 29 August 2006, Pacifica provided revised earnings guidance as a result of a deterioration in the immediate outlook for the Company, owing to reduced customer production schedules and further upheaval in the domestic supplier base. Guidance for net profit after significant items for the year ended 31 December 2006, was revised to the low to mid \$20 million range (which was before costs associated with the current offer), compared to previous market guidance of a net profit after significant items in the mid \$30 million range. Pacifica also stated that this revised guidance was prior to any further writedown in carrying value of the FMP friction materials business that may be required at year end. The Board envisages that a write down of the carrying value of FMP Australia of \$4.3 million, representing the goodwill component of Pacifica's investment in FMP Australia, will occur as at 31 December 2006 and will review the earnings outlook for FMP Australia to assess whether a further writedown in FMP Australia's investment value will be required.

While the factors cited as cause for the earnings guidance in August were highlighted as having an immediate impact on Pacifica's financial performance for the twelve months ended 31 December 2006, the Directors note that challenging industry conditions are expected to continue.

The Pacifica Board believes that acceptance of Bosch's increased offer, in the absence of a superior offer, is in the best long term interests of Pacifica and its shareholders. Pacifica is a world class supplier of automotive brake technology and has demonstrated its ability to continually adapt its business to suit the changing demands of the global automotive industry. The markets in which Pacifica operates, however, are highly competitive and have experienced significant upheaval in recent years which has impacted the financial performance of Pacifica and other component suppliers in the automotive industry. Combining with a large global automotive supplier such as Bosch provides an opportunity to secure the long term future of Pacifica and for Pacifica shareholders to receive a significant premium to the Pacifica share price prior to Bosch's offer.

Pacifica has agreed not to directly or indirectly solicit, initiate or encourage any expression of interest, offer or proposal by any person in relation to a competing proposal or transaction. Further details are set out in the annexure to this announcement.

Pacifica will keep its shareholders fully informed of further developments.

Released by:

J K Ellis
Chairman
Pacifica Group Limited

Annexure A

Summary of agreement between Bosch and Pacifica in relation to the increased offer

Bosch and Pacifica have entered into an agreement under which (among other things):

- Bosch has agreed to increase its offer to \$2.20 per share. Bosch has also agreed to waive all remaining conditions upon both the conditions relating to the receipt of all relevant regulatory approvals (including FIRB, ACCC and Merger Control Approvals in Europe) being satisfied or waived and the more than 50% minimum acceptance condition being satisfied or waived, provided that no conditions of the offer have been breached at or prior to that time;
- the Pacifica Board has agreed to recommend the increased offer in the absence of a superior proposal and not to withdraw their recommendation unless there is a superior proposal or a significant change in circumstances which requires them to withdraw their recommendation due to their fiduciary duties;
- Pacifica has agreed not to solicit or encourage any competing transaction or participate in negotiations or discussions relating to a competing transaction or enter into any agreement or understanding in relation to a competing transaction. The obligations not to participate in negotiations or discussions regarding a competing proposal and not to enter into any agreement or understanding in relation to a competing transaction do not prohibit any action if compliance would, in the reasonable opinion of the Pacifica Directors, constitute a breach of their fiduciary duties;
- Pacifica has agreed to notify Bosch of any decision to permit a person contemplating a competing transaction to undertake due diligence on Pacifica, and to give Bosch a reasonable opportunity (not more than 3 days) to respond to a competing transaction before making any announcement or recommendation in relation to that competing transaction;
- Pacifica has agreed to procure that, on Bosch's reasonable request and with reasonable notice, its Chairman and Managing Director assist in promoting the merits of the offer; and
- Bosch has agreed to use reasonable endeavours to procure that the regulatory conditions to its offer be satisfied as soon as practicable and to keep Pacifica informed of its progress. Pacifica agreed to use reasonable endeavours to provide information to Bosch to assist in the satisfaction of conditions to Bosch's offer.

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