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NEWS RELEASE**

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PACIFICA ANNOUNCES RESULTS FOR 2004

Pacifica Group Limited today announced a net profit after tax, before significant items, of \$45.0 million for the year ending 31 December 2004. This is \$1.7 million lower than 2003 but \$1 million higher than the guidance provided in late December 2004.

In summary, the year included:

- Sales of \$872.1 million compared with \$923.8 million for 2003
- EBIT of \$89.5 million compared with \$96.3 million for the prior year
- Margins maintained in a challenging automotive industry environment
- Significant items – a loss of \$11.3 million
- A dividend of 10.0 cents per share franked to 85%, making a total of 20.5 cents for this and the dividend paid in September 2004
- Net operating cash flow of \$99.6 million, up from \$90.1 million
- A strong performance by AP Italia in its first full year of ownership
- Major manufacturing initiatives in Asia, including commencement of facility construction in China
- The winning of new business to provide an additional \$100 million in sales in 2006

Commentary

Pacifica's Managing Director, Mr John MacKenzie, said the result, while lower than the previous year's record, was creditable in a difficult automotive business environment.

“We have managed to maintain margins which is very pleasing at a time when others in our sector are struggling. However, factors such as a drop off in production volumes in the second half of the year in both North America and Australia, the A\$/US\$ exchange rate and up front costs associated with the acceleration of the Company's Asian manufacturing strategy, have all impacted on the 2004 result. Across the business we also had to contend with increasing commodity prices,” said Mr MacKenzie.

“The PBR plant at Knoxville, Tennessee had lower sales and earnings as a result of impending model changeovers and General Motors’ decision to fit drum brakes on certain Sports Utility Vehicles (SUV’s), but margin impact was cushioned through productivity gains and cost management. Knoxville is the lead plant for the PBR Global Manufacturing System (GMS) and this has helped it achieve significant quality and productivity improvements,” Mr MacKenzie said.

The plant in Columbia, South Carolina increased sales and earnings assisted by two new programs, being the supply of front and rear aluminium calipers for DaimlerChrysler’s new Magnum passenger vehicle and for the new Ford Mercury Montego. Operating efficiency was however, hampered by start up issues associated with the ramp up in production and the commissioning of new equipment for these new programs.

The lower US margins also reflect additional royalties paid to the Australian operations.

Europe

The European business, AP Italia, put in a strong sales and earnings performance, and continued to extend its customer base with the commencement of supply to a number of new platforms. AP Italia is a supplier to popular models produced by Ford, Fiat, Nissan, Renault and other manufacturers, and is on track for further growth in the next few years.

“The AP performance was particularly pleasing as this was its first full year in the Pacifica group. AP brought new business on stream and achieved improvements in its productivity, quality and safety standards,” Mr MacKenzie said.

Australia

In Australia earnings were up slightly on a reduced sales base, reflecting the exit from lower margin non-core business areas, higher royalty receipts and the recovery of some R&D expenditure.

PBR’s Australian operations commenced a major restructuring in 2004. The export Banksia park brake production is in the process of being relocated to Thailand, and it is the intention that in future the East Bentleigh plant will concentrate on high value work largely for the domestic market. This will include full corner module assemblies and the manufacture of disc rotors and knuckles, in addition to calipers.

Disc rotors were supplied for the new Ford Territory from the second half of the year, and further new business has been secured. From 2006 PBR will supply Holden and Toyota vehicles destined for the export market. New products, including brake upgrade kits for popular models, bolstered PBR's aftermarket range and sales.

Asia

The Thailand business increased sales and earnings for 2004. Work commenced on a major expansion program to accommodate the transfer of Banksia park brake production for export markets. Equipment installation is near completion and production is due to commence in April 2005.

The Malaysian business had lower sales and margins than in 2003. This was mainly as a result of lower sales to the Proton model range.

Construction of the new plant in China commenced during the year. The machining, plating and sub-assembly operation is expected to commence production in the first half of 2005. Initial production will be directed internally, with final brake assembly at the Thailand and Columbia plants. Work on the iron foundry is scheduled to commence in late 2005.

Friction Materials

The joint venture friction materials businesses, FMP, had a disappointing year with sales and earnings down on 2003. The strength of the Australian dollar resulted in increased import competition which affected the domestic operations. Market acceptance of new products was also a little slower than expected. FMP restructured its Australian operations during the year and this is expected to enable a modest recovery in 2005. The operations in Thailand and Malaysia were both down on 2003, impacted by lower export sales.

Construction Products

The construction products business, Melwire, continues to make a solid contribution to earnings and cash flow. Its pleasing performance, particularly in the mining and construction sectors, was underpinned by its diversified product and service portfolio.

DIVIDEND

Directors declared a dividend of 10.0 cents per share franked to 85%, making a total of 20.5 cents for this and the dividend paid in September 2004. The dividend will be paid on 4 April 2005 to shareholders registered at 17 March 2005.

OUTLOOK

“As previously advised in our statement of 22 December 2004, we expect that 2005 will be a difficult year and that Pacifica’s results will be adversely impacted by lower volumes and price pressures in North America, as well as increasing raw material costs. In the December statement, we forecast that a steel surcharge would be imposed on PBR to reflect movements in the base cost of steel. We have now agreed with our North American supplier the formula which will determine the surcharge, but the degree to which we will be able to pass on this additional cost to our customers is still uncertain. Our current estimate is that the surcharge will have an adverse net profit impact of between \$2 to \$4 million in 2005. Despite this, we reaffirm the earnings guidance provided in December, of a 2005 net profit before significant items in the \$34 to \$38 million range, and significant post tax redundancy costs of \$4 million associated with the Asian manufacturing strategy,” said Mr MacKenzie.

“Looking further ahead, there are a number of positive developments that will produce much improved results in 2006 and 2007. We have forecast NPAT in the high \$40 millions for 2006,” he said.

The factors contributing to the improvement include:

In 2006,

- The \$100 million in new business that was secured in 2004 – these orders will add production volumes to all of PBR’s principal operations
- Improved cost base for the production of key contracts commencing in China and Thailand

Beyond 2006,

- Further contracted sales of approximately \$50 million
- Capacity to supply further new business from the Chinese foundry

“With respect to the longer term outlook, we have been receiving a growing number of requests for development quotations for our By-wire product and indications are positive that we will win orders,” said Mr MacKenzie. “This is an encouraging development and points to the sound commercial prospects of PBR’s next generation of technology and associated products, as well as the value of a long-standing and significant R&D program.”

“The changes that were commenced during 2004 are profound and take us further along the path towards being a truly international manufacturer. We are confident that these changes will yield long-term sustainable results in 2006 and beyond,” he said.

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FINANCIAL SUMMARY

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| FINANCIAL SUMMARY | 2004 | 2003 | % |
|--|----------------|----------------|---------------|
| Year Ended 31 December 2004 | \$000 | \$000 | change |
| Sales revenue | 872,087 | 923,810 | -6% |
| EBITDA | 141,771 | 148,257 | -4% |
| Depreciation and amortisation | (52,278) | (51,954) | |
| EBIT | 89,493 | 96,303 | -7% |
| Interest | (13,969) | (12,403) | |
| Pre-tax profit | 75,524 | 83,900 | -10% |
| Taxation | (20,160) | (22,271) | |
| Outside equity interests | (10,347) | (14,958) | |
| Net profit before significant items | 45,017 | 46,671 | -4% |
| Earnings per share (cents) | 33.1 | 34.0 | -3% |
| Significant items after tax | (11,336) | 1,567 | |
| Net profit | 33,681 | 48,238 | |
| Earnings per share (cents) | 24.7 | 35.2 | |
| Operating cash flow | 99,615 | 90,114 | 11% |
| Cash flow per share (cents) | 73.2 | 65.7 | 11% |

| DIVIDENDS | cents per share | franking |
|--|------------------------|-----------------|
| Dividend payable 4 April 2005 | 10.0 | 85% |
| Dividend paid 17 September 2004 | 10.5 | 100% |
| Total | 20.5 | |

For further information:
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