

**31 July 2009**  
**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](mailto:Pacifica_enquiries@Pacifica.com.au)

## **PACIFICA ANNOUNCES HALF YEAR RESULTS**

Pacifica Group Limited today announced a net loss of \$23.6 million for the six months ended 30 June 2009.

In summary, the result included:

- Sales of \$191.8 million, a decline of \$81.3 million, or 30%, from the corresponding half year period.
- Net loss of \$23.6 million, a 3% higher loss compared to the net loss before significant items reported for the opening half of 2008.

### **Operational Commentary**

The Group's financial performance for the first six months of 2009 was characterised by continuing impacts of the global economic downturn – falling demand, extended plant shut downs of vehicle manufacturers and a structural shift to smaller, more fuel-efficient cars. In addition to this, both General Motors and Chrysler filed for bankruptcy protection in the US during the period, providing an uncertain environment for global automotive suppliers, including Pacifica.

Group sales for the first half of 2009 were down 30% on the previous corresponding period. Sales were also impacted by the depreciation of the AUD against the USD and other key currencies compared to this time last year. Disregarding currency effects, sales were down 40%.

The decline in sales was most pronounced in North America with a fall in sales revenues of \$56 million, or 36% in the first half of 2009. Revenues in Asia-Pacific, including inter-company sales, dropped 33%, while revenues in China increased by \$0.3 million, or 2.5%, as a result of management's continuing efforts to secure local supply contracts.

In response to the significantly lower sales volumes, the Group continues to pursue cost savings at all levels of the organisation so as to minimise the operating losses and the decline in liquidity. Despite savings generated from the integration of Pacifica into Bosch's management structure, the sourcing of cast iron components in the US from a new supplier at commercially more favourable terms than the disputed prices of Internet Corporation, the reduction in depreciation charge flowing from the impairment allowance recognised in 2008 and cost base reductions through restructuring measures implemented over the last 18 months, the Group reported an EBITDA loss of \$7.8 million

for the six months to 30 June 2009, an EBIT loss of \$22.3 million and operating cash outflows of \$15.1 million.

On 14 July 2009 the US Bankruptcy Court confirmed Internet Corporation's re-organisation plan and the sale of Internet Corporation's assets to Revstone. The court also ordered that Pacifica's claims are unsecured pre-petition claims; hence the Directors do not expect any meaningful recovery of the disputed prices.

FMP Australia, the 49%-owned friction materials business, contributed \$1.6 million profit to the Group's net result, compared to a \$1.3 million loss in the first half of 2008. The improvement is mainly related to restructuring efforts in 2008 that reduced FMP Australia's ongoing cost base.

The Group's net debt at the end of June 2009 was \$162.0 million compared to \$161.6 million at the end of the previous financial year. However, disregarding currency effects, net debt would have increased by \$29 million for the period. Net tangible asset value of the Group attributable to Pacifica's shareholders amounts to \$17.5 million, or \$0.12 per share, a decrease of 53% from the previous year.

## **Outlook**

When the Pacifica 2008 accounts were released in February of this year, the Board's expectation was that Pacifica would report a further operating loss for the year ended 31 December 2009. In his address to shareholders at the annual general meeting in May 2009, Pacifica's Chairman, Mr Delhey, outlined that the picture in North America had since continued to deteriorate, with much of the expected decline occurring within the light truck segment. He also noted that this is expected to impact on Pacifica's operations in Thailand and China.

Given the continuing global decline in demand for larger passenger cars and trucks it remains impossible to provide any accurate forecast for the full year. At this stage Pacifica sees the requirement for further restructuring of its manufacturing footprint, which may include the sale of part of its business. As outlined at this year's annual general meeting, depending on the magnitude of the expected losses in the current year Pacifica may require additional equity funding later this year.

In the financial year ended 31 December 2008, an impairment charge of \$174,737,000 was recognised in respect of the carrying value of plant and equipment. Management have re-assessed the estimates and assumptions made to determine the previously recognised impairment loss and have determined that, on balance, there have been no material changes to these estimates and assumptions that would require an adjustment to the impairment allowance.

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Based on Pacifica's half year 2009 results, Pacifica's Independent Director, Patrick Burroughs, reiterates his assessment and opinion of the recent takeover offer made by Robert Bosch Investment Nederland B.V. and recommends again that Pacifica shareholders accept Bosch Investment's offer (in the absence of a superior proposal).

**For further information:**

Peter Delhey  
 Executive Chairman  
 Pacifica Group Limited  
 Tel. +49 711 811 33310

**FINANCIAL SUMMARY**

<b>Six months ended 30 June</b>	<b>2009</b>	<b>2008</b>
	<b>\$000</b>	<b>\$000</b>
<b>Sales revenue</b>	<b>191,796</b>	<b>273,053</b>
<b>EBITDA</b>	<b>(7,779)</b>	<b>(3,107)</b>
Depreciation and amortisation	(14,520)	(23,830)
<b>EBIT</b>	<b>(22,299)</b>	<b>(26,937)</b>
Net finance cost	(4,897)	(1,723)
Share of associate's profit (loss)	1,585	(1,293)
Tax expense	(1,757)	(218)
Non-controlling interest's share of loss	3,728	7,227
<b>Net operating loss</b>	<b>(23,640)</b>	<b>(22,944)</b>
Significant loss items after tax	-	(14,897)
<b>Net loss</b>	<b>(23,640)</b>	<b>(37,841)</b>
<b>EPS (cents)</b>	<b>(16.7)</b>	<b>(26.7)</b>
<b>Operating cash outflow</b>	<b>(15,113)</b>	<b>(6,250)</b>