Financial Report 2002

Pacifica

Pacifica Group Limited

ABN 69 006 530 641

Annual Reporting

Pacifica's annual reporting is issued in two editions - the Concise Annual Review 2002 (incorporating the concise financial report to shareholders) and the Financial Report 2002. The Concise Annual Review details Pacifica's operations, outlines the Company's corporate governance practices and provides a summary of the financial statements. Both editions can be viewed on Pacifica's website at www.pacifica.com.au, along with other information on the Company and its activities.

Annual General Meeting

Pacifica Group Limited invites shareholders to attend the Company's 2003 Annual General Meeting to be held in the Mayfair Room, Grand Hyatt, 123 Collins Street, Melbourne, Australia commencing at 10:30 am on Friday 2 May 2003.

Front cover designed by Ebony Round

Financial Report 2002

Contents

Statement of Financial Performance

for the year ended 31 December 2002

COMPANY 2002 $000	COMPANY 2001 $000		NOTE	CONSOLIDATED 2002 $000	CONSOLIDATED 2001 $000
-	-	Revenue from sale of goods		**1,077,287**	1,133,758
-	43,845	Proceeds from sale of controlled entities		**-**	43,845
40,446	37,461	Other revenue from ordinary activities	4	**17,320**	25,504
40,446	81,306	**Total revenue**		**1,094,607**	1,203,107
-	-	Cost of goods sold		**(906,319)**	(968,101)
-	-	Marketing and selling expenses		**(18,381)**	(21,343)
-	-	Warehouse and distribution expenses		**(9,246)**	(16,948)
(10,993)	(8,273)	Administration expenses		**(48,430)**	(56,604)
-	-	Research and development expenses		**(15,700)**	(11,026)
(7,137)	(78,871)	Investment expenses		**-**	-
(7,756)	(8,563)	Borrowing costs	5	**(16,589)**	(23,273)
-	(33,998)	Net assets of controlled entities sold		**-**	(40,777)
-	(134)	Other expenses from ordinary activities		**(9,362)**	(91,158)
(25,886)	(129,839)	Total expenses		**(1,024,027)**	(1,229,230)
-	-	Share of net profit of associates	13(c)	**6,419**	7,791
14,560	(48,533)	**Profit (loss) from ordinary activities before income tax**	5	**76,999**	(18,332)
314	(963)	Income tax attributable to ordinary activities	7	**(22,707)**	(8,368)
14,874	(49,496)	Profit (loss) from ordinary activities after income tax		**54,292**	(26,700)
-	-	(Profit) loss from ordinary activities after income tax attributable to outside equity interests		**(9,967)**	(16,210)
14,874	(49,496)	**Profit (loss) from ordinary activities after income tax attributable to Pacifica Group Limited shareholders**		**44,325**	(42,910)
		Non-owner transaction changes in equity			
-	-	Net exchange difference on translation of financial statements of self-sustaining foreign operations		**(15,396)**	13,992
14,874	(49,496)	**Total changes in equity from non-owner related transactions attributable to Pacifica Group Limited shareholders**		**28,929**	(28,918)
				cents	cents
		Earnings per share	8		
		Basic earnings per share		**30.5**	(28.6)
		Diluted earnings per share		**30.0**	-

The statement of financial performance is to be read in conjunction with the accompanying notes to the financial statements.

CONTINUING OPERATIONS		DISCONTINUING OPERATIONS		DISCONTINUED OPERATIONS	
2002	2001	**2002**	2001	**2002**	2001
$000	$000	**$000**	$000	**$000**	$000
936,231	881,852	**141,056**	174,778	**-**	77,128
-	-	**-**	-	**-**	43,845
16,880	23,046	**440**	1,409	**-**	1,049
953,111	904,898	**141,496**	176,187	**-**	122,022
(807,921)	(779,727)	**(98,398)**	(128,436)	**-**	(59,938)
(8,927)	(7,334)	**(9,454)**	(10,901)	**-**	(3,108)
(2,853)	(4,362)	**(6,393)**	(8,622)	**-**	(3,964)
(32,271)	(29,086)	**(16,159)**	(22,004)	**-**	(5,514)
(15,700)	(10,797)	**-**	-	**-**	(229)
-	-	**-**	-	**-**	-
(16,589)	(20,110)	**-**	(1,803)	**-**	(1,360)
-	-	**-**	-	**-**	(40,777)
(6,358)	(31,036)	**(3,004)**	(59,100)	**-**	(1,022)
(890,619)	(882,452)	**(133,408)**	(230,866)	**-**	(115,912)
6,185	7,484	**234**	279	**-**	28
68,677	29,930	**8,322**	(54,400)	**-**	6,138
(20,524)	(4,917)	**(2,183)**	(3,118)	**-**	(333)
48,153	25,013	**6,139**	(57,518)	**-**	5,805
(9,967)	(14,749)	**-**	(90)	**-**	(1,371)
38,186	10,264	**6,139**	(57,608)	**-**	4,434

Discontinuing operations

In the previous financial year, the Company announced its intention to divest the Construction Products Division so as to refocus the Group around its automotive technologies. The Division constitutes the total Construction Products segment in the business segment report, the total Europe segment in the geographical segment report and is also reported in the Australia/New Zealand and Asia geographical segments.

With effect from 1 July 2002, the Company sold its European construction products business. Since the end of the financial year, the Company announced the sale of the Webforge businesses, details of which are disclosed in Note 39. The sale process relating to the Melwire businesses, the remaining part of the Construction Products Division, is ongoing and operations are expected to be discontinued by 30 June 2003.

As at 31 December 2002, the carrying value of total assets to be disposed of is $75,174,000 and the value of total liabilities to be settled as part of the discontinuance is $15,682,000.

Discontinued operations

With effect from 1 July 2001, the Company sold for cash the remaining 51% of its shareholding in Viscount Plastics Pty Ltd, the holding company of the Group's Plastics operations. The operations of Viscount Plastics constitute the total Plastics segment in the business segment report and is also reported in the Australia/New Zealand and Asia segments in the geographical segment report.

Statement of Cash Flows

for the year ended 31 December 2002

COMPANY 2002 $000	COMPANY 2001 $000		NOTE	CONSOLIDATED 2002 $000	CONSOLIDATED 2001 $000
		Cash flows from operating activities			
4,700	7,131	Cash receipts in the course of operations		**1,084,077**	1,158,247
(7,473)	(2,652)	Cash payments in the course of operations		**(925,005)**	(1,038,936)
26,683	64,934	Dividends received		**6,851**	10,466
12,546	13,844	Interest received		**1,309**	2,089
(7,756)	(8,563)	Borrowing costs paid		**(16,203)**	(23,365)
(1,251)	(426)	Income taxes paid		**(9,155)**	(5,996)
27,449	74,268	**Net cash provided by operating activities**	9(a)	**141,874**	102,505
		Cash flows from investing activities			
-	-	Payments for buy-out of outside equity interests	9(b)	**-**	(1,052)
(54)	-	Payments for property, plant and equipment		**(47,476)**	(62,142)
-	43,845	Proceeds from sale of controlled entities net of cash disposed	9(b)	**1,653**	32,288
-	2	Proceeds from sale of property, plant and equipment		**2,531**	1,674
(8,472)	(19,848)	Payments for additional equity in controlled entities		**-**	-
(8,526)	23,999	**Net cash provided by (used in) investing activities**		**(43,292)**	(29,232)
		Cash flows from financing activities			
284	225	Proceeds from issue of shares to Pacifica Group Limited shareholders		**284**	225
-	-	Proceeds from issue of shares to outside equity interests		**-**	722
(12,837)	(25,355)	Dividends paid to Pacifica Group Limited shareholders		**(12,837)**	(25,355)
-	-	Dividends paid to outside equity interests		**(12,897)**	(7,767)
(38,288)	-	Payments for share buy-back		**(38,288)**	-
4,000	-	Proceeds from borrowings		**-**	-
-	(55,000)	Repayment of borrowings		**(32,575)**	(73,740)
31,214	(23,811)	Loans to controlled entities		**-**	-
(15,627)	(103,941)	**Net cash provided by (used in) financing activities**		**(96,313)**	(105,915)
3,296	(5,674)	**Net increase (decrease) in cash held**		**2,269**	(32,642)
4,192	9,866	Cash at the beginning of the financial year		**90,736**	119,781
-	-	Effects of exchange rate changes on cash held in foreign currencies		**(5,299)**	3,597
7,488	4,192	Cash at the end of the financial year	9(c)	**87,706**	90,736
				cents	cents
		Operating cash flow per share		**97.7**	68.3

The statement of cash flows is to be read in conjunction with the accompanying notes to the financial statements.

	CONTINUING OPERATIONS		DISCONTINUING OPERATIONS		DISCONTINUED OPERATIONS	
	2002	2001	**2002**	2001	**2002**	2001
	$000	$000	**$000**	$000	**$000**	$000
	944,892	899,291	**139,185**	181,782	**-**	77,174
	(796,366)	(797,660)	**(128,639)**	(175,312)	**-**	(65,964)
	6,851	10,466	**-**	-	**-**	-
	1,060	1,611	**249**	333	**-**	145
	(14,505)	(18,279)	**(1,698)**	(3,672)	**-**	(1,414)
	(9,214)	(5,808)	**59**	199	**-**	(387)
	132,718	89,621	**9,156**	3,330	**-**	9,554
	-	-	**-**	(1,052)	**-**	-
	(46,182)	(53,322)	**(1,294)**	(2,754)	**-**	(6,066)
	1,653	32,288	**-**	-	**-**	-
	2,492	1,470	**39**	138	**-**	66
	-	-	**-**	-	**-**	-
	(42,037)	(19,564)	**(1,255)**	(3,668)	**-**	(6,000)
	284	225	**-**	-	**-**	-
	-	-	**-**	-	**-**	722
	(12,837)	(25,355)	**-**	-	**-**	-
	(12,897)	(5,690)	**-**	-	**-**	(2,077)
	(38,288)	-	**-**	-	**-**	-
	-	-	**-**	-	**-**	-
	(13,738)	(65,820)	**(18,837)**	(2,628)	**-**	(5,292)
	-	-	**-**	-	**-**	-
	(77,476)	(96,640)	**(18,837)**	(2,628)	**-**	(6,647)
	13,205	(26,583)	**(10,936)**	(2,966)	**-**	(3,093)

Discontinuing operations and discontinued operations

Refer statement of financial performance for a description of these operations.

Statement of Financial Position

as at 31 December 2002

		CONSOLIDATED		COMPANY	
		2002	2001	**2002**	2001
	NOTE	**$000**	$000	**$000**	$000
Current assets					
Cash assets	10	**87,706**	95,060	**7,488**	4,192
Receivables	11	**132,375**	150,488	**143,974**	189,931
Inventories	12	**59,159**	65,607	**-**	-
Prepayments		**2,461**	3,903	**42**	32
Total current assets		**281,701**	315,058	**151,504**	194,155
Non-current assets					
Receivables	11	**14,867**	18,734	**7,048**	9,701
Investments accounted for using the equity method	13	**28,930**	26,482	**-**	-
Other financial assets	14	**-**	-	**268,878**	267,543
Property, plant and equipment	15	**441,134**	493,176	**133**	121
Deferred tax assets	16	**11,579**	10,497	**1,366**	1,058
Other non-current assets	17	**19,710**	29,043	**-**	-
Total non-current assets		**516,220**	577,932	**277,425**	278,423
Total assets		**797,921**	892,990	**428,929**	472,578
Current liabilities					
Payables	18	**136,411**	139,436	**2,169**	13,340
Interest bearing liabilities	19	**53,915**	168,263	**4,000**	110,000
Current tax liabilities	20	**5,992**	104	**(530)**	694
Provisions	21	**31,331**	31,717	**4,207**	3,475
Total current liabilities		**227,649**	339,520	**9,846**	127,509
Non-current liabilities					
Interest bearing liabilities	19	**174,820**	132,787	**110,000**	-
Deferred tax liabilities	22	**29,919**	27,262	**11**	44
Provisions	21	**1,073**	1,526	**82**	68
Total non-current liabilities		**205,812**	161,575	**110,093**	112
Total liabilities		**433,461**	501,095	**119,939**	127,621
Net assets		**364,460**	391,895	**308,990**	344,957
Equity					
Contributed equity	23	**308,455**	346,459	**308,455**	346,459
Reserves	24	**1,588**	18,100	**59,127**	59,127
Retained profits (accumulated losses)	25	**(17,783)**	(50,387)	**(58,592)**	(60,629)
Total parent entity interest		**292,260**	314,172	**308,990**	344,957
Outside equity interests	27	**72,200**	77,723	**-**	-
Total equity	28	**364,460**	391,895	**308,990**	344,957

The statement of financial position is to be read in conjunction with the accompanying notes to the financial statements.

Notes to the Financial Statements

Note 1. Statement of Significant Accounting Policies

The significant accounting policies which have been adopted in the preparation of this financial report are set out below.

(a) Basis of preparation

The financial report is a general purpose financial report prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

It has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or fair values of non-current assets.

The accounting policies have been consistently applied by each entity in the consolidated entity and, except where there is a change in accounting policy as set out in Note 2, are consistent with those of the previous financial year.

(b) Reclassification of financial information

In order to provide a more relevant approach, an additional expense category, 'investment expenses', has been included in the statement of financial performance to reflect expenses associated with the investment function of the parent entity. Certain expense items previously disclosed as 'other expenses from ordinary activities' have been reclassified to investment expenses in the previous financial year's statement of financial performance of the Company.

(c) Principles of consolidation

The financial statements of controlled entities are included from the date control commences until the date control ceases. Outside interests in the equity and results of the entities that are controlled by the Company are shown as a separate item in the consolidated financial statements. Unrealised gains or losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation.

Associates are those entities, other than partnerships, over which the consolidated entity exercises significant influence and which are not intended for sale in the near future. In the consolidated financial statements, investments in associates are accounted for using equity accounting principles. Investments in associates are carried at the lower of the equity accounted amount and recoverable amount. The consolidated entity's equity accounted share of the associates' net profit or loss is recognised in the consolidated statement of financial performance from the date significant influence commences until the date significant influence ceases. Other movements in reserves are recognised directly in consolidated reserves. Unrealised gains resulting from transactions with associates are eliminated to the extent of the consolidated entity's interest against the carrying amount of the investment. Unrealised losses are eliminated in the same way, unless they evidence a recoverable amount impairment.

(d) Revenue recognition

Revenues are recognised at the fair value of consideration received net of any applicable goods and services tax payable to a taxation authority.

Sales revenue comprises revenue earned (net of returns, discounts and allowances) from the provision of products or services to entities outside the consolidated entity. Sales revenue is recognised when the control of goods passes to the customer or when the service is provided, having regard to the stage of completion of the contract. Other revenue includes interest income on short term investments recognised as it accrues, gross proceeds on the disposal of non-current assets brought to account at the date an unconditional contract of sale is signed, and, in the case of the parent entity, dividends received from associate companies and controlled entities.

Notes to the Financial Statements

(e) Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings, lease finance charges and gains or losses from interest rate swaps and options designated to hedge anticipated interest transactions. Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which generally take more than 12 months to get ready for their intended use and are material in value to the consolidated entity. In these circumstances, borrowing costs are capitalised to the cost of the assets using a weighted average capitalisation rate where funds are borrowed generally or, in circumstances where funds are borrowed specifically to finance a qualifying asset, the actual borrowing costs incurred.

(f) Research and development costs

Research and development expenditure is expensed as incurred except where it relates to development costs for completely new products for which the recoverability is assured beyond any reasonable doubt, in which case it is deferred and amortised on a straight line basis over the period in which the related benefits are expected to be realised.

(g) Deferred expenditure

Material items of expenditure, including establishment and pre-operating costs of new operations, are deferred to the extent that management consider that it is probable that future economic benefits embodied in the expenditure will eventuate and can be measured reliably. Deferred expenditure is amortised over the shorter of the periods in which the related benefits are expected to be realised or five years.

(h) Income tax

The consolidated entity adopts the income statement liability method of tax effect accounting.

Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the statement of financial position as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits relating to tax losses (including capital losses) are only brought to account when their realisation is virtually certain.

No provision has been made for withholding tax which may become payable in the event of retained profits of overseas controlled entities being declared as dividends.

(i) Foreign currency transactions and translation

Foreign currency transactions are translated to Australian currency at the rates of exchange prevailing at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date. Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the statement of financial performance in the financial year in which the exchange rates change.

Overseas controlled entities are considered to be self-sustaining operations and their financial statements are translated using the current rate method. Assets and liabilities are translated to Australian dollars at the rates of exchange ruling at balance date, while revenues and expenses are translated at the average rates ruling for the year. Exchange differences arising on translation are taken directly to the foreign currency translation reserve. The balance of the foreign currency translation reserve relating to foreign operations that are disposed of is transferred to retained earnings in the year of disposal.

(j) Derivative financial instruments

The consolidated entity uses derivative financial instruments to hedge interest rate and foreign currency exposures. Gains or losses on derivatives are brought to account on the same basis as the gains or losses on the underlying physical exposures. Derivative financial instruments are not held for speculative purposes.

(k) Receivables

Trade debtors and other receivables are recognised at the amounts due. The collectibility of debt is assessed at balance date and specific provision is made for any doubtful accounts. Credit terms for trade debtors vary across the consolidated entity.

(l) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs are assigned on a first-in, first-out basis and includes direct materials, direct labour, other direct variable costs and allocated production overheads necessary to bring inventories to their present location and condition, based on normal operating capacity of the production facilities.

Net realisable value is determined on the basis of each entity's normal selling pattern.

(m) Investments

Investments in controlled entities are carried in the Company's financial statements at the lower of cost and recoverable amount. In the Company's financial statements, investments in associates are carried at the lower of cost and recoverable amount, or valuation where stated.

(n) Property, plant and equipment

Items of property, plant and equipment are recorded at historical cost and depreciated as outlined below. The cost of plant and equipment in respect of large expenditure programs includes, in certain circumstances, capitalised interest (refer Note 1(e)).

Items of property, plant and equipment, including buildings and leasehold property but excluding freehold land, are depreciated/amortised over their estimated useful lives using the straight line method. Assets are first depreciated or amortised in the year of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

Calculated on the basis of weighted average asset holdings across the consolidated entity, the depreciation rates used for each class of assets are:

- buildings 3%
- leased plant and equipment 27%
- plant and equipment 9%

(o) Recoverable amount of non-current assets

The carrying amounts of non-current assets are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower amount. In assessing recoverable amounts the relevant cash flows have been discounted to their present value.

(p) Leased assets

Payments made under operating leases, being leases where substantially all of the risks and benefits incident to ownership of the leased asset remain with the lessor, are expensed on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

Notes to the Financial Statements

(q) Payables

Trade and sundry creditors represent liabilities for amounts to be paid in the future for goods or services received. Terms for trade creditors vary across the consolidated entity.

(r) Provisions

A provision is recognised when a legal or constructive obligation exists as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provision has been made in the financial statements for employee entitlements to wages, salaries, annual leave and long service leave where the consolidated entity has a present obligation to pay resulting from employees' services provided up to balance date. Provision for annual leave and the current portion of long service leave have been calculated at nominal amounts based on current wage and salary rates and include related on-costs.

The non-current portion of long service leave is measured at the estimated present value of future cash outflows to be made by the consolidated entity resulting from employees' services provided up to balance date. Related on-costs have also been included in the liability.

Provision for restructuring is only recognised in the financial statements when a detailed plan has been approved and the restructuring has either commenced or been publicly announced. Costs relating to ongoing activities are not provided for.

(s) Other employee entitlements

The Company and certain controlled entities contribute to a number of superannuation funds. Contributions are charged to profit from ordinary activities in the year they are paid or become payable.

The Company operates an employee share plan whereby all permanent employees are invited to purchase a fixed number, per offer, of ordinary shares in the Company, funded by an interest free loan which is paid off over time out of dividends paid by the Company on the shares. The issue price of the shares is determined by applying a discount, historically 5%, to the weighted average sale price of ordinary shares in the Company on the Australian Stock Exchange during the five trading days immediately preceding the issue date of a share plan prospectus. Shares issued to employees under the share plan are recorded in contributed equity at the issue price with a concomitant amount recognised as a sundry receivable in the statement of financial position.

Note 2. Change in Accounting Policy

In prior years, income tax attributable to the earnings of a controlled entity that is a partnership, to which each partner is severally liable in accordance with their respective equity interest, was only included in the income tax expense of the consolidated entity to the extent of the share of the tax to which entities in the consolidated entity were liable. In order to improve the overall relevance and reliability of the financial report, this policy has been changed to increase income tax expense to include the full amount of the tax attributable to the earnings of the partnership with a concomitant decrease in the amount deducted from net profit as being attributable to outside equity interests. There is no change to net profit (loss) attributable to members as a result of this change in policy.

Note 3. Segment Reporting

Taking into account operations of the current and previous financial year, and based on the consolidated entity's management reporting system, the consolidated entity reports on three business segments: automotive, construction products and plastics. The plastics business was sold effective 1 July 2001 and is treated as a non-core segment. In the previous financial year, the Company announced its intention to sell the construction products operations; for the purposes of the segment report, these operations are treated as a core segment as they contribute to the results for the whole of the current and previous financial year.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment assets include all assets used by a segment and consist principally of receivables, inventories and property, plant and equipment net of accumulated depreciation. Segment liabilities consist principally of accounts payable and provisions. Segment assets and liabilities do not include cash assets and interest bearing liabilities or current and deferred income tax assets and liabilities.

Unallocated revenue includes proceeds from sale of controlled entities and unallocated profit from ordinary activities includes profit on sale of controlled entities net of unallocated corporate expenses.

Business Segments 2002 ($000)	External revenue	Segment result before significant items	Individually significant items	Segment result	Share of net profit of associates	Profit (loss) from ordinary activities
Automotive	**951,815**	**80,780**	-	**80,780**	**6,185**	**86,965**
Construction products	**141,496**	**8,088**	-	**8,088**	**234**	**8,322**
Core segments	**1,093,311**	**88,868**	-	**88,868**	**6,419**	**95,287**
Plastics	-	-	-	-	-	-
Unallocated	**1,296**	**(2,995)**	-	**(2,995)**	-	**(2,995)**
Consolidated	**1,094,607**	**85,873**	-	**85,873**	**6,419**	**92,292**
Borrowing costs net of interest revenue						**(15,293)**
Income tax attributable to ordinary activities						**(22,707)**
Profit (loss) from ordinary activities after income tax						**54,292**
(Profit) loss attributable to outside equity interests						**(9,967)**
Profit (loss) attributable to Pacifica Group Limited shareholders						**44,325**
2001 ($000)						
Automotive	902,655	70,804	(28,641)	42,163	7,484	49,647
Construction products	176,187	2,226	(55,434)	(53,208)	279	(52,929)
Core segments	1,078,842	73,030	(84,075)	(11,045)	7,763	(3,282)
Plastics	78,177	4,262	-	4,262	28	4,290
Unallocated	46,088	(1,179)	3,068	1,889	-	1,889
Consolidated	1,203,107	76,113	(81,007)	(4,894)	7,791	2,897
Borrowing costs net of interest revenue						(21,229)
Income tax attributable to ordinary activities						(8,368)
Profit (loss) from ordinary activities after income tax						(26,700)
(Profit) loss attributable to outside equity interests						(16,210)
Profit (loss) attributable to Pacifica Group Limited shareholders						(42,910)

Notes to the Financial Statements

Note 3. Segment Reporting (continued)

Business Segments **2002 ($000)**	Depreciation and amortisation	Other non-cash expenses	Acquisitions of non-current assets	Segment assets	Equity accounted investments	Operating assets	Segment liabilities
Automotive	**54,259**	**666**	**46,173**	**586,463**	**28,930**	**615,393**	**(148,347)**
Construction products	**5,588**	**-**	**1,294**	**74,322**	**-**	**74,322**	**(15,579)**
Core segments	**59,847**	**666**	**47,467**	**660,785**	**28,930**	**689,715**	**(163,926)**
Plastics	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Unallocated	**44**	**-**	**9**	**8,921**	**-**	**8,921**	**(4,889)**
Consolidated	**59,891**	**666**	**47,476**	**669,706**	**28,930**	**698,636**	**(168,815)**
Cash assets (interest bearing liabilities)						**87,706**	**(228,735)**
Income tax assets (income tax liabilities)						**11,579**	**(35,911)**
Total assets (total liabilities)						**797,921**	**(433,461)**
2001 ($000)							
Automotive	52,318	12,590	53,322	630,984	26,126	657,110	(135,531)
Construction products	8,462	50,769	2,754	115,144	356	115,500	(33,232)
Core segments	60,780	63,359	56,076	746,128	26,482	772,610	(168,763)
Plastics	6,229	50	6,066	-	-	-	-
Unallocated	61	-	-	14,823	-	14,823	(3,916)
Consolidated	67,070	63,409	62,142	760,951	26,482	787,433	(172,679)
Cash assets (interest bearing liabilities)						95,060	(301,050)
Income tax assets (income tax liabilities)						10,497	(27,366)
Total assets (total liabilities)						892,990	(501,095)

The major products and services from which the core business segments derive revenue are:

Automotive
Brake corner modules, disc brake calipers, park brakes and rotors; disc brake pads and drum brake linings; aftermarket brake and clutch componentry; assembly and test equipment; licensing for certain of the aforementioned products.

Construction Products
Steel, fibreglass and aluminium gratings, metal handrails and highway barrier systems; steel and plastic screens, conveyor belts and metal gauzes; construction engineering services.

Geographical Segments	External revenue by customer location		Segment assets by manufacturing location		Acquisitions of non-current assets	
	2002	2001	**2002**	2001	**2002**	2001
	$000	$000	**$000**	$000	**$000**	$000
United States of America	**729,391**	681,844	**330,583**	365,960	**24,900**	34,570
Australia and New Zealand	**239,545**	288,773	**261,644**	262,196	**21,276**	21,052
Asia	**89,345**	114,375	**68,558**	80,836	**838**	5,821
Europe	**35,030**	72,027	**-**	37,136	**453**	699
Segment totals	**1,093,311**	1,157,019	**660,785**	746,128	**47,467**	62,142

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
Note 4. Other Revenue from Ordinary Activities				
Dividend revenue from				
- associated companies	**-**	-	**3,381**	7,217
- controlled entities	**-**	-	**19,832**	9,188
Interest revenue from				
- controlled entities	**-**	-	**12,198**	13,334
- external parties	**1,296**	2,044	**335**	523
Net foreign exchange gains	**-**	1,842	**-**	66
Proceeds from sale of property, plant and equipment	**5,331**	1,674	**-**	2
Other revenue from operating activities	**10,693**	19,944	**4,700**	7,131
Total other revenue from ordinary activities	**17,320**	25,504	**40,446**	37,461

Notes to the Financial Statements

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
Note 5. Profit (Loss) from Ordinary Activities before Income Tax				
Profit (loss) from ordinary activities before income tax has been arrived at after charging (crediting) the following items				
Depreciation of				
- buildings and improvements	**2,690**	2,930	**-**	-
- plant and equipment	**47,499**	52,612	**42**	61
	50,189	55,542	**42**	61
Amortisation of				
- deferred expenditure	**9,220**	7,348	**-**	-
- development costs	**-**	31	**-**	-
- goodwill	**-**	3,533	**-**	-
- leased assets capitalised	**417**	441	**-**	-
- leasehold properties	**65**	74	**-**	-
- patents and trademarks	**-**	101	**-**	-
	9,702	11,528	**-**	-
Total depreciation and amortisation	**59,891**	67,070	**42**	61
Net expense from movements in provision for				
- diminution in value of inventories	**1,810**	1,617	**-**	-
- doubtful debts	**370**	780	**-**	-
- employee entitlements	**14,065**	21,373	**3,011**	1,414
- warranties	**879**	-	**-**	-
- other	**463**	1,585	**411**	-
Bad trade debts written off	**649**	374	**-**	-
Operating lease rental expense	**7,779**	8,922	**105**	129
Net foreign exchange losses	**1,472**	-	**1**	-
Net (gain) loss on disposal of property, plant and equipment	**(819)**	280	**-**	-
Borrowing costs				
- external parties	**16,528**	23,145	**7,756**	8,563
- lease finance charges	**61**	128	**-**	-
	16,589	23,273	**7,756**	8,563
Interest revenue	**(1,296)**	(2,044)	**(12,533)**	(13,857)
Borrowing costs net of interest revenue	**15,293**	21,229	**(4,777)**	(5,294)

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
Note 6. Individually Significant Items				
Profit (loss) from ordinary activities includes the following items of revenue (expense), together with related income tax, for which disclosure is relevant in explaining the financial performance of the consolidated entity				
Write-down of Construction Products business [(1)]	**-**	(50,978)	**(7,137)**	(78,871)
Write-down of carrying value of assets of the Automotive Division [(2)]	**-**	(13,960)	**-**	-
Restructuring and rationalisation costs [(3)]	**-**	(19,137)	**-**	(134)
Profit on sale of Plastics business	**-**	3,068	**-**	9,847
Individually significant items before income tax	**-**	(81,007)	**(7,137)**	(69,158)
Income tax attributable to individually significant items	**-**	7,059	**-**	375
Individually significant income tax items				
- write-off of future income tax benefit attributable to Construction Products tax losses	**-**	(2,284)	**-**	-
Individually significant items after income tax	**-**	(76,232)	**(7,137)**	(68,783)

(1) Write-off of intangibles within the Construction Products Division.

(2) Write-down of carrying value of assets, including intangibles, of non-core operations within the PBR Australia business.

(3) Restructuring and rationalisation costs include redundancy and associated costs relating to the restructuring and reorganisation of core business segments.

Notes to the Financial Statements

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
Note 7. Income Tax				
Prima facie income tax calculated at 30% (2001: 30%)				
on profit (loss) from ordinary activities	**23,100**	(5,500)	**4,368**	(14,560)
Add increased taxation arising from				
- non-allowable depreciation	**224**	235	**-**	-
- non-allowable amortisation of intangibles	**-**	1,090	**-**	-
- tax losses of controlled entities not brought to account	**-**	1,123	**-**	-
- individually significant items – non-allowable write-down				
of Construction Products business	**-**	15,294	**2,141**	23,661
- individually significant items – non-allowable write-down				
of carrying value of Automotive assets	**-**	2,182	**-**	-
- individually significant items – non-allowable				
restructuring and rationalisation costs	**-**	1,016	**-**	-
- other non-allowable permanent differences	**1,865**	325	**140**	50
Less reduced taxation arising from				
- investment allowances	**(145)**	(234)	**-**	-
- offshore profits at lower or nil tax rate	**(67)**	(5,813)	**-**	-
- rebate on dividend income	**-**	-	**(6,355)**	(4,166)
- share of associates' net profit	**(1,925)**	(2,337)	**-**	-
- individually significant items – non-taxable profit				
on sale of Plastics business	**-**	(920)	**-**	(3,289)
- other allowable permanent differences	**(164)**	(41)	**(609)**	(755)
Income tax on operating profit (loss) before individually				
significant income tax items	**22,888**	6,420	**(315)**	941
Individually significant income tax item				
- write-off of future income tax benefit attributable to Construction Products tax losses	**-**	2,284	**-**	-
	22,888	8,704	**(315)**	941
Income tax under (over) provided in prior year	**(181)**	(336)	**1**	22
Income tax attributable to ordinary activities	**22,707**	8,368	**(314)**	963
Income tax attributable to ordinary activities is made up of				
- current income tax provision	**21,281**	9,699	**63**	1,334
- provision attributable to future years	**1,607**	(3,279)	**(378)**	(393)
- under (over) provision prior year	**(181)**	(336)	**1**	22
- individually significant income tax item	**-**	2,284	**-**	-
	22,707	8,368	**(314)**	963

	CONSOLIDATED	
	2002	2001
Note 8. Earnings per Share		
Weighted average number of ordinary shares		
Number used as the denominator for basic earnings per share	**145,165,085**	150,092,180
Effect of executive share options on issue	**2,154,106**	1,387,903
Effect of executive share options expired during the financial year	**281,145**	65,000
Number used as the denominator for diluted earnings per share	**147,600,336**	151,545,083
Options outstanding and lapsed under the Executive Share Plan have been classified as potential ordinary shares and included in the calculation of diluted earnings per share only.		

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
Note 9. Notes to the Statement of Cash Flows				
(a) Reconciliation of profit (loss) from ordinary activities after income tax to net cash provided by operating activities				
Profit (loss) from ordinary activities after income tax	**54,292**	(26,700)	**14,874**	(49,496)
(Profit) loss on disposal of property, plant and equipment	**(819)**	280	**-**	(2)
Profit on sale of controlled entities	**-**	(3,068)	**-**	(9,847)
Write-down of intangibles	**-**	52,310	**-**	-
Write-down of property, plant and equipment	**-**	10,817	**-**	-
Write-down of investments	**-**	-	**7,137**	78,871
Depreciation and amortisation	**59,891**	67,070	**42**	61
Share of associates' net profit	**432**	2,675	**-**	-
Increase (decrease) in current and deferred taxes payable	**13,552**	2,372	**(1,565)**	537
Net cash provided by operating activities before changes in assets and liabilities	**127,348**	105,756	**20,488**	20,124
(Increase) decrease in debtors, prepayments and other receivables	**(3,228)**	4,774	**5,910**	53,830
(Increase) decrease in inventories	**(445)**	(389)	**-**	-
Increase (decrease) in payables and provisions	**18,199**	(7,636)	**1,051**	314
Net cash provided by operating activities	**141,874**	102,505	**27,449**	74,268

Notes to the Financial Statements

	CONSOLIDATED			
	ACQUISITIONS		DISPOSALS	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
Note 9. Notes to the Statement of Cash Flows (continued)				
(b) Controlled entities and outside equity interests acquired or disposed				
Cash consideration received (paid)	**-**	(1,052)	**-**	43,845
Cash in controlled entities disposed	**-**	-	**1,653**	(11,557)
Cash inflow (outflow)	**-**	(1,052)	**1,653**	32,288
Fair value of net assets acquired (disposed)				
Receivables	**-**	-	**(19,146)**	(29,588)
Inventories	**-**	-	**(4,273)**	(12,384)
Property, plant and equipment	**-**	-	**(10,326)**	(84,736)
Investments in associate companies	**-**	-	**(572)**	(2,790)
Intangibles	**-**	-	**-**	(12,763)
Deferred tax assets	**-**	-	**-**	(1,977)
Payables	**-**	-	**13,454**	20,638
Interest bearing liabilities	**-**	-	**18,598**	41,162
Current and deferred tax liabilities	**-**	-	**-**	5,423
Other provisions	**-**	-	**612**	5,044
	-	-	**(1,653)**	(71,971)
Outside equity interests	**-**	504	**-**	42,751
Goodwill on acquisition	**-**	548	**-**	-
Profit on disposal	**-**	-	**-**	(3,068)
	-	1,052	**(1,653)**	(32,288)

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
(c) Reconciliation of cash				
For the purposes of the statement of cash flows, cash includes cash on hand and at bank and short term money market investments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows				
Cash on hand and at bank	**52,391**	53,653	**7,488**	4,192
Short term money market investments	**35,315**	41,407	**-**	-
Bank overdraft	**-**	(4,324)	**-**	-
	87,706	90,736	**7,488**	4,192

(d) Non-cash financing activities

In the previous financial year, dividends payable to the value of $3,111,000 were satisfied by the issue of shares under the Dividend Reinvestment Plan. The Plan was suspended in the previous financial year. There are no non-cash financing and investing activities in the current financial year.

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
Note 10. Cash Assets				
Cash on hand and at bank	**52,391**	53,653	**7,488**	4,192
Short term money market investments	**35,315**	41,407	**-**	-
	87,706	95,060	**7,488**	4,192
Note 11. Receivables				
Current				
Trade debtors	**119,040**	132,141	**-**	-
Provision for doubtful trade debtors	**(1,564)**	(2,431)	**-**	-
	117,476	129,710	**-**	-
Sundry debtors receivable from				
- associate companies	**-**	4,713	**-**	3,470
- controlled entities	**-**	-	**142,274**	184,964
- employees pursuant to the employee share plan	**442**	227	**442**	227
- external parties	**14,457**	15,838	**1,258**	1,270
	132,375	150,488	**143,974**	189,931
Non-current				
Sundry debtors receivable from				
- employees pursuant to the employee share plan	**7,048**	9,701	**7,048**	9,701
- external parties	**7,819**	9,033	**-**	-
	14,867	18,734	**7,048**	9,701
Note 12. Inventories				
Raw materials and stores – at cost	**18,396**	19,605	**-**	-
Work in progress – at cost	**8,015**	7,287	**-**	-
Finished goods – at cost	**35,452**	42,203	**-**	-
Provision for diminution in value	**(2,704)**	(3,488)	**-**	-
	59,159	65,607	**-**	-

Notes to the Financial Statements

	Principal activity	Ownership interest 2002 %	Ownership interest 2001 %	Consolidated carrying amount 2002 $000	Consolidated carrying amount 2001 $000
Note 13. Investments accounted for using the Equity Method					
(a) Details of investments in associates					
FMP Group (Australia) Pty Ltd[(1)]	Manufacture and sale of friction materials	**49**	49	**28,930**	26,126
Lionweld Kennedy Middle East LLC[(2)]	Manufacture and sale of construction products	**-**	49	**-**	356
Thai Viscount Co Ltd[(3)]	Manufacture and sale of plastic products	**-**	-	**-**	-
Total investments accounted for using the equity method				**28,930**	26,482

(1) Associate changed name during the year, formerly Bendix Mintex Pty Ltd.

(2) Lionweld Kennedy Middle East LLC was disposed of effective 1 July 2002.

(3) Thai Viscount Co Ltd was disposed of effective 1 July 2001. At the date of disposal, the consolidated entity had a 25% ownership interest.

	CONSOLIDATED 2002 $000	CONSOLIDATED 2001 $000
(b) Movement in carrying amount of investments		
Carrying amount of investments in associates at the beginning of the financial year	**26,482**	27,264
Share of associates' net profit	**6,419**	7,791
Dividends received from associates	**(3,381)**	(7,217)
Share of increment in associates' reserves	**(18)**	67
	29,502	27,905
Associate disposed of during the financial year	**(572)**	(1,423)
Carrying amount of investments in associates at the end of the financial year	**28,930**	26,482
(c) Results of associates		
Share of associates' profit from ordinary activities before income tax	**10,594**	12,243
Share of associates' income tax attributable to ordinary activities	**(3,162)**	(3,482)
Share of associates' net profit as disclosed by associates	**7,432**	8,761
Outside equity interests in share of associates' net profit	**-**	(26)
Amortisation of goodwill arising from investment	**(973)**	(973)
Adjustment for unrealised profit in inventory	**(40)**	29
Share of net profit of associates	**6,419**	7,791

	CONSOLIDATED 2002 $000	2001 $000
(d) Share of post-acquisition retained profits and reserves attributable to associates		
Retained profits		
Share of associates' retained profits (accumulated losses) at the beginning of the financial year	**(828)**	(2,240)
Share of associates' net profit	**6,419**	7,791
Dividends received from associates	**(3,381)**	(7,217)
Share of accumulated (profits) losses of associate disposed of during the financial year	**(453)**	838
Share of associates' retained profits (accumulated losses) at the end of the financial year	**1,757**	(828)
Foreign currency translation reserve		
Share of associates' foreign currency translation reserve at the beginning of the financial year	**77**	598
Share of increment in associates' foreign currency translation reserve	**(18)**	67
Share of foreign currency translation reserve of associate disposed of during the financial year	**(59)**	(588)
Share of associates' foreign currency translation reserve at the end of the financial year	**-**	77
(e) Commitments		
Share of associates' capital expenditure contracted but not provided for and payable		
- within one year	**766**	2,660
Share of associates' operating lease expenditure contracted but not provided for and payable		
- within one year	**388**	477
- one year or later and no later than five years	**350**	493
- later than five years	**87**	-
	825	970
(f) Summary financial performance and financial position of associates		
The consolidated entity's share of aggregate profits, assets and liabilities of associates is as follows		
Net profit reported by associates	**7,432**	9,073
Adjustments arising from equity accounting	**(1,013)**	(1,282)
Share of associates' net profit	**6,419**	7,791
Current assets	**21,449**	25,097
Non-current assets	**16,696**	16,477
Total assets	**38,145**	41,574
Current liabilities	**16,393**	23,249
Non-current liabilities	**934**	968
Total liabilities	**17,327**	24,217
Net assets reported by associates	**20,818**	17,357
Adjustments arising from equity accounting		
- goodwill (net of amortisation)	**8,193**	9,166
- other adjustments	**(81)**	(41)
Net assets equity adjusted	**28,930**	26,482

Notes to the Financial Statements

	COMPANY	
	2002	2001
	$000	$000
Note 14. Other Financial Assets		
Shares in controlled entities		
At cost	**323,341**	314,870
Provision for diminution in value	**(140,763)**	(133,627)
	182,578	181,243
Shares in associate company at Directors' valuation 1997	**86,300**	86,300
	268,878	267,543

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
Note 15. Property, Plant and Equipment				
Freehold land				
At cost	**16,444**	20,116	**-**	-
Contributed at fair value	**3,780**	2,681	**-**	-
	20,224	22,797	**-**	-
Buildings				
At cost	**81,395**	98,761	**-**	-
Accumulated depreciation	**(7,379)**	(13,307)	**-**	-
Provision for diminution in value	**(5,942)**	(5,942)	**-**	-
	68,074	79,512	**-**	-
Leasehold property				
At cost	**1,291**	1,366	**-**	-
Accumulated amortisation	**(261)**	(192)	**-**	-
	1,030	1,174	**-**	-
Plant and equipment				
At cost	**549,821**	588,215	**974**	851
Accumulated depreciation	**(239,920)**	(221,608)	**(841)**	(730)
	309,901	366,607	**133**	121
Leased plant and equipment	**996**	1,967	**-**	-
Accumulated amortisation	**(704)**	(743)	**-**	-
	292	1,224	**-**	-
Capital works in progress at cost	**41,613**	21,862	**-**	-
	441,134	493,176	**133**	121

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
Reconciliations				
Reconciliations of the carrying amount for each class of property, plant and equipment are set out below				
Freehold land				
Carrying amount at the beginning of the financial year	**22,797**	26,874	**-**	-
Disposals through disposals of entities	**(1,466)**	(4,348)	**-**	-
Foreign currency exchange difference	**(1,107)**	271	**-**	-
Carrying amount at the end of the financial year	**20,224**	22,797	**-**	-
Buildings				
Carrying amount at the beginning of the financial year	**79,512**	91,508	**-**	-
Disposals in the ordinary course of business	**(14)**	-	**-**	-
Disposals through disposals of entities	**(4,500)**	(12,042)	**-**	-
Additions	**9**	4,098	**-**	-
Transfer from capital works in progress	**1,230**	-	**-**	-
Depreciation	**(2,690)**	(2,930)	**-**	-
Provision for diminution in value	**-**	(5,942)	**-**	-
Foreign currency exchange difference	**(5,473)**	4,820	**-**	-
Carrying amount at the end of the financial year	**68,074**	79,512	**-**	-
Leasehold property				
Carrying amount at the beginning of the financial year	**1,174**	3,679	**-**	-
Disposals through disposals of entities	**-**	(3,106)	**-**	-
Additions	**9**	377	**-**	-
Amortisation	**(65)**	(74)	**-**	-
Foreign currency exchange difference	**(88)**	298	**-**	-
Carrying amount at the end of the financial year	**1,030**	1,174	**-**	-
Plant and equipment including capital works in progress				
Carrying amount at the beginning of the financial year	**388,469**	441,110	**121**	182
Disposals in the ordinary course of business	**(5,196)**	(1,954)	**-**	-
Disposals through disposals of entities	**(4,268)**	(64,434)	**-**	-
Transfer to buildings	**(1,230)**	-	**-**	-
Additions	**47,467**	48,985	**54**	-
Depreciation	**(47,499)**	(52,612)	**(42)**	(61)
Write-down	**-**	(3,469)	**-**	-
Foreign currency exchange difference	**(26,229)**	20,843	**-**	-
Carrying amount at the end of the financial year	**351,514**	388,469	**133**	121

Notes to the Financial Statements

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
Note 15. Property, Plant and Equipment (continued)				
Leased plant and equipment				
Carrying amount at the beginning of the financial year	**1,224**	1,313	**-**	-
Disposals in the ordinary course of business	**(121)**	-	**-**	-
Disposals through disposals of entities	**(92)**	(806)	**-**	-
Additions	**-**	1,216	**-**	-
Amortisation	**(417)**	(441)	**-**	-
Foreign currency exchange difference	**(302)**	(58)	**-**	-
Carrying amount at the end of the financial year	**292**	1,224	**-**	-

Valuations

In accordance with the consolidated entity's policy of obtaining an independent valuation of land and buildings every three years, an independent valuation was carried out as at 1 July 2000 on the basis of market values for existing use. Including acquisitions and additions at cost since the date of the independent valuation, this resulted in a valuation of land and buildings of $104,315,000 compared to the carrying amount at the end of the financial year of $89,328,000. As land and buildings are recorded at cost, the valuation has not been brought to account.

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
Note 16. Deferred Tax Assets				
Future income tax benefits arising from				
- accumulated timing differences	**11,579**	10,251	**1,366**	1,058
- tax losses carried forward	**-**	246	**-**	-
	11,579	10,497	**1,366**	1,058

Future income tax benefits of $14,111,000 (2001: $7,318,000) in certain controlled entities arising from timing differences and tax losses have not been recognised as an asset because recovery of tax losses is not virtually certain and recovery of timing differences is not assured beyond reasonable doubt. The amount includes accumulated tax losses of $697,000 (2001: $5,790,000) and capital losses carried forward of $13,414,000 (2001: $1,285,000). The potential benefit will only be obtained if:

- the relevant entities derive future assessable income of a nature and of an amount sufficient to enable the benefit of the deductions to be realised;
- the relevant entities continue to comply with the conditions for deductibility imposed by income tax law; and
- changes in income tax legislation do not adversely affect the ability of the entities to realise the benefit of the deductions.

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
Note 17. Other Non-current Assets				
Deferred expenditure	**44,044**	49,546	**-**	-
Accumulated amortisation	**(27,703)**	(21,845)	**-**	-
	16,341	27,701	**-**	-
Development costs				
Costs brought forward	**1,342**	988	**-**	-
Reduction through disposal of entities	**(330)**	-	**-**	-
Deferred in current period	**2,357**	1,806	**-**	-
Write-down in current period	**-**	(1,406)	**-**	-
	3,369	1,388	**-**	-
Accumulated amortisation	**-**	(46)	**-**	-
	3,369	1,342	**-**	-
	19,710	29,043	**-**	-
Note 18. Payables				
Trade creditors	**110,005**	114,351	**619**	300
Sundry creditors payable to				
- associate companies	**2,251**	2,603	**-**	-
- controlled entities	**-**	-	**1,550**	13,026
- external parties	**24,155**	22,482	**-**	14
	136,411	139,436	**2,169**	13,340

Notes to the Financial Statements

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
Note 19. Interest Bearing Liabilities				
Current				
Bank overdraft unsecured	**-**	4,324	**-**	-
Bank loans unsecured	**53,725**	163,462	**4,000**	110,000
Lease liabilities	**190**	477	**-**	-
	53,915	168,263	**4,000**	110,000
Non-current				
Bank loans unsecured	**174,711**	132,476	**110,000**	-
Lease liabilities	**109**	311	**-**	-
	174,820	132,787	**110,000**	-
Total interest bearing liabilities	**228,735**	301,050	**114,000**	110,000

Principal financing arrangements

US domiciled banking facilities include US$25,000,000 fully drawn under a syndicated term loan facility maturing December 2003 bearing interest at the applicable LIBOR rate plus credit margin; and US$40,000,000 fully drawn under a syndicated term loan facility maturing January 2008 bearing interest at the applicable LIBOR rate plus credit margin.

Australian banking facilities include $110,000,000 drawn under commercial bill facilities totalling $140,000,000, maturing May 2005 and bearing interest at BBSW plus credit margin.

The bank loans amount in current liabilities comprises the portion of the consolidated entity's bank loans payable within one year net of cash on deposit ($8,803,000) in the consolidated entity's operating accounts with these banks subject to a legally recognised right to set-off.

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
Note 20. Current Tax Liabilities				
Provision for income tax payable (refundable)	**5,992**	104	**(530)**	694
Note 21. Provisions				
Current				
Employee entitlements	**20,564**	19,301	**3,651**	2,983
Restructuring and rationalisation	**4,975**	8,890	**-**	-
Warranties	**47**	52	**-**	-
Other	**5,745**	3,474	**556**	492
	31,331	31,717	**4,207**	3,475
Non-current				
Employee entitlements	**1,073**	1,526	**82**	68

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
Note 22. Deferred Tax Liabilities				
Provision for deferred income tax	**29,919**	27,262	**11**	44
Note 23. Contributed Equity				
Ordinary shares issued and fully paid 140,496,887 (2001: 150,351,909)	**308,455**	346,459	**308,455**	346,459

The Company has one class of shares on issue, being ordinary shares. Holders of ordinary shares are entitled to receive dividends as declared from time to time and, on a poll at shareholders' meetings, are entitled to one vote per share.

In the event of winding up of the Company, ordinary shareholders rank after creditors and are fully entitled to any net proceeds remaining on liquidation.

Movements in issued ordinary shares during the financial year is set out below.

	Number of shares	$000
Balance at the beginning of the financial year	150,351,909	346,459
Issued pursuant to Non-executive Directors' Share Plan	54,770	202
Issued pursuant to Executive Option and Performance Right Plan	30,000	82
Shares bought back	(9,939,792)	(38,288)
Balance at the end of the financial year	140,496,887	308,455

On 28 September 2001, the Company announced an on-market buy-back program to purchase 15,033,093 ordinary shares, representing 10% of the shares on issue on that date. No shares were bought back in the previous financial year and 9,939,792 shares were bought back in the current financial year at a total consideration, including incidental costs, of $38,288,228, being an average of $3.85 per share. The total consideration was allocated to contributed equity.

Notes to the Financial Statements

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
Note 24. Reserves				
Asset revaluation				
Balance at the beginning of the financial year	**-**	-	**59,127**	59,127
Balance at the end of the financial year	**-**	-	**59,127**	59,127
Foreign currency translation				
Balance at the beginning of the financial year	**18,100**	12,261	**-**	-
Net exchange difference on translation of financial statements of self-sustaining foreign operations	**(15,396)**	13,992	**-**	-
Transfer to retained profits on disposal of overseas controlled entities	**(1,116)**	(8,153)	**-**	-
Balance at the end of the financial year	**1,588**	18,100	**-**	-
Total reserves	**1,588**	18,100	**59,127**	59,127

Nature and purpose of reserves

The asset revaluation reserve includes a revaluation increment arising from the Directors' valuation of the Company's investments in associate companies in 1997. The foreign currency translation reserve records the foreign currency differences arising from the translation of self-sustaining foreign operations and the translation of foreign currency monetary items forming part of the net investment in self-sustaining operations.

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
Note 25. Retained Profits (Accumulated Losses)				
Retained profits (accumulated losses) at the beginning of the financial year	**(50,387)**	(2,850)	**(60,629)**	1,647
Profit (loss) from ordinary activities after income tax attributable to Pacifica Group Limited shareholders	**44,325**	(42,910)	**14,874**	(49,496)
Transfer from foreign currency translation reserve	**1,116**	8,153	**-**	-
Dividends	**(12,837)**	(12,780)	**(12,837)**	(12,780)
Retained profits (accumulated losses) at the end of the financial year	**(17,783)**	(50,387)	**(58,592)**	(60,629)

	Cents per share	$000	Date of payment	Percentage franked	Tax rate for franking credit
Note 26. Dividends					
Dividends recognised in the financial statements in the current year by the Company are shown below					
2002					
Interim - ordinary	**9.0**	**12,837**	**20 September 2002**	**60%**	**30%**
		12,837			
2001					
Interim - ordinary	8.5	12,778	5 October 2001	81%	30%
Under provision previous year final		2			
		12,780			

	CONSOLIDATED	
	2002	2001
	$000	$000
Dividend franking account		
30% franking credits available to shareholders of Pacifica Group Limited for subsequent financial years	**13,561**	7,705

The above available amount is based on the balance of the dividend franking account at year end and after taking into account the payment of income tax provided for in the financial statements by continuing Australian operations, receipt of dividends recognised as receivables in the financial statements, and after allowing for all wholly-owned Australian subsidiaries to be treated as a single entity for tax purposes from 1 January 2003.

	CONSOLIDATED	
	2002 $000	2001 $000
Note 27. Outside Equity Interests		
Outside equity interests comprise interests in		
Retained profits at the beginning of the financial year	**23,285**	12,567
Profit from ordinary activities after income tax	**9,967**	16,210
Dividends provided for	**(12,897)**	(7,767)
Outside equity interests disposed	**-**	1,121
Effects of exchange rate changes and other adjustments	**2,653**	1,154
Retained profits at the end of the financial year	**23,008**	23,285
Contributed equity	**49,192**	54,438
	72,200	77,723

Notes to the Financial Statements

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
Note 28. Total Equity				
Total equity at the beginning of the financial year	**391,895**	457,191	**344,957**	403,897
Total changes in parent entity interest recognised in the statement of financial performance	**28,929**	(28,918)	**14,874**	(49,496)
Transactions with owners as owners				
- contributions of equity	**284**	3,336	**284**	3,336
- share buy-back	**(38,288)**	-	**(38,288)**	-
- dividends	**(12,837)**	(12,780)	**(12,837)**	(12,780)
Total changes in outside equity interests	**(5,523)**	(26,934)	**-**	-
Total equity at the end of the financial year	**364,460**	391,895	**308,990**	344,957
Note 29. Commitments				
Capital expenditure commitments				
Capital expenditure contracted but not provided for and payable				
- within one year	**41,811**	20,044	**-**	-
- one year or later and no later than five years	**1,044**	-	**-**	-
	42,855	20,044	**-**	-
Operating lease commitments				
Lease expenditure contracted but not provided for and payable				
- within one year	**5,231**	5,978	**50**	97
- one year or later and no later than five years	**5,897**	10,079	**27**	52
- later than five years	**651**	990	**8**	-
	11,779	17,047	**85**	149

The consolidated entity leases property, plant and equipment under operating leases. The lease agreements contain normal commercial terms and conditions including renewal rights and escalation clauses where appropriate.

	CONSOLIDATED 2002 $000	CONSOLIDATED 2001 $000	COMPANY 2002 $000	COMPANY 2001 $000
Finance lease commitments				
Finance lease commitments are payable				
- within one year	**204**	543	**-**	-
- one year or later and no later than five years	**118**	348	**-**	-
	322	891	**-**	-
Less amounts provided for in the financial statements				
- current liability	**190**	477	**-**	-
- non-current liability	**109**	311	**-**	-
	299	788	**-**	-
Future lease finance charges	**23**	103	**-**	-

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
	$000	$000	**$000**	$000
Note 30. Contingent Liabilities				
The details and estimated amounts, where available, of contingent liabilities that may become payable are set out below. The Directors are of the opinion that provisions are not required in respect of these matters as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.				
Pacifica Group Limited has provided guarantees to unrelated parties in respect of banking facilities provided to certain controlled entities	**-**	-	**82,950**	78,896
To assist in the divestment of the Lionweld Kennedy group of companies, Pacifica Group Limited has provided a guarantee to an unrelated party in respect of banking facilities provided to the previously controlled entities	**8,171**	-	**8,171**	-
A contingent liability exists in respect of benefits payable on termination, in certain circumstances, to persons who take part in the management of the consolidated entity under service contracts	**4,083**	5,266	**4,083**	5,266
In the event that the Pacifica Group Employee Share Plan ceases to operate, at the prevailing market share price the Company would be liable to meet employee loan balances	**666**	2,067	**666**	2,067

Pacifica Group Limited has a potential tax liability arising from a full distribution of the retained distributable profits of controlled entities incorporated overseas.

Note 31. Additional Financial Instruments Disclosures

(a) Foreign exchange risk

From time to time, the consolidated entity enters into forward exchange contracts to hedge a portion of anticipated purchase commitments denominated in foreign currencies (principally US dollars), within policy guidelines authorised by Directors, between 0% and 100% of the exposure. The level of cover is dependent on (i) whether the underlying exposure is confirmed or expected, and (ii) the period to settlement of the underlying exposure.

As at 31 December 2002, the value of purchase or sales commitments of the consolidated entity denominated in foreign currencies was insignificant and there were no outstanding forward foreign exchange contracts.

Approximately 51% of the consolidated entity's core debt is denominated in foreign currency, principally USD. These liabilities are matched by assets in the same currencies and therefore naturally hedged.

(b) Interest rate risk

The consolidated entity enters into interest rate swaps, within policy guidelines authorised by Directors, to manage funding costs and cash flow risks associated with floating rate interest bearing liabilities. Interest rate swaps allow the consolidated entity to swap floating interest rates into longer term fixed rates. Maturity of swap contracts are principally between one and five years.

Each contract involves quarterly payment or receipt of the net amount of interest. At 31 December 2002 the fixed rates varied from 5.8% to 6.4% (2001: 5.9% to 6.585%) and the floating rates were at bank bill rates for AUD denominated debt and the applicable LIBOR for USD denominated debt, plus the consolidated entity's credit margin. The weighted average effective floating interest rate at 31 December 2002 was 3.5% (2001: 3.07%).

The consolidated entity's exposure to interest rates and the effective weighted average interest rate for classes of financial assets and liabilities at balance date is set out in the following table.

Notes to the Financial Statements

	Weighted average interest rate	Floating interest rate $000	<1 year $000	Fixed interest maturing in 1-5 years $000	>5 years $000	Non-interest bearing $000	Total $000
Note 31. Additional Financial Instruments Disclosures (continued)							
31 December 2002							
Financial assets							
Cash assets	**4.70%**	**87,706**	**-**	**-**	**-**	**-**	**87,706**
Receivables	**-**	**-**	**-**	**-**	**-**	**147,242**	**147,242**
		87,706	**-**	**-**	**-**	**147,242**	**234,948**
Financial liabilities							
Payables	**-**	**-**	**-**	**-**	**-**	**136,411**	**136,411**
Bank overdraft	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Short term debt	**5.13%**	**53,915**	**-**	**-**	**-**	**-**	**53,915**
Long term debt	**4.97%**	**174,820**	**-**	**-**	**-**	**-**	**174,820**
Other liabilities	**4.90%**	**-**	**-**	**1,073**	**-**	**20,564**	**21,637**
		228,735	**-**	**1,073**	**-**	**156,975**	**386,783**
Interest rate swaps		**(140,532)**	**69,989**	**70,543**	**-**	**-**	**-**
		88,203	**69,989**	**71,616**	**-**	**156,975**	**386,783**
31 December 2001							
Financial assets							
Cash assets	4.40%	95,060	-	-	-	-	95,060
Receivables	-	-	-	-	-	169,222	169,222
		95,060	-	-	-	169,222	264,282
Financial liabilities							
Payables	-	-	-	-	-	139,436	139,436
Bank overdraft	7.95%	4,324	-	-	-	-	4,324
Short term debt	3.98%	163,939	-	-	-	-	163,939
Long term debt	5.20%	132,787	-	-	-	-	132,787
Other liabilities	5.10%	-	-	1,526	-	28,191	29,717
		301,050	-	1,526	-	167,627	470,203
Interest rate swaps		(212,620)	44,961	156,138	11,521	-	-
		88,430	44,961	157,664	11,521	167,627	470,203

(c) Net fair values

Directors are of the opinion that the carrying amounts of recognised financial assets and liabilities approximate their net fair values.

The net fair values of the consolidated entity's financial instruments not recognised on the statement of financial position are the estimated amounts which the consolidated entity would expect to pay or receive to terminate the contracts at their current market rates as at reporting date. This is based on independent market quotations and determined using standard valuation techniques. The aggregate net fair value of financial instruments not recognised on the statement of financial position held as at the reporting date, being the estimated payment to terminate interest rate swap contracts, is $7,104,000.

(d) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The maximum credit risk on financial assets, excluding investments, of the consolidated entity is the carrying amount of receivables, net of any provision for doubtful debts.

The consolidated entity minimises concentrations of credit risk by undertaking transactions with a large number of customers in various countries and across diversified industries. However, in the Automotive Division, a significant concentration of credit risk exists in respect of the consolidated entity's major customer group – General Motors Corporation and certain of its other component suppliers. The maximum amount of exposure to this customer group is $75,365,000 as at 31 December 2002 (2001: $73,900,000).

Credit risk on derivative contracts which have not been recognised on the statement of financial position is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency.

The maximum credit risk exposure on foreign exchange contracts is the full amount of the foreign currency the consolidated entity pays when settlement occurs, should the counterparty fail to pay the amount which it is committed to pay the consolidated entity.

The credit risk on swap contracts is limited to the next amount to be received from counterparties on contracts that are favourable to the consolidated entity. There were no such amounts accruing to the consolidated entity at 31 December 2002.

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
	$	$	**$**	$
Note 32. Directors' and Executives' Remuneration				
Directors				
Total income paid or payable, or otherwise made available, to all Directors of the Company and its controlled entities from the Company or any related party	**5,468,695**	5,665,319	**3,067,519**	2,039,373
The number of Directors of the Company whose income from the Company or any related party falls within the following bands			**Number**	Number
$ 50,000 - $ 59,999			**4**	5
$ 70,000 - $ 79,999			**1**	-
$ 100,000 - $ 109,999			**1**	-
$ 150,000 - $ 159,999			**-**	1
$ 200,000 - $ 209,999			**1**	-
$ 440,000 - $ 449,999			**1**	-
$ 450,000 - $ 459,999			**-**	1
$ 460,000 - $ 469,999			**-**	1
$ 660,000 - $ 669,999			**-**	1
$ 800,000 - $ 809,999			**1**	-
$1,180,000 - $1,189,999			**1**	-

The remuneration bands are not consistent with the emoluments disclosed in the Directors' Report as the basis of calculation differs due to the differing requirements of the Corporations Act 2001 and the Accounting Standards.

Notes to the Financial Statements

	COMPANY	
	2002	2001
	$	$
Note 32. Directors' and Executives' Remuneration (continued)		
Executives		
Total income received or due and receivable from the Company, entities in the consolidated entity or related parties by Australian domiciled executive officers whose income exceeds $100,000. An executive officer is a person who is a member of the Executive Committee which determines the operational management and strategic direction of the consolidated entity	**5,799,159**	4,355,415
The number of Australian based executive officers whose income from the Company or any related party falls within the following bands	**Number**	Number
$ 200,000 - $ 209,999	**1**	-
$ 240,000 - $ 249,999	**-**	1
$ 250,000 - $ 259,999	**-**	1
$ 260,000 - $ 269,999	**-**	1
$ 270,000 - $ 279,999	**-**	1
$ 280,000 - $ 289,999	**1**	-
$ 310,000 - $ 319,999	**1**	1
$ 320,000 - $ 329,999	**2**	1
$ 330,000 - $ 339,999	**-**	1
$ 340,000 - $ 349,999	**-**	1
$ 360,000 - $ 369,999	**1**	-
$ 410,000 - $ 419,999	**-**	1
$ 420,000 - $ 429,999	**1**	-
$ 450,000 - $ 459,999	**-**	1
$ 460,000 - $ 469,999	**-**	1
$ 490,000 - $ 499,999	**1**	-
$ 660,000 - $ 669,999	**-**	1
$ 800,000 - $ 809,999	**1**	-
$1,070,000 - $1,079,999	**1**	-
$1,180,000 - $1,189,999	**1**	-

All Australian executive officers are on the Company's payroll, therefore consolidated disclosure of numbers and income is identical to Company disclosure.

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
	$	$	**$**	$
Note 33. Auditors' Remuneration				
Fees for audit services paid to				
- auditors of Pacifica Group Limited – KPMG	**720,893**	759,216	**116,500**	81,500
- other auditors	**5,502**	6,130	**-**	-
	726,395	765,346	**116,500**	81,500
Fees for other services paid to				
- auditors of Pacifica Group Limited – KPMG	**1,409,350**	696,606	**346,811**	258,338
- other auditors	**-**	12,139	**-**	-
	1,409,350	708,745	**346,811**	258,338
	2,135,745	1,474,091	**463,311**	339,838

Note 34. Superannuation

Pacifica Group Limited and certain controlled entities contribute to a number of superannuation funds in Australia, New Zealand and other countries in which the consolidated entity operates. From 1 January 2000, the Company outsourced its superannuation arrangements, offering employees complete fund choice providing greater flexibility to suit their individual needs. Minimum contributions are based on the relevant legislation.

	Ownership interest %		Country of incorporation if not Australia	Notes
	2002	2001		
Note 35. Controlled Entities of Pacifica Group Limited				
Pacific BBA Building Products Pty Ltd	**100**	100		(a)
Melwire Pty Ltd	**100**	100		(a)
Melwire (Qld) Pty Ltd	**100**	100		(b)
Polyscreen Pty Ltd	**100**	100		(a)
Mounts Wire Industries Ltd	**100**	100	New Zealand	
Pacific BBA Gratings Pty Ltd	**100**	100		(a)
Guangzhou Webforge Grating Co Ltd	**100**	100	China	
Linda Holdings Inc	**100**	100	Philippines	
Mara Holdings Inc	**100**	100	Philippines	
Diezmo Realty Co	**100**	100	Philippines	
Pacific BBA (Singapore) Pte Ltd	**100**	100	Singapore	
Webforge (Singapore) Pte Ltd	**100**	100	Singapore	
Pacifica (UK) Ltd	**-**	100	United Kingdom	(h)
John Rawlson (Engineers) Ltd	**-**	100	United Kingdom	(h)
John Rawlson Ltd	**-**	100	United Kingdom	(h)
Lionweld Kennedy Ltd	**-**	100	United Kingdom	(h)
PT Webforge Indonesia	**100**	100	Indonesia	

Notes to the Financial Statements

	2002	Ownership interest % 2001	Country of incorporation if not Australia	Notes
Note 35. Controlled Entities of Pacifica Group Limited (continued)				
Webforge Australia Pty Ltd	**100**	100		(a)
Webforge (KL) Sdn Bhd	**100**	100	Malaysia	
Webforge (NZ) Ltd	**100**	100	New Zealand	
Webforge Philippines Inc	**100**	100	Philippines	
Wuxi Webforge Grating Co Ltd	**100**	100	China	
Pacific BBA (Malaysia) Sdn Bhd	**100**	100	Malaysia	
PBR (Malaysia) Sdn Bhd	**100**	100	Malaysia	
Pacific BBA Properties No 2 Pty Ltd	**100**	100		(a)
Pacific BBA Properties Pty Ltd	**100**	100		(a)
Pacific BBA Textiles Pty Ltd	**100**	100		(a)
Nolras Australia Pty Ltd	**100**	100		(a)
Nolras Industries Pty Ltd	**100**	100		(a)
Pacific BBA (Thailand) Ltd	**100**	100	Thailand	
FMP Group (Thailand) Ltd	**50**	50	Thailand	(g)
FMP Distribution Ltd	**50**	50	Thailand	
Webforge (Thailand) Ltd	**100**	100	Thailand	
Pacifica Group Technologies Pty Ltd	**100**	100		(a)
PBR International Ltd	**100**	100		(a)
FMP Group Pty Ltd	**50**	50		(e)
FMP Automotive (M) Sdn Bhd	**50**	50	Malaysia	(f)
PBR Australia Pty Ltd	**100**	100		(a)
PBR Automotive Korea Co Ltd	**100**	100	Korea	
PBR Holdings Ltd	**-**	100	USA	(c)
PBR Detroit Inc	**-**	100	USA	(c)
PBR Victoria Pty Ltd	**100**	100		(a)
PBR International USA Ltd	**100**	100	USA	
PBR Carolina Inc	**100**	100	USA	
PBR South Carolina Inc	**100**	100	USA	
PBR Columbia LLC	**100**	100	USA	
PBR Tennessee Inc	**100**	100	USA	
PBR Knoxville LLC	**51**	51	USA	
Siam PBR (Thailand) Ltd	**100**	100	Thailand	
PBR Automotive (Thailand) Ltd	**100**	100	Thailand	
RABiT Manager Pty Ltd	**100**	100		(b)(d)

Notes in relation to controlled entities

(a) Pacifica Group Limited and these controlled entities have entered into an approved Deed of Cross Guarantee in respect of relief granted from specified accounting and financial reporting requirements in accordance with a Class Order. Refer Note 38.

(b) A small proprietary company as defined by the Corporations Act 2001 and not required to be audited for statutory purposes.

(c) Controlled entities liquidated during the year.

(d) Controlled entity renamed during the year, formerly Pacific BBA Industries Pty Ltd.

(e) Controlled entity renamed during the year, formerly Bendix Mintex Pacific Pty Ltd.

(f) Controlled entity renamed during the year, formerly Don Brake (Malaysia) Sdn Bhd.

(g) Controlled entity renamed during the year, formerly Bendix (Thailand) Ltd.

(h) Controlled entities disposed during the year.

Disposal of controlled entities

Effective 1 July 2002, the consolidated entity disposed of all of the ordinary shares of Pacifica (UK) Ltd, the holding company of the Lionweld Kennedy group. The value of net assets disposed of was nil for a consideration of GBP1, resulting in no profit or loss on disposal.

Note 36. Related Parties

(a) Directors

The names of each person holding the position of Director of Pacifica Group Limited during the financial year are Messrs A J Clarke, J A Cook, G D W Curlewis, J K Ellis, R J Fynmore, P A F Hay, J R MacKenzie, K H Spencer and R H Stone. Messrs J A Cook and R J Fynmore retired as Directors during the year.

Details of Directors' Remuneration are set out in Note 32. Directors holdings of shares and share options in aggregate are set out below.

	Number of shares held	Options over ordinary shares
Balance 31 December 2001	306,386	1,270,000
Retirement of J A Cook as a Director	(16,200)	(540,000)
Retirement of R J Fynmore as a Director	(180,160)	-
Options granted	-	318,000
Options lapsed	-	(75,000)
Shares acquired	54,770	-
Balance 31 December 2002	164,796	973,000

The above shareholdings include all shares held beneficially by Directors and Director related entities.

Following approval by shareholders at the 2002 Annual General Meeting, the Company issued to Mr J R MacKenzie, Executive Director, options over 318,000 unissued ordinary shares in accordance with the rules of the Pacifica Group Limited Executive Option and Performance Right Plan.

The Company has entered into deeds with each of its Directors in accordance with the terms of rules 68 and 69(d) of the Company's constitution which include essentially for a period of seven years after ceasing to be a Director:

- rights of access and use with respect to Board papers, Minutes of Board and of Committee meetings and other related documents in connection with proceedings in which the Director may be involved, subject to reasonable limitations where issues of confidentiality or privilege arise; and
- obligations of the Company to arrange directors and officers liability insurance on terms which are reasonable having regard to various factors relating to the Company and the insurance market.

Notes to the Financial Statements

Note 36. Related Parties (continued)

Mr P A F Hay is a partner of the legal firm Freehills which receives fees for legal services provided to Pacifica Group Limited and its controlled entities. In 2002 these fees amounted to $298,907 (2001: $133,681). The fees were determined on an arm's-length basis on normal terms and conditions.

From time to time, Directors of Pacifica Group Limited or its controlled entities may purchase goods from the consolidated entity. These purchases are on the same terms and conditions as those entered into by other consolidated entity employees or customers and are trivial or domestic in nature.

(b) Controlled entities

Details of ownership interests in controlled entities are disclosed in Note 35.

Loans may be provided to Australian controlled entities in the form of loans payable on demand at commercial interest rates. Interest is charged monthly on the outstanding balance.

Details of related party transactions and amounts between Pacifica Group Limited and its controlled entities are set out in:

- Note 4 as to interest and dividends received from controlled entities;
- Note 11 as to amounts receivable from controlled entities; and
- Note 18 as to amounts owing to controlled entities.

(c) Associate companies

Details of related party transactions and amounts between the consolidated entity and associates are:

- Accounts payable set out in Note 18. The consolidated amount of $2,251,000 (2001: $2,603,000) is payable to FMP Group (Australia) Pty Ltd representing a liability arising from inventory purchases in the ordinary course of business and priced on an arm's-length basis. During the financial year, inventory purchases from FMP Group (Australia) Pty Ltd by the consolidated entity amounted to $29,069,947 (2001: $31,473,475).

Note 37. Economic Dependency

Approximately 80% of sale of goods by the consolidated entity's automotive business segment is attributable to General Motors Corporation and certain of its component suppliers.

Note 38. Deed of Cross Guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, certain wholly-owned subsidiaries are relieved from the Corporations Act 2001 requirement for preparation, audit, and lodgement of financial reports and Directors' report.

It is a condition of the Class Order that Pacifica Group Limited and each of the subsidiaries referred to above enter into a Deed of Cross Guarantee. The effect of the Deed is that Pacifica Group Limited guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries covered by the Class Order under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, Pacifica Group Limited will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiaries subject to the Deed are identified in Note 35.

A consolidated statement of financial performance and statement of financial position as at 31 December 2002, comprising the entities which are party to the Deed and after eliminating all transactions between parties to the Deed of Cross Guarantee follows.

	CONSOLIDATED	
	2002	2001
	$000	$000
Statement of financial performance		
Profit (loss) from ordinary activities before income tax	**34,941**	(59,194)
Income tax attributable to ordinary activities	**(8,663)**	(3,854)
Profit (loss) from ordinary activities after income tax	**26,278**	(63,048)
Retained profits (accumulated losses) at the beginning of the financial year	**(43,658)**	32,170
	(17,380)	(30,878)
Dividends provided for or paid	**(12,837)**	(12,780)
Retained profits (accumulated losses) at the end of the financial year	**(30,217)**	(43,658)
Statement of financial position		
Cash assets	**35,901**	29,761
Receivables	**73,392**	84,075
Inventories	**31,233**	32,237
Prepayments	**850**	1,418
Total current assets	**141,376**	147,491
Receivables	**14,539**	18,023
Investments accounted for using the equity method	**28,930**	26,126
Other financial assets	**150,603**	150,603
Property, plant and equipment	**149,143**	153,458
Deferred tax assets	**9,638**	7,507
Other non-current assets	**3,369**	1,012
Total non-current assets	**356,222**	356,729
Total assets	**497,598**	504,220
Payables	**59,444**	50,096
Interest bearing liabilities	**4,000**	110,000
Current tax liabilities	**5,878**	58
Provisions	**18,433**	17,503
Total current liabilities	**87,755**	177,657
Interest bearing liabilities	**110,000**	-
Deferred tax liabilities	**20,550**	22,314
Provisions	**1,055**	1,448
Total non-current liabilities	**131,605**	23,762
Total liabilities	**219,360**	201,419
Net assets	**278,238**	302,801
Contributed equity	**308,455**	346,459
Retained profits (accumulated losses)	**(30,217)**	(43,658)
Total equity	**278,238**	302,801

Notes to the Financial Statements

Note 39. Events Subsequent to Balance Date

Since 31 December 2002, the Company has announced the sale of all of the consolidated entity's shareholdings in Pacific BBA Gratings Pty Ltd and Webforge (Thailand) Ltd, which together comprise the Webforge operations. The sales have effect from 2 January 2003. The approximate carrying value of total assets at the date of disposal is $61,800,000 and the approximate carrying value of total liabilities to be settled on disposal is $15,300,000 giving approximate net assets disposed of $46,500,000. Estimated net consideration is $52,200,000 realising an estimated pre-tax profit on sale of $5,700,000.

The financial effects of the above transaction have not been brought to account in the financial statements for the year ended 31 December 2002.

Directors' Declaration

1. In the opinion of the Directors of Pacifica Group Limited:

   (a) the financial statements and notes, set out on pages 2 to 40, are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the financial position of the Company and consolidated entity as at 31 December 2002 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and

      (ii) complying with Accounting Standards and the Corporations Regulations 2001; and

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. There are reasonable grounds to believe that the Company and the subsidiaries identified in Note 35 will be able to meet any obligations or liabilities to which they are or may become subject by virtue of the Deed of Cross Guarantee between the Company and those subsidiaries pursuant to ASIC Class Order 98/1418 (as amended).

Signed on this 21st day of March 2003 in accordance with a resolution of the Directors:

J K Ellis

J K Ellis
Director

J R McKenzie

J R MacKenzie
Director

Independent Audit Report

to the Members of Pacifica Group Limited

Scope

We have audited the financial report of Pacifica Group Limited for the financial year ended 31 December 2002, consisting of the statements of financial performance, statements of financial position, statements of cash flows, accompanying notes, and the directors' declaration set out on pages 2 to 41. The financial report includes the consolidated financial statements of the consolidated entity, comprising the Company and the entities it controlled at the end of the year or from time to time during the financial year. The Company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit opinion

In our opinion, the financial report of Pacifica Group Limited is in accordance with:

(a) the Corporations Act 2001, including:

 (i) giving a true and fair view of the Company's and the consolidated entity's financial position as at 31 December 2002 and of their performance for the financial year ended on that date; and

 (ii) complying with Accounting Standards and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

KPMG

KPMG

Paul J McDonald

Paul J McDonald
Partner

Dated at Melbourne this 21st day of March 2003.

Notes

Notes

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