

6 August 2003

**PACIFICA ANNOUNCES PROFIT INCREASE OF 10% FOR
FIRST HALF OF 2003**

Pacifica Group Limited today announced its results for the six months to 30 June 2003.

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

Highlights of the First Half

- Net profit after tax before significant items increased by 10% to \$24.0 million - in line with the guidance given at the AGM
- Earnings per share before significant items increased by 18% to 17.3 cents per share
- Solid demand in North America underpinned the strong performance from automotive
- Webforge divested at a profit to book value
- AP Italia acquired, announced on 1 August 2003

Automotive

Pacifica's automotive subsidiary, PBR, had another strong half. Although sales were lower than in the first half of 2002 by 3%, this can be attributed to the translation effect of the strong Australian Dollar. Had the rate of exchange remained unchanged from last year, sales would have been higher by some \$45.5 million, resulting in an increase of 7% over the corresponding period for 2002. Similarly, the negative impact on earnings before interest and tax was \$5 million.

Margins in both North America and Australia improved as a result of the success of the continuous improvement programs implemented during 2001/02.

In North America, PBR continued to build its market share. Sales increased despite a flatter overall automotive market in the region, owing to PBR's exposure to the successful sports utility vehicle platforms and the fact that Columbia is now fully ramped up. Both the Knoxville, Tennessee and Columbia, South Carolina plants performed to plan. The expansion of the Columbia plant continues to be on time and on budget with the final assembly lines now installed.

In Australia, a buoyant automotive market was the impetus for strong sales to local manufacturers. New models and strong exports improved sales in the first half of 2003.

Volumes and contributions from PBR's Asian operations were lower.

Pacifica's joint venture friction materials business, FMP, formerly known as Bendix Mintex, had a disappointing half with earnings down on the corresponding period for last year because of a decline in export sales to North America, manufacturing disruption and one off costs associated with the introduction of a complete new range of friction products. Pacifica's partner in FMP, Honeywell, is in the process of selling its interests in the business to Federal Mogul.

Acquisition of AP Brakes

On 1 August 2003, Pacifica announced that PBR had acquired the Italian drum brake manufacturer, Automotive Products Italia (SV) SpA, (AP Brakes) for approximately A\$60 million. AP Brakes will be consolidated from 1 July 2003 and will be immediately earnings per share positive, after goodwill amortisation.

AP Brakes, which supplies drum and park brakes to Fiat, Ford and Nissan in Europe and has licensees in Turkey, Brazil and Japan, has sales of approximately A\$72 million per annum. On the basis of contracted volumes, AP Brakes is forecast to increase sales by a compound 10% for the next three years.

The acquisition is of significant strategic importance for Pacifica because it:

- accords with Pacifica's core automotive competencies;
- establishes a solid base in the European market;
- dilutes Pacifica's reliance on the North American market;
- broadens the company's customer base;
- brings exposure to the small car portion of the market;
- embraces proprietary technology; and
- provides a platform for the sale of existing PBR products in Europe.

Construction Products

In February 2003, Pacifica announced the sale of the Webforge group of companies. The \$4.6 million profit on the sale is shown in the financial statements for the first half as an individually significant item.

The sales process for Melwire, the residual part of the former Construction Products division, is ongoing and a positive outcome is expected within the next few months.

Dividend

The Directors have declared a fully franked interim dividend of 10 cents per share for the first half of 2003. This compares with an interim dividend of 9 cents per share franked to 60% for 2002. The 2003 interim dividend will be paid on 19 September 2003 to shareholders registered on 5 September 2003.

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

Share Buy Back

During the half Pacifica bought back a further 4.6 million shares under the 10% buy back program initiated in September 2001 and extended in September 2002. To date, Pacifica has bought back 14.7 million shares out of a possible 15.1 million. The average price paid for the shares has been \$3.77 and the whole buy back program has been earnings per share positive. The buy back program may be extended if the Directors consider this to be an appropriate use of funds.

Immediate Outlook

Sales in North America are expected to soften in the second half. This weaker demand has already been factored into Pacifica's forecasts.

The Australian vehicle market is expected to remain relatively strong and the domestic aftermarket is expected to improve.

Demand in Asian automotive markets is expected to remain subdued and PBR's activities in Thailand and Malaysia are expected to achieve only modest results.

The new Italian business is expected to make a small contribution to earnings in the second half. Integration of this business into the group will be a priority for the rest of 2003.

On the basis of current forecasts, Pacifica has no reason to change its previous guidance of full year profits for 2003 being slightly higher than those reported in 2002 (before significant items).

Longer Term Growth Prospects

2004 is expected to be a year of growth for Pacifica. New business already awarded in the North American market will be brought into production during the first half of 2004. Supply will be from the newly expanded Columbia plant. Additionally, there will be a full year's contribution from AP Brakes in Italy.

Pacifica's future growth will come from the commercialisation of new products in new markets and from new customers. Following the acquisition of AP Brakes, new customers in Europe will include Fiat, Ford, Nissan, Renault, and Toyota.

Additionally, even following the acquisition of AP Brakes, Pacifica still has the balance sheet strength to consider further bolt-on acquisitions.

FINANCIAL SUMMARY

Half Year Ended 30 June 2003

	2003	2002	%
	\$000	\$000	change
Sales revenue	469,015	553,066	-15.2%
EBITDA	77,945	81,023	-3.8%
Depreciation and amortisation	(25,867)	(33,466)	
EBIT	52,078	47,557	9.5%
Interest	(5,808)	(8,189)	
Pre-tax profit	46,270	39,368	17.5%
Taxation and outside equity interests	(22,284)	(17,559)	
Net profit before significant items	23,986	21,809	10.0%
Earnings per share (cents)	17.3	14.7	
Significant items after tax	4,651	-	
Net profit	28,637	21,809	
Earnings per share (cents)	20.7	14.7	
Operating cash flow	47,600	71,943	
Cash flow per share (cents)	34.4	48.6	
Interim dividend (cents)	10.0	9.0	

For further information:

John MacKenzie
 Managing Director
 Pacifica Group Limited
 Tel. (03) 9575 2470