



FINANCIAL REPORT
2003

Pacifica Group Limited**ABN 69 006 530 641**

Pacifica's annual reporting is issued in two editions – the Concise Annual Report 2003 (incorporating the concise financial report to shareholders) and this report, the Financial Report 2003. The Concise Annual Report 2003 details Pacifica's operations, outlines the Company's corporate governance practices and provides a summary of the financial statements. You are invited to view both editions on Pacifica's website at www.pacifica.com.au, along with other information on the Company and its activities.

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Statement of Financial Performance for the year ended 31 December 2003

	NOTE	CONSOLIDATED		COMPANY	
		2003 \$000	2002 \$000	2003 \$000	2002 \$000
Revenue from sale of goods		923,810	1,077,287	-	-
Proceeds from sale of controlled entities		52,182	-	-	-
Other revenue from ordinary activities	3	11,946	17,320	45,318	40,446
Total revenue from ordinary activities		987,938	1,094,607	45,318	40,446
Cost of goods sold		(781,821)	(906,319)	-	-
Marketing and selling expenses		(12,182)	(18,381)	-	-
Warehouse and distribution expenses		(4,534)	(9,246)	-	-
Administration expenses		(31,599)	(48,430)	(9,105)	(10,993)
Research and development expenses		(12,965)	(15,700)	-	-
Investment expenses		-	-	(34)	(7,137)
Borrowing costs	4	(13,329)	(16,589)	(5,975)	(7,756)
Net assets of controlled entities sold		(47,369)	-	-	-
Other expenses from ordinary activities		(1,607)	(9,362)	-	-
Total expenses		(905,406)	(1,024,027)	(15,114)	(25,886)
Share of net profit (loss) of associates	13(c)	(938)	6,419	-	-
Profit from ordinary activities before income tax	4	81,594	76,999	30,204	14,560
Income tax attributable to ordinary activities	7	(18,928)	(22,707)	(534)	314
Profit from ordinary activities after income tax		62,666	54,292	29,670	14,874
Profit from ordinary activities after income tax attributable to outside equity interests		(14,428)	(9,967)	-	-
Profit from ordinary activities after income tax attributable to members of Pacifica Group Limited		48,238	44,325	29,670	14,874
Non-owner transaction changes in equity					
Net decrease in retained profits on initial adoption of revised AASB 1028 Employee Benefits	1(b)	(137)	-	(14)	-
Net exchange difference on translation of financial statements of self-sustaining foreign operations		(32,892)	(15,396)	-	-
Total changes in equity from non-owner related transactions attributable to members of Pacifica Group Limited		15,209	28,929	29,656	14,874
		cents	cents		
Earnings per share	8				
Basic earnings per share		35.2	30.5		
Diluted earnings per share		34.3	30.0		

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

	CONTINUING OPERATIONS		DISCONTINUED OPERATIONS	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000
Revenue from sale of goods	923,810	963,929	-	113,358
Proceeds from sale of controlled entities	-	-	52,182	-
Other revenue from ordinary activities	11,946	16,964	-	356
Total revenue from ordinary activities	935,756	980,893	52,182	113,714
Cost of goods sold	(781,821)	(826,971)	-	(79,348)
Marketing and selling expenses	(12,182)	(11,409)	-	(6,972)
Warehouse and distribution expenses	(4,534)	(4,115)	-	(5,131)
Administration expenses	(31,599)	(34,608)	-	(13,822)
Research and development expenses	(12,965)	(15,700)	-	-
Investment expenses	-	-	-	-
Borrowing costs	(13,329)	(16,589)	-	-
Net assets of controlled entities sold	-	-	(47,369)	-
Other expenses from ordinary activities	(1,607)	(6,742)	-	(2,620)
Total expenses	(858,037)	(916,134)	(47,369)	(107,893)
Share of net profit (loss) of associates	(938)	6,185	-	234
Profit from ordinary activities before income tax	76,781	70,944	4,813	6,055
Income tax attributable to ordinary activities	(18,886)	(21,583)	(42)	(1,124)
Profit from ordinary activities after income tax	57,895	49,361	4,771	4,931
Profit from ordinary activities after income tax attributable to outside equity interests	(14,428)	(9,967)	-	-
Profit from ordinary activities after income tax attributable to members of Pacifica Group Limited	43,467	39,394	4,771	4,931

Discontinued operations

In the financial year ending 31 December 2001, the Company announced its intention to divest the Construction Products Division so as to refocus the group around its automotive technologies.

At the time of the announcement, the Division comprised Lionweld Kennedy, the European operations; Webforge, the Australian, New Zealand and Asian gratings businesses; and Melwire, the Australian and New Zealand screens, conveyor belts and metal gauzes operations. Webforge was disposed effective 2 January 2003 and Lionweld Kennedy was disposed effective 1 July 2002. The Company considers the Construction Products Division to be effectively discontinued. Melwire, the remaining business, is contributing positively to the group's results, but is not material to the consolidated entity's revenues, results or assets. In the previous year's statement of financial performance and statement of cash flows, Melwire has been reclassified from discontinuing operations to continuing operations.

Statement of Cash Flows for the year ended 31 December 2003

	NOTE	CONSOLIDATED		COMPANY	
		2003 \$000	2002 \$000	2003 \$000	2002 \$000
Cash flows from operating activities					
Receipts from customers		933,931	1,084,077	3,600	4,700
Payments to suppliers and employees		(819,081)	(925,005)	(6,437)	(7,473)
Dividends received		-	6,851	29,544	26,683
Interest received		926	1,309	11,469	12,546
Borrowing costs paid		(11,651)	(16,203)	(5,986)	(7,756)
Income taxes (paid) refunded		(14,011)	(9,155)	211	(1,251)
Net cash from operating activities	9(b)	90,114	141,874	32,401	27,449
Cash flows from investing activities					
Payments for purchase of controlled entities	9(c)	(61,275)	-	-	-
Payments for property, plant and equipment		(78,368)	(47,476)	(1)	(54)
Proceeds from sale of controlled entities net of cash disposed	9(c)	47,905	1,653	-	-
Proceeds from sale of property, plant and equipment		2,691	2,531	-	-
Payments for additional equity in controlled entities		-	-	(16,972)	(8,472)
Return of equity from controlled entities		-	-	13,901	-
Net cash provided by (used in) investing activities		(89,047)	(43,292)	(3,072)	(8,526)
Cash flows from financing activities					
Proceeds from issue of shares		839	284	839	284
Dividends paid to members of Pacifica Group Limited		(28,838)	(12,837)	(28,838)	(12,837)
Dividends paid to outside equity interests		(9,698)	(12,897)	-	-
Payments for share buy back		(17,242)	(38,288)	(17,242)	(38,288)
Proceeds from borrowings		14,360	-	-	4,000
Repayment of borrowings		-	(32,575)	(21,900)	-
Loans to controlled entities		-	-	31,200	31,214
Net cash provided by (used in) financing activities		(40,579)	(96,313)	(35,941)	(15,627)
Net increase (decrease) in cash held		(39,512)	2,269	(6,612)	3,296
Cash at the beginning of the financial year		87,706	90,736	7,488	4,192
Effects of exchange rate changes on cash held in foreign currencies		(13,921)	(5,299)	-	-
Cash at the end of the financial year	9(a)	34,273	87,706	876	7,488
		cents	cents		
Operating cash flow per share		65.7	97.7		

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

	CONTINUING OPERATIONS		DISCONTINUED OPERATIONS	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000
Cash flows from operating activities				
Receipts from customers	933,931	972,415	-	111,662
Payments to suppliers and employees	(819,081)	(820,300)	-	(104,705)
Dividends received	-	6,851	-	-
Interest received	926	1,107	-	202
Borrowing costs paid	(11,651)	(15,000)	-	(1,203)
Income taxes paid	(13,969)	(9,033)	(42)	(122)
Net cash from operating activities	90,156	136,040	(42)	5,834
Cash flows from investing activities				
Payments for purchase of controlled entities	(61,275)	-	-	-
Payments for property, plant and equipment	(78,368)	(46,328)	-	(1,148)
Proceeds from sale of controlled entities net of cash disposed	47,905	1,653	-	-
Proceeds from sale of property, plant and equipment	2,691	2,500	-	31
Payments for additional equity in controlled entities	-	-	-	-
Return of equity from controlled entities	-	-	-	-
Net cash provided by (used in) investing activities	(89,047)	(42,175)	-	(1,117)
Cash flows from financing activities				
Proceeds from issue of shares	839	284	-	-
Dividends paid to members of Pacifica Group Limited	(28,838)	(12,837)	-	-
Dividends paid to outside equity interests	(9,698)	(12,897)	-	-
Payments for share buy back	(17,242)	(38,288)	-	-
Proceeds from borrowings	14,360	-	-	-
Repayment of borrowings	-	(16,198)	-	(16,377)
Loans to controlled entities	-	-	-	-
Net cash provided by (used in) financing activities	(40,579)	(79,936)	-	(16,377)
Net increase (decrease) in cash held	(39,470)	13,929	(42)	(11,660)

Discontinued operations

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

Statement of Financial Position as at 31 December 2003

	NOTE	CONSOLIDATED		COMPANY	
		2003 \$000	2002 \$000	2003 \$000	2002 \$000
Current assets					
Cash assets	10	36,948	87,706	876	7,488
Receivables	11	129,467	132,375	156,943	143,974
Inventories	12	50,200	59,159	-	-
Prepayments		4,552	2,461	41	42
Total current assets		221,167	281,701	157,860	151,504
Non-current assets					
Receivables	11	11,825	14,867	4,733	7,048
Investments accounted for using the equity method	13	27,992	28,930	-	-
Other financial assets	14	-	-	231,250	268,878
Property, plant and equipment	15	422,384	441,134	50	133
Intangible assets	16	30,647	-	-	-
Deferred tax assets	17	20,980	11,579	1,061	1,366
Other non-current assets	18	5,575	19,710	-	-
Total non-current assets		519,403	516,220	237,094	277,425
Total assets		740,570	797,921	394,954	428,929
Current liabilities					
Payables	19	122,957	136,411	46,461	2,169
Interest bearing liabilities	20	2,728	53,915	2,100	4,000
Current tax liabilities	21	4,719	5,992	(85)	(530)
Provisions	22	18,658	31,331	3,676	4,207
Total current liabilities		149,062	227,649	52,152	9,846
Non-current liabilities					
Interest bearing liabilities	20	216,132	174,820	90,000	110,000
Deferred tax liabilities	23	43,559	29,919	-	11
Provisions	22	5,220	1,073	62	82
Total non-current liabilities		264,911	205,812	90,062	110,093
Total liabilities		413,973	433,461	142,214	119,939
Net assets		326,597	364,460	252,740	308,990
Equity					
Contributed equity	24	292,052	308,455	292,052	308,455
Reserves	25	(28,511)	1,588	18,462	59,127
Retained profits (accumulated losses)	26	(1,313)	(17,783)	(57,774)	(58,592)
Total parent entity interest		262,228	292,260	252,740	308,990
Outside equity interests	27	64,369	72,200	-	-
Total equity	29	326,597	364,460	252,740	308,990

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

Note 1. Accounting Policies**(a) Significant accounting policies**

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

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 1(b), are consistent with those of the previous year.

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.

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 recognised when there is a signed unconditional contract of sale, and, in the case of the parent entity, dividends received from associate companies and controlled entities when declared.

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 take more than 12 months to get ready for their intended use. In these circumstances, borrowing costs are capitalised to the cost of the assets using a weighted average interest rate where funds are borrowed generally or, in circumstances where funds are borrowed specifically to finance a qualifying asset, the actual borrowing costs incurred.

Note 1. Accounting Policies (continued)**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 beyond 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.

Deferred expenditure

Material items of expenditure 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.

Taxation

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, or if relating to tax losses (including capital losses) when 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.

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.

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.

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.

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.

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 (fair value) where stated.

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.

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	8%

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 are discounted to their present values.

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.

Intangible assets

Goodwill represents the excess of the purchase consideration plus incidental costs over the fair value of identifiable net assets acquired. Goodwill is amortised on a straight line basis over the period in which the benefits are expected to arise, not exceeding twenty years.

Patents and trademarks arising from business acquisitions are amortised over the period in which the related benefits are expected to be realised. Expenditure on patents and trademarks in the ordinary course of operations are written off to profit as incurred.

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.

Note 1. Accounting Policies (continued)**Provisions**

A provision is recognised when a legal, equitable or constructive obligation exists as a result of a past event and it is probable that a future sacrifice of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain.

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 wage and salary rates that the consolidated entity expects to pay as at each reporting date and includes 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.

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. Refer Note 31 for further details.

(b) Change in accounting policies**Employee benefits**

The consolidated entity has applied the revised AASB 1028 Employee Benefits, issued in June 2001, for the first time from 1 January 2003.

The liability for wages, salaries and annual leave is now calculated using the remuneration rates the consolidated entity expects to pay as at each reporting date, not wage and salary rates current at reporting date.

The initial adjustments to the consolidated financial report as at 1 January 2003 as a result of this change are a \$195,000 increase in provision for employee benefits, a \$58,000 increase in future income tax benefit, and a \$137,000 increase in opening accumulated losses. For the reporting period, there is no material impact on net profit as a result of this change in accounting policy.

	Australia and New Zealand \$000	United States of America \$000	Europe \$000	Asia \$000	Eliminations \$000	Consolidated \$000
Note 2. Segment Reporting						
(a) Segment revenue and segment result based on location of assets						
2003						
Sales revenue	353,731	499,287	36,312	34,480	-	923,810
Other revenue	17,800	1,604	833	231	(9,448)	11,020
Segment revenue	371,531	500,891	37,145	34,711	(9,448)	934,830
Unallocated revenue						53,108
Total revenue						987,938
Operating segment result	48,299	41,998	2,712	4,578	-	97,587
Significant items	(1,636)	(2,862)	-	(344)	-	(4,842)
Segment result	46,663	39,136	2,712	4,234	-	92,745
Share of associates' net profit (loss)	(938)	-	-	-	-	(938)
Unallocated corporate expenses						(2,623)
Unallocated profit on sale of controlled entities						4,813
Borrowing costs net of interest revenue						(12,403)
Profit from ordinary activities before income tax						81,594
2002						
Sales revenue	396,053	561,890	34,992	84,352	-	1,077,287
Other revenue	21,176	1,416	38	478	(7,084)	16,024
Segment revenue	417,229	563,306	35,030	84,830	(7,084)	1,093,311
Unallocated revenue						1,296
Total revenue						1,094,607
Operating segment result	37,588	38,821	1,836	10,623	-	88,868
Significant items	-	-	-	-	-	-
Segment result	37,588	38,821	1,836	10,623	-	88,868
Share of associates' net profit (loss)	6,185	-	234	-	-	6,419
Unallocated corporate expenses						(2,995)
Unallocated profit on sale of controlled entities						-
Borrowing costs net of interest revenue						(15,293)
Profit from ordinary activities before income tax						76,999

	Australia and New Zealand \$000	United States of America \$000	Europe \$000	Asia \$000	Unallocated \$000	Consolidated \$000
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Note 2. Segment Reporting (continued)
(b) Segment sales revenue based on location of customers
2003

Sales by asset location	353,731	499,287	36,312	34,480		923,810
(Export) import sales	(167,445)	162,977	-	4,468		-
Sales by customer location	186,286	662,264	36,312	38,948		923,810

2002

Sales by asset location	396,053	561,890	34,992	84,352		1,077,287
(Export) import sales	(170,598)	166,085	-	4,513		-
Sales by customer location	225,455	727,975	34,992	88,865		1,077,287

(c) Segment assets and liabilities based on location of assets
2003

Segment assets	258,194	267,734	98,148	23,930	6,644	654,650
Investments in associates	27,992	-	-	-	-	27,992
Operating assets	286,186	267,734	98,148	23,930	6,644	682,642
Cash assets						36,948
Income tax assets						20,980
Total assets						740,570
Segment liabilities	61,778	47,699	29,068	4,051	4,239	146,835
Interest bearing liabilities						218,860
Income tax liabilities						48,278
Total liabilities						413,973

2002

Segment assets	261,644	330,583	-	68,558	8,921	669,706
Investments in associates	28,930	-	-	-	-	28,930
Operating assets	290,574	330,583	-	68,558	8,921	698,636
Cash assets						87,706
Income tax assets						11,579
Total assets						797,921
Segment liabilities	78,835	72,875	-	12,216	4,889	168,815
Interest bearing liabilities						228,735
Income tax liabilities						35,911
Total liabilities						433,461

	Australia and New Zealand \$000	United States of America \$000	Europe \$000	Asia \$000	Unallocated \$000	Consolidated \$000
(d) Segment non-cash expenses and capital expenditure based on location of assets						
2003						
Depreciation and amortisation	18,883	27,944	3,072	1,980	75	51,954
Other non-cash expenses	4,606	2,902	1	82	-	7,591
Capital expenditure	34,849	40,534	2,400	584	1	78,368
2002						
Depreciation and amortisation	18,930	34,769	1,624	4,524	44	59,891
Other non-cash expenses	666	-	-	-	-	666
Capital expenditure	21,276	24,900	453	838	9	47,476

Following the sale of the Webforge group of companies at the beginning of the financial year, the consolidated entity's revenues are now derived predominantly from automotive products and services. As a result, the consolidated entity's operations are no longer segmented by industry, as was the case in previous reporting periods, but in line with its management reporting system, the consolidated entity now reports on four geographical segments: Australia and New Zealand, United States of America, Europe and Asia.

The Australia and New Zealand segment includes the activities of automotive and construction products in the previous corresponding period, and is predominantly automotive in the current financial year.

The United States of America segment includes only automotive activities in the current and previous financial years.

The Europe segment includes only construction products activities in the previous financial year and only automotive activities in the current financial year.

The Asia segment includes the activities of automotive and construction products in the previous financial year and only automotive in the current financial year.

Unallocated revenue in the reporting period includes proceeds from the sale of the Webforge group of companies. As the operations were sold as a whole, the revenue is not allocable to individual geographical segments.

	CONSOLIDATED		COMPANY	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000

Note 3. Other Revenue from Ordinary Activities

Dividend revenue from				
- associated companies	-	-	-	3,381
- controlled entities	-	-	29,544	19,832
Interest revenue from				
- controlled entities	-	-	11,113	12,198
- external parties	926	1,296	356	335
Net foreign exchange gains	-	-	705	-
Proceeds from sale of property, plant and equipment	291	5,331	-	-
Other revenue from operating activities	10,729	10,693	3,600	4,700
Total other revenue from ordinary activities	11,946	17,320	45,318	40,446

	CONSOLIDATED		COMPANY	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000
Note 4. Profit from Ordinary Activities before Income Tax				
Profit from ordinary activities before income tax has been arrived at after charging (crediting) the following items				
Depreciation of				
- buildings and improvements	1,578	2,690	-	-
- plant and equipment	48,254	47,499	76	42
	49,832	50,189	76	42
Amortisation of				
- deferred expenditure	828	9,220	-	-
- goodwill	508	-	-	-
- leased assets capitalised	136	417	-	-
- leasehold properties	-	65	-	-
- patents and trademarks	650	-	-	-
	2,122	9,702	-	-
Total depreciation and amortisation	51,954	59,891	76	42
Borrowing costs				
- controlled entities	-	-	43	-
- external parties	15,151	16,528	5,932	7,756
- lease finance charges	25	61	-	-
- capitalised to property, plant and equipment	(1,847)	-	-	-
Total borrowing costs	13,329	16,589	5,975	7,756
Interest revenue	(926)	(1,296)	(11,469)	(12,533)
Total borrowing costs net of interest revenue	12,403	15,293	(5,494)	(4,777)
Net expense from movements in provision for				
- diminution in value of inventories	181	1,810	-	-
- doubtful debts	367	370	-	-
- employee benefits	12,000	14,065	2,164	3,011
Bad trade debts written off	63	649	-	-
Operating lease rental expense	6,497	7,779	79	105
Net foreign exchange losses	921	1,472	-	1
Net (gain) loss on disposal of property, plant and equipment	(193)	(819)	8	-

	CONSOLIDATED		COMPANY	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000

Note 5. Auditors' Remuneration

Total remuneration received, or due and receivable, by the auditors for audit and review of financial reports

- auditors of the Company – KPMG	577,192	720,893	108,600	116,500
- other auditors	-	5,502	-	-
	577,192	726,395	108,600	116,500

Total remuneration received, or due and receivable, by the auditors of the Company (KPMG) for other services

- taxation services	890,426	1,309,505	203,938	277,076
- completion audits and acquisition/divestment due diligence	227,305	55,968	-	55,968
- other services	77,363	43,877	73,197	13,767
	1,195,094	1,409,350	277,135	346,811
	1,772,286	2,135,745	385,735	463,311

Note 6. Individually Significant Items

Profit from ordinary activities includes the following items of revenue (expense), together with related income tax and outside equity interests, for which disclosure is relevant in explaining the financial performance of the consolidated entity

Profit on sale of Construction Products business	4,813	-	-	-
Write-down of Construction Products business	-	-	(34)	(7,137)
Adjustment to carrying value of non-current assets ⁽¹⁾	2,532	-	-	-
Rationalisation and restructuring costs ⁽²⁾	(5,094)	-	-	-
Write-off development costs	(4,557)	-	-	-
Individually significant items before income tax	(2,306)	-	(34)	(7,137)
Income tax attributable to individually significant items	3,343	-	-	-
Individually significant items attributable to outside equity interests	530	-	-	-
Individually significant items attributable to members of Pacifica Group Limited	1,567	-	(34)	(7,137)

(1) Includes reversal of a provision for diminution in value of buildings of \$5,394,000 and a write-off of deferred expenditure of (\$2,862,000).

(2) Rationalisation and restructuring costs include asset write-downs, redundancies and associated costs relating to exiting non-core businesses and quitting obsolete product lines.

	CONSOLIDATED		COMPANY	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000
Note 7. Income Tax				
Prima facie income tax calculated at 30% (2002: 30%) on profit from ordinary activities	24,478	23,100	9,061	4,368
Add increased income tax arising from				
- non-allowable depreciation	120	224	-	-
- non-allowable amortisation of intangibles	152	-	-	-
- offshore profits at higher tax rates	1,007	-	-	-
- share of associates' net loss	281	-	-	-
- individually significant item – non-allowable write-down of Construction Products business	-	-	10	2,141
- other non-allowable items	989	1,865	321	140
Less reduced income tax arising from				
- offshore profits at lower or nil tax rate	-	(67)	-	-
- rebateable and exempt dividends	-	-	(8,863)	(6,964)
- research and investment allowances	(1,317)	(145)	-	-
- share of associates' net profit	-	(1,925)	-	-
- individually significant item – non-taxable profit on sale of Construction Products business	(1,444)	-	-	-
- individually significant item – non-taxable reversal of provision for diminution in value of buildings	(1,783)	-	-	-
- other non-assessable items	(2,360)	(164)	-	-
Income tax on operating profit	20,123	22,888	529	(315)
Income tax under (over) provided in prior year	(1,195)	(181)	5	1
Income tax attributable to ordinary activities	18,928	22,707	534	(314)
Income tax attributable to ordinary activities is made up of				
- current income tax provision	19,421	21,281	192	63
- provision attributable to future years	702	1,607	337	(378)
- under (over) provision prior year	(1,195)	(181)	5	1
	18,928	22,707	534	(314)

	CONSOLIDATED	
	2003	2002
	cents	cents
Note 8. Earnings per Share (EPS)		
(a) Earnings per share		
Basic earnings per share		
- including individually significant items	35.2	30.5
- excluding individually significant items	34.0	30.5
Diluted earnings per share		
- including individually significant items	34.3	30.0
- excluding individually significant items	33.1	30.0
	2003	2002
	\$000	\$000
(b) Reconciliation of earnings used in the calculation of basic and diluted earnings per share		
Profit from ordinary activities after income tax	62,666	54,292
Profit from ordinary activities after income tax attributable to outside equity interests	(14,428)	(9,967)
Earnings used in the calculation of EPS including individually significant items	48,238	44,325
Less aggregate individually significant items attributable to members of Pacifica Group Limited	(1,567)	-
Earnings used in the calculation of EPS excluding individually significant items	46,671	44,325
	2003	2002
	Number	Number
(c) Weighted average number of ordinary shares		
Number used as the denominator in calculating basic EPS	137,219,761	145,165,085
Effect of executive share options on issue	3,029,496	2,154,106
Effect of executive share options expired during the period	571,692	281,145
Number used as the denominator in calculating diluted EPS	140,820,949	147,600,336
Executive share options include both options and performance rights. Executive share 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.		
The following executive share options have not been included in the calculation of diluted EPS as they are not dilutive		
Issue date 7 July 1997	-	950,000
Issue date 9 June 1998	-	1,192,000
Issue date 31 May 1999	1,329,000	1,546,000
Issue date 16 June 2000	-	1,699,000
Issue date 17 June 2002	-	392,000
Average market price of ordinary shares	\$4.30	\$3.79

	CONSOLIDATED		COMPANY	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000

Note 9. Notes to the Statement of Cash Flows
(a) Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash at bank and on hand and short term deposits at call, 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 at bank and on hand	20,617	52,391	876	7,488
Short term deposits at call	16,331	35,315	-	-
Bank overdraft	(2,675)	-	-	-
	34,273	87,706	876	7,488

(b) Reconciliation of profit from ordinary activities after income tax to net cash from operating activities

Profit from ordinary activities after income tax	62,666	54,292	29,670	14,874
(Profit) loss on disposal of property, plant and equipment	(193)	(819)	8	-
Profit on sale of controlled entities	(4,813)	-	-	-
Adjustment to carrying value of non-current assets	(2,532)	-	-	-
Write-off of deferred development costs	4,557	-	-	-
Write-down of investments	-	-	34	7,137
Depreciation and amortisation	51,954	59,891	76	42
Share of associates' net profit	938	432	-	-
Increase (decrease) in current and deferred taxes payable	4,917	13,552	745	(1,565)
Net cash from operating activities before changes in assets and liabilities	117,494	127,348	30,533	20,488
(Increase) decrease in debtors, prepayments and other receivables	(3,068)	(3,228)	2,731	5,910
(Increase) decrease in inventories	1,633	(445)	-	-
Increase (decrease) in payables and provisions	(25,945)	18,199	(863)	1,051
Net cash from operating activities	90,114	141,874	32,401	27,449

	CONSOLIDATED			
	ACQUISITIONS		DISPOSALS	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000
(c) Controlled entities acquired or disposed				
Cash consideration received (paid)	(61,275)	-	51,644	-
Cash in controlled entities disposed	-	-	(3,739)	1,653
Cash inflow (outflow)	(61,275)	-	47,905	1,653
Deferred consideration	-	-	538	-
Total consideration net of cash disposed	(61,275)	-	48,443	1,653
Fair value of net assets acquired (disposed)				
Receivables	25,876	-	(17,219)	(19,146)
Inventories	6,930	-	(8,700)	(4,273)
Investments in associate companies	-	-	-	(572)
Property, plant and equipment	34,046	-	(31,608)	(10,326)
Intangibles	12,030	-	-	-
Deferred tax assets	-	-	(852)	-
Payables	(24,080)	-	12,062	13,454
Interest bearing liabilities	(3,329)	-	-	18,598
Current and deferred tax liabilities	(5,949)	-	103	-
Other provisions	(4,997)	-	2,584	612
Net assets acquired or disposed	40,527	-	(43,630)	(1,653)
Goodwill on acquisition	20,748	-	-	-
Profit on disposal	-	-	(4,813)	-
	61,275	-	(48,443)	(1,653)

During the financial year, the consolidated entity purchased all the ordinary shares of Automotive Products Italia (SV) SpA. The date of gain of control was 1 July 2003. In addition, during the financial year the consolidated entity sold for cash its 100% interest in the ordinary shares of Pacific BBA Gratings Pty Ltd and Webforge (Thailand) Ltd, which together comprise the Webforge operations (2002: 100% of the ordinary shares of Pacifica (UK) Ltd, the holding company of the Lionweld Kennedy Group).

	CONSOLIDATED		COMPANY	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000
Cash at bank and on hand	20,617	52,391	876	7,488
Short term deposits at call	16,331	35,315	-	-
	36,948	87,706	876	7,488

Note 10. Cash Assets

	CONSOLIDATED		COMPANY	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000

Note 11. Receivables
Current

Trade debtors	118,629	119,040	-	-
Provision for doubtful trade debtors	(1,277)	(1,564)	-	-
	117,352	117,476	-	-
Sundry debtors receivable from				
- controlled entities	-	-	155,658	142,274
- employees pursuant to the employee share plan	327	442	327	442
- external parties	11,788	14,457	958	1,258
	129,467	132,375	156,943	143,974

Non-current

Sundry debtors receivable from				
- employees pursuant to the employee share plan	4,733	7,048	4,733	7,048
- external parties	7,092	7,819	-	-
	11,825	14,867	4,733	7,048

Note 12. Inventories

Raw materials and stores – at cost	16,052	18,396	-	-
Work in progress – at cost	8,289	8,015	-	-
Finished goods – at cost	30,657	35,452	-	-
Provision for diminution in value	(4,798)	(2,704)	-	-
	50,200	59,159	-	-

	Principal activity	Ownership interest		Consolidated carrying amount	
		2003	2002	2003	2002
		%	%	\$000	\$000

Note 13. Investments accounted for using the Equity Method
(a) Details of investments in associates

FMP Group (Australia) Pty Ltd	Manufacture and sale of friction materials	49	49	27,992	28,930
Lionweld Kennedy Middle East LLC ⁽¹⁾	Manufacture and sale of construction products	-	-	-	-
Total investments accounted for using the equity method				27,992	28,930

(1) Lionweld Kennedy Middle East LLC was disposed of effective 1 July 2002. At the date of disposal, the consolidated entity had a 49% ownership interest.

	CONSOLIDATED	
	2003	2002
	\$000	\$000
(b) Movement in carrying amount of investments		
Carrying amount of investments in associates at the beginning of the financial year	28,930	26,482
Share of associates' net profit (loss)	(938)	6,419
Dividends received from associates	-	(3,381)
Share of increment in associates' reserves	-	(18)
	27,992	29,502
Associate disposed of during the financial year	-	(572)
Carrying amount of investments in associates at the end of the financial year	27,992	28,930
(c) Results of associates		
Share of associates' profit (loss) from ordinary activities before income tax	(1)	10,594
Share of associates' income tax attributable to ordinary activities	(13)	(3,162)
Share of associates' net profit (loss) as disclosed by associates	(14)	7,432
Amortisation of goodwill arising from investment	(973)	(973)
Adjustment for unrealised profit in inventory	49	(40)
Share of net profit (loss) of associates	(938)	6,419
(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	1,757	(828)
Share of associates' net profit (loss)	(938)	6,419
Dividends received from associates	-	(3,381)
Share of accumulated (profits) losses of associate disposed of during the financial year	-	(453)
Share of associates' retained profits (accumulated losses) at the end of the financial year	819	1,757
Foreign currency translation reserve		
Share of associates' foreign currency translation reserve at the beginning of the financial year	-	77
Share of increment in associates' foreign currency translation reserve	-	(18)
Share of foreign currency translation reserve of associate disposed of during the financial year	-	(59)
Share of associates' foreign currency translation reserve at the end of the financial year	-	-

	CONSOLIDATED	
	2003	2002
	\$000	\$000

Note 13. Investments accounted for using the Equity Method (continued)

(e) Commitments

Share of associates' capital expenditure contracted but not provided for and payable

- within one year	1,452	766
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Share of associates' operating lease expenditure contracted but not provided for and payable

- within one year	326	388
- one year or later and no later than five years	414	350
- later than five years	81	87
	821	825

(f) Summary of financial position of associates

The consolidated entity's share of aggregate assets and liabilities of associates is as follows

Current assets	20,213	21,449
Non-current assets	17,219	16,696
Total assets	37,432	38,145
Current liabilities	16,628	16,393
Non-current liabilities	-	934
Total liabilities	16,628	17,327
Net assets reported by associates	20,804	20,818
Adjustments arising from equity accounting		
- goodwill (net of amortisation)	7,220	8,193
- other adjustments	(32)	(81)
Net assets equity adjusted	27,992	28,930

	COMPANY	
	2003	2002
	\$000	\$000

Note 14. Other Financial Assets

Shares in controlled entities

At cost	326,378	323,341
Provision for diminution in value	(140,763)	(140,763)
	185,615	182,578
Shares in associate company at Directors' valuation 1997	-	86,300
Shares in associate company at Directors' valuation 2003	45,635	-
	231,250	268,878

	CONSOLIDATED		COMPANY	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000
Note 15. Property, Plant and Equipment				
Freehold land				
At cost	16,196	16,444	-	-
Contributed at fair value	2,855	3,780	-	-
	19,051	20,224	-	-
Buildings				
At cost	72,952	81,395	-	-
Accumulated depreciation	(12,100)	(7,379)	-	-
Provision for diminution in value	-	(5,942)	-	-
	60,852	68,074	-	-
Leasehold property				
At cost	-	1,291	-	-
Accumulated amortisation	-	(261)	-	-
	-	1,030	-	-
Plant and equipment				
At cost	535,922	549,821	946	974
Accumulated depreciation	(273,930)	(239,920)	(896)	(841)
	261,992	309,901	50	133
Leased plant and equipment				
At cost	689	996	-	-
Accumulated amortisation	(600)	(704)	-	-
	89	292	-	-
Capital works in progress at cost	80,400	41,613	-	-
	422,384	441,134	50	133

Valuations of land and buildings

At 1 December 2003, the Directors obtained independent valuations of all land and buildings owned by the consolidated entity. The valuations were performed on the basis of fair value - existing use, resulting in an aggregate valuation of \$95,750,000 compared to the carrying amount at the end of the financial year of \$79,903,000.

	CONSOLIDATED		COMPANY	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000
Note 15. Property, Plant and Equipment (continued)				
Reconciliations				
Reconciliations of the carrying amount of each class of property, plant and equipment are set out below				
Freehold land				
Carrying amount at the beginning of the financial year	20,224	22,797	-	-
Disposals through disposals of entities	(5,740)	(1,466)	-	-
Additions through acquisition of entities	6,464	-	-	-
Foreign currency exchange difference	(1,897)	(1,107)	-	-
Carrying amount at the end of the financial year	19,051	20,224	-	-
Buildings				
Carrying amount at the beginning of the financial year	68,074	79,512	-	-
Disposals in the ordinary course of business	-	(14)	-	-
Disposals through disposals of entities	(11,858)	(4,500)	-	-
Additions	-	9	-	-
Additions through acquisition of entities	8,858	-	-	-
Transfer from capital works in progress	1,695	1,230	-	-
Depreciation	(1,578)	(2,690)	-	-
Reversal of provision for diminution in value	5,394	-	-	-
Foreign currency exchange difference	(9,733)	(5,473)	-	-
Carrying amount at the end of the financial year	60,852	68,074	-	-
Leasehold property				
Carrying amount at the beginning of the financial year	1,030	1,174	-	-
Disposals through disposals of entities	(1,030)	-	-	-
Additions	-	9	-	-
Amortisation	-	(65)	-	-
Foreign currency exchange difference	-	(88)	-	-
Carrying amount at the end of the financial year	-	1,030	-	-
Plant and equipment including capital works in progress				
Carrying amount at the beginning of the financial year	351,514	388,469	133	121
Disposals in the ordinary course of business	(85)	(5,196)	(8)	-
Disposals through disposals of entities	(12,980)	(4,268)	-	-
Transfer from deferred expenditure	11,116	-	-	-
Transfer to buildings	(1,695)	(1,230)	-	-
Additions	75,912	47,467	1	54
Additions through acquisition of entities	18,724	-	-	-
Depreciation	(48,254)	(47,499)	(76)	(42)
Foreign currency exchange difference	(51,860)	(26,229)	-	-
Carrying amount at the end of the financial year	342,392	351,514	50	133

	CONSOLIDATED		COMPANY	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000
Leased plant and equipment				
Carrying amount at the beginning of the financial year	292	1,224	-	-
Disposals in the ordinary course of business	(13)	(121)	-	-
Disposals through disposals of entities	-	(92)	-	-
Amortisation	(136)	(417)	-	-
Foreign currency exchange difference	(54)	(302)	-	-
Carrying amount at the end of the financial year	89	292	-	-

Note 16. Intangible Assets

Goodwill				
At cost	20,041	-	-	-
Accumulated amortisation	(501)	-	-	-
	19,540	-	-	-
Patents and trademarks				
At cost	11,751	-	-	-
Accumulated amortisation	(644)	-	-	-
	11,107	-	-	-
	30,647	-	-	-

Note 17. Deferred Tax Assets

Future income tax benefits arising from				
- accumulated timing differences	10,034	11,579	1,061	1,366
- tax losses carried forward	10,946	-	-	-
	20,980	11,579	1,061	1,366

Future income tax benefits of \$1,261,000 (2002: \$14,111,000) 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 nil in the current financial year (2002: \$697,000) and capital losses carried forward of \$1,261,000 (2002: \$13,414,000). 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	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000
Note 18. Other Non-current Assets				
Deferred expenditure	3,618	44,044	-	-
Accumulated amortisation	(2,872)	(27,703)	-	-
	746	16,341	-	-
Development costs				
Costs brought forward	3,369	1,342	-	-
Reduction through disposal of entities	-	(330)	-	-
Deferred in current period	6,017	2,357	-	-
Write-down in current period	(4,557)	-	-	-
	4,829	3,369	-	-
Accumulated amortisation	-	-	-	-
	4,829	3,369	-	-
	5,575	19,710	-	-
Note 19. Payables				
Trade creditors	97,206	110,005	327	619
Sundry creditors payable to				
- associate companies	4,333	2,251	-	-
- controlled entities	-	-	46,134	1,550
- external parties	21,418	24,155	-	-
	122,957	136,411	46,461	2,169
Note 20. Interest Bearing Liabilities				
Current				
Bank overdraft unsecured	2,675	-	-	-
Bank loans unsecured	-	53,725	2,100	4,000
Lease liabilities	53	190	-	-
	2,728	53,915	2,100	4,000
Non-current				
Bank loans unsecured	149,624	174,711	90,000	110,000
US\$ notes unsecured	66,480	-	-	-
Lease liabilities	28	109	-	-
	216,132	174,820	90,000	110,000
Total interest bearing liabilities	218,860	228,735	92,100	114,000

Principal financing arrangements

Australian banking facilities include A\$90,000,000 drawn under commercial bill facilities totalling A\$140,000,000 maturing May 2005 and bearing interest at BBSW plus credit margin. United States banking facilities include US\$50,000,000 senior unsecured guaranteed notes issued in the United States private placement market with a final bullet maturity of ten years and interest payable semi-annually; and US\$20,000,000 drawn under a US\$30,000,000 term loan facility maturing April 2008 bearing interest at the applicable LIBOR rate plus credit margin.

European banking facilities include EUR29,435,000 drawn under a EUR33,000,000 term loan facility maturing July 2006 and bearing interest at the applicable EURIBOR rate plus credit margin.

	CONSOLIDATED		COMPANY	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000

Note 23. Deferred Tax Liabilities

Provision for deferred income tax	43,559	29,919	-	11
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Note 24. Contributed Equity

Ordinary shares issued and fully paid 136,042,760 (2002: 140,496,887)	292,052	308,455	292,052	308,455
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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 past two financial years are set out below.

	Number of shares	\$000
Opening balance of shares issued - 2002	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
Buy back pursuant to on-market program	(9,939,792)	(38,288)
Opening balance of shares issued - 2003	140,496,887	308,455
Issued pursuant to Non-Executive Directors' Share Plan	38,662	151
Issued pursuant to Executive Option and Performance Right Plan	250,000	688
Buy back pursuant to on-market program	(4,742,789)	(17,242)
Closing balance of shares issued – 2003	136,042,760	292,052

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. The total consideration of shares bought back on-market during the financial year was \$17,242,000, being an average, including incidental costs, of \$3.64 per share. The total consideration was allocated to contributed equity.

	CONSOLIDATED		COMPANY	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000
Note 25. Reserves				
Asset revaluation				
Balance at the beginning of the financial year	-	-	59,127	59,127
Revaluation decrement – investments in associates	-	-	(40,665)	-
Balance at the end of the financial year	-	-	18,462	59,127
Foreign currency translation				
Balance at the beginning of the financial year	1,588	18,100	-	-
Net exchange difference on translation of financial statements of self-sustaining foreign operations	(32,892)	(15,396)	-	-
Transfer to retained profits on disposal of overseas controlled entities	2,793	(1,116)	-	-
Balance at the end of the financial year	(28,511)	1,588	-	-
Total reserves	(28,511)	1,588	18,462	59,127

Nature and purpose of reserves

The asset revaluation reserve includes the net revaluation increment arising from the Directors' valuation of the Company's investments in associate companies. 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.

Note 26. Retained Profits (Accumulated Losses)

Retained profits (accumulated losses) at the beginning of the financial year	(17,783)	(50,387)	(58,592)	(60,629)
Profit from ordinary activities after income tax attributable to members of Pacifica Group Limited	48,238	44,325	29,670	14,874
Net effect of initial adoption of revised AASB 1028 Employee Benefits	(137)	-	(14)	-
Transfer from foreign currency translation reserve	(2,793)	1,116	-	-
Dividends	(28,838)	(12,837)	(28,838)	(12,837)
Retained profits (accumulated losses) at the end of the financial year	(1,313)	(17,783)	(57,774)	(58,592)

Note 27. Outside Equity Interests

Outside equity interests in controlled entities comprise interests in				
- share capital	36,715	48,155	-	-
- reserves	(7,350)	151	-	-
- retained profits	35,004	23,894	-	-
	64,369	72,200	-	-

	Cents per share	\$000	Date of payment	Percentage franked	Tax rate for franking credit
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Note 28. Dividends

Dividends recognised in the financial statements in the current year by the Company are shown below.

2003

Final 2002 - ordinary	11.0	15,234	4 April 2003	100%	30%
Interim - ordinary	10.0	13,604	19 September 2003	100%	30%
		28,838			

2002

Interim - ordinary	9.0	12,837	20 September 2002	60%	30%
		12,837			

Subsequent event

Since the end of the financial year, Directors declared the following dividend

Final 2003 – ordinary	11.5	15,646	2 April 2004	100%	30%
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CONSOLIDATED

2003	2002
\$000	\$000

Dividend franking account

30% franking credits available to members of Pacifica Group Limited for subsequent financial years

81	13,561
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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 Australian operations.

CONSOLIDATED		COMPANY	
2003	2002	2003	2002
\$000	\$000	\$000	\$000

Note 29. Total Equity

Total equity at the beginning of the financial year	364,460	391,895	308,990	344,957
Total changes in parent entity interest recognised in the statement of financial performance	15,209	28,929	29,656	14,874
Transactions with owners as owners				
- contributions of equity	839	284	839	284
- share buy back	(17,242)	(38,288)	(17,242)	(38,288)
- dividends	(28,838)	(12,837)	(28,838)	(12,837)
Total changes in outside equity interests	(7,831)	(5,523)	-	-
Revaluation decrement	-	-	(40,665)	-
Total equity at the end of the financial year	326,597	364,460	252,740	308,990

	CONSOLIDATED		COMPANY	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000
Note 30. Commitments				
Capital expenditure commitments				
Capital expenditure contracted but not provided for and payable				
- within one year	24,870	41,811	-	-
- one year or later and no later than five years	-	1,044	-	-
	24,870	42,855	-	-
Operating lease commitments				
Lease expenditure contracted but not provided for and payable				
- within one year	2,942	5,231	57	50
- one year or later and no later than five years	3,696	5,897	19	27
- later than five years	302	651	9	8
	6,940	11,779	85	85
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.				
Finance lease commitments				
Finance lease commitments are payable				
- within one year	57	204	-	-
- one year or later and no later than five years	32	118	-	-
	89	322	-	-
Less amounts provided for in the financial statements				
- current liability	53	190	-	-
- non-current liability	28	109	-	-
	81	299	-	-
Future lease finance charges	8	23	-	-

	CONSOLIDATED		COMPANY	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000
Note 31. Contingent Liabilities				
Details of contingent liabilities where the probability of future payments is not considered remote 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 borrowings provided to certain controlled entities	-	-	243,937	82,950
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	6,835	8,171	6,835	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	3,562	4,083	3,562	4,083
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	217	666	217	666

Note 32. Additional Financial Instruments Disclosures

(a) Foreign exchange risk

The consolidated entity is exposed to foreign exchange movements on sales and purchases denominated in foreign currencies, principally US dollars. Wherever possible, these exposures are eliminated by entering into business arrangements with customers and suppliers to create offsetting exposures. Where these exposures cannot be eliminated, derivative contracts are taken out with external parties in the financial markets, within policy guidelines, predominantly in the form of forward contracts.

As at 31 December 2003, the consolidated entity had forward foreign exchange contracts to buy EUR1,800,000 (2002: nil) at an average rate of 0.5975 to hedge anticipated purchases due for settlement within 9 months of balance date. Any unrealised gains and losses on the contracts, together with the costs of the contracts, are recorded on the statement of financial position from the date of inception of the hedge transaction. The gross deferred gains on hedges of anticipated foreign currency purchases at 31 December 2003 was \$46,000 (2002: nil).

(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 two and five years.

Each contract involves quarterly payment or receipt of the net amount of interest. At 31 December 2003 the fixed rates varied from 5.8% to 6.4% (2002: 5.8% to 6.4%) and the floating rates were at bank bill rates for AUD denominated debt, EURIBOR for EURO denominated debt and the applicable LIBOR for USD denominated debt, plus the consolidated entity's credit margin. In addition, during the financial year the consolidated entity issued US\$50,000,000 of senior unsecured 10 year notes to the United States private placement market at a fixed interest rate of 6.12%. The weighted average effective floating interest rate at 31 December 2003 was 4.1% (2002: 3.5%).

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.

	Weighted average interest rate	Floating interest rate \$000	Fixed interest maturing in			Non- interest bearing \$000	Total \$000
			<1year \$000	1-5 years \$000	>5 years \$000		
31 December 2003							
Financial assets							
Cash assets	5.20%	36,948	-	-	-	-	36,948
Receivables	-	-	-	-	-	141,292	141,292
		36,948	-	-	-	141,292	178,240
Financial liabilities							
Payables	-	-	-	-	-	122,957	122,957
Bank overdraft	8.85%	2,675	-	-	-	-	2,675
Lease liabilities	9.50%	81	-	-	-	-	81
Short term debt	-	-	-	-	-	-	-
Long term debt	5.04%	149,624	-	-	66,480	-	216,104
Other liabilities	5.20%	-	-	5,220	-	16,952	22,172
		152,380	-	5,220	66,480	139,909	363,989
Interest rate swaps		(61,540)	27,333	25,659	8,548	-	-
		90,840	27,333	30,879	75,028	139,909	363,989
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	-	-	-	-	-	-	-
Lease liabilities	11.20%	299	-	-	-	-	299
Short term debt	5.13%	53,725	-	-	-	-	53,725
Long term debt	4.97%	174,711	-	-	-	-	174,711
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

Note 32. Additional Financial Instruments Disclosures (continued)

(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 values of financial instruments not recognised on the statement of financial position held as at the reporting date, are shown below.

	CONSOLIDATED	
	2003	2002
	\$000	\$000
Interest rate swaps	(3,227)	(7,104)
Forward foreign exchange contracts	46	-

(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. However, 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 \$71,580,000 as at 31 December 2003 (2002: \$75,365,000).

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 2003.

Note 33. Economic Dependency

Approximately 76% of the consolidated entity's revenue from sale of goods is attributable to General Motors Corporation and certain of its component suppliers.

Note 34. 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 37.

Pacific BBA Gratings Pty Ltd and Webforge Australia Pty Ltd have been released from their obligations under the Deed by executing Revocation Deeds on 24 February 2003.

A consolidated statement of financial performance and statement of financial position as at 31 December 2003, comprising Pacifica Group Limited and wholly-owned subsidiaries which are party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, is set out on the following page.

	CONSOLIDATED	
	2003	2002
	\$000	\$000
Summarised statement of financial performance and retained profits		
Profit from ordinary activities before income tax	38,636	34,941
Income tax attributable to ordinary activities	(6,939)	(8,663)
Profit from ordinary activities after income tax	31,697	26,278
Retained profits (accumulated losses) at the beginning of the financial year	(30,217)	(43,658)
Net effect of initial adoption of revised AASB 1028 Employee Benefits	(137)	-
	1,343	(17,380)
Dividends recognised during the financial year	(28,838)	(12,837)
Retained profits (accumulated losses) at the end of the financial year	(27,495)	(30,217)
Statement of financial position		
Cash assets	18,936	35,901
Receivables	61,823	73,392
Inventories	28,598	31,233
Prepayments	1,697	850
Total current assets	111,054	141,376
Receivables	11,610	14,539
Investments accounted for using the equity method	27,992	28,930
Other financial assets	124,802	150,603
Property, plant and equipment	156,628	149,143
Deferred tax assets	7,993	9,638
Other non-current assets	4,829	3,369
Total non-current assets	333,854	356,222
Total assets	444,908	497,598
Payables	50,294	59,444
Interest bearing liabilities	2,100	4,000
Current tax liabilities	3,570	5,878
Provisions	15,118	18,433
Total current liabilities	71,082	87,755
Interest bearing liabilities	90,000	110,000
Deferred tax liabilities	18,304	20,550
Provisions	965	1,055
Total non-current liabilities	109,269	131,605
Total liabilities	180,351	219,360
Net assets	264,557	278,238
Contributed equity	292,052	308,455
Retained profits (accumulated losses)	(27,495)	(30,217)
Total equity	264,557	278,238

	CONSOLIDATED		COMPANY	
	2003	2002	2003	2002
	\$	\$	\$	\$

Note 35. 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

5,196,934	5,468,695	2,286,430	3,067,519
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The number of Directors of the Company whose income from the Company or any related party falls within the following bands

	Number	
\$ 50,000 - \$ 59,999	-	4
\$ 60,000 - \$ 69,999	4	-
\$ 70,000 - \$ 79,999	-	1
\$ 90,000 - \$ 99,999	1	-
\$ 100,000 - \$ 109,999	-	1
\$ 160,000 - \$ 169,999	1	-
\$ 200,000 - \$ 209,999	-	1
\$ 440,000 - \$ 449,999	-	1
\$ 520,000 - \$ 529,999	1	-
\$ 800,000 - \$ 809,999	-	1
\$1,180,000 - \$1,189,999	-	1
\$1,230,000 - \$1,239,999	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 Corporation Act 2001 and the Accounting Standards.

	COMPANY	
	2003	2002
	\$	\$
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	4,939,156	5,799,159
The number of Australian based executive officers whose income from the Company or any related party falls within the following bands	Number	
\$ 180,000 - \$ 189,999	1	-
\$ 200,000 - \$ 209,999	-	1
\$ 250,000 - \$ 259,999	1	-
\$ 280,000 - \$ 289,999	1	1
\$ 290,000 - \$ 299,999	1	-
\$ 300,000 - \$ 309,999	1	-
\$ 310,000 - \$ 319,999	-	1
\$ 320,000 - \$ 329,999	1	2
\$ 340,000 - \$ 349,999	2	-
\$ 360,000 - \$ 369,999	-	1
\$ 380,000 - \$ 389,999	1	-
\$ 420,000 - \$ 429,999	-	1
\$ 490,000 - \$ 499,999	1	1
\$ 520,000 - \$ 529,999	1	-
\$ 800,000 - \$ 809,999	-	1
\$1,070,000 - \$1,079,999	-	1
\$1,180,000 - \$1,189,999	-	1
\$1,230,000 - \$1,239,999	1	-

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

Note 36. Superannuation

Pacifica Group Limited and certain controlled entities contribute to a number of defined contribution 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	Note
	2003	2002		
Note 37. Controlled Entities of Pacifica Group Limited				
Pacific BBA Building Products Pty Ltd	100	100		(1)
Melwire Pty Ltd	100	100		(1)
Melwire (Old) Pty Ltd	100	100		(2)
Polyscreen Pty Ltd	100	100		(1)
Mounts Wire Industries Ltd	100	100	New Zealand	
Pacific BBA Gratings Pty Ltd	-	100		(3)
Guangzhou Webforge Grating Co Ltd	-	100	China	(3)
Linda Holdings Inc	-	100	Philippines	(3)
Mara Holdings Inc	-	100	Philippines	(3)
Diezmo Realty Co	-	100	Philippines	(3)
Pacific BBA (Singapore) Pte Ltd	-	100	Singapore	(3)
Webforge (Singapore) Pte Ltd	-	100	Singapore	(3)
PT Webforge Indonesia	-	100	Indonesia	(3)
Webforge Australia Pty Ltd	-	100		(3)
Webforge (KL) Sdn Bhd	-	100	Malaysia	(3)
Webforge (NZ) Ltd	-	100	New Zealand	(3)
Webforge Philippines Inc	-	100	Philippines	(3)
Wuxi Webforge Grating Co Ltd	-	100	China	(3)
Pacific BBA (Malaysia) Sdn Bhd	100	100	Malaysia	
PBR (Malaysia) Sdn Bhd	100	100	Malaysia	
Pacific BBA Properties No 2 Pty Ltd	100	100		(1)
Pacific BBA Properties Pty Ltd	100	100		(1)
Pacific BBA Textiles Pty Ltd	100	100		(1)
Nolras Australia Pty Ltd	100	100		(1)
Nolras Industries Pty Ltd	100	100		(1)
Pacific BBA (Thailand) Ltd	100	100	Thailand	
FMP Group (Thailand) Ltd	50	50	Thailand	
FMP Distribution Ltd	50	50	Thailand	
Webforge (Thailand) Ltd	-	100	Thailand	(3)
Pacifica European Holdings Ltd	100	-	United Kingdom	(5)
PBR Italy Holdings Srl	100	-	Italy	(5)
Automotive Products Italia (SV) SpA	100	-	Italy	(4)
Pacifica Group Technologies Pty Ltd	100	100		(1)
Pacifica Holdings No 2 Pty Ltd	100	100		(2)(6)
PBR International Ltd	100	100		(1)
FMP Group Pty Ltd	50	50		
FMP Automotive (M) Sdn Bhd	50	50	Malaysia	
PBR Australia Pty Ltd	100	100		(1)
PBR Automotive Korea Co Ltd	100	100	Korea	

	Ownership interest %		Country of incorporation if not Australia	Note
	2003	2002		
PBR Victoria Pty Ltd	100	100		(1)
PBR Holdings No 1 Pty Ltd	100	-		(5)
PBR US Holdings No 1 LLC	100	-	USA	(5)
Pacifica USA Holdings	100	-	USA	(5)
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	
Pacifica USA Services LLC	100	-	USA	(5)
PBR Holdings No 2 Pty Ltd	100	-		(2)(5)
PBR US Holdings No 2 LLC	100	-	USA	(5)
Siam PBR (Thailand) Ltd	100	100	Thailand	
PBR Automotive (Thailand) Ltd	100	100	Thailand	

- (1) 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.
- (2) A small proprietary company as defined by the Corporations Act 2001 and not required to be audited for statutory purposes.
- (3) Controlled entities disposed during the year. Refer Note 9(c) for details.
- (4) Controlled entities acquired during the year. Refer Note 9(c) for details.
- (5) Controlled entities incorporated during the year.
- (6) Controlled entity renamed during the year, formerly RABIT Manager Pty Ltd.

Note 38. 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, G D W Curlewis, J K Ellis, P A F Hay, J R MacKenzie, K H Spencer and R H Stone.

Details of Directors' Remuneration are set out in Note 35. Directors holdings of shares and share options in aggregate are set out below.

	Number of shares held	Options over ordinary shares
Balance 31 December 2002	164,796	973,000
Options granted	-	409,800
Options lapsed	-	(85,000)
Shares acquired	38,662	-
Shares disposed	(4,956)	-
Balance 31 December 2003	198,502	1,297,800

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

Note 38. Related Parties (continued)

Following approval by shareholders at the 2003 Annual General Meeting, the Company issued to Mr J R MacKenzie, Managing Director, performance rights over 220,000 unissued ordinary shares and issued to Mr A J Clarke, Finance Director, performance rights over 129,800 unissued ordinary shares and options over 60,000 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.

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 2003 these fees amounted to \$553,311 (2002: \$298,907). 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 3 as to interest and dividends received from and interest paid to controlled entities;
- Note 11 as to amounts receivable from controlled entities; and
- Note 19 as to amounts payable to controlled entities.

(c) Associate companies

The consolidated amount of \$4,333,000 (2002: \$2,251,000) disclosed in Note 19 as sundry creditors payable to associate companies 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 \$22,187,896 (2002: \$29,069,947).

Note 39. Events Subsequent to Balance Date

Since the end of the financial year, Directors declared a final dividend of 11.5 cents per share payable on 2 April 2004. The financial effect of this dividend has not been brought to account in the financial statements for the year ended 31 December 2003 and will be recognised in the 2004 financial statements.

The Directors have not become aware of any other significant matter or circumstance that has arisen since 31 December 2003, that has affected or may affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent years, which has not been covered in this report.

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 2003 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 in Australia 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 controlled entities identified in Note 37 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 controlled entities pursuant to ASIC Class Order 98/1418 (as amended).

Signed on this 25th day of March 2004 in accordance with a resolution of the Directors:



J K Ellis
Director



J R MacKenzie
Director

Independent Audit Report to the Members of Pacifica Group Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statements of financial position, statements of financial performance, statements of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Pacifica Group Limited (the "Company") and the Pacifica Group Limited Group (the "Consolidated Entity"), for the year ended 31 December 2003. The Consolidated Entity comprises both the company and the entities it controlled during that year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, Australian Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's and the Consolidated Entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

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 Consolidated Entity's financial position as at 31 December 2003 and of their performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- b) other mandatory professional reporting requirements in Australia.



KPMG



Paul J McDonald

Partner

Melbourne, 25 March 2004

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