Pacifica

Pacifica Group Limited
A.B.N. 69 006 530 641

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22 July 2009

The Manager
Company Announcements Office
ASX Limited

Dear Sir/Madam

Pacifica Group Limited (ASX: PBB) – takeover bid by Robert Bosch Investment Nederland B.V.

Target's Statement

We attach, by way of service pursuant to item 14 of section 633(1) of the *Corporations Act 2001* (Cth), a copy of the target's statement of Pacifica Group Limited (**Pacifica**) in response to the off-market takeover bid by Robert Bosch Investment Nederland B.V. for all the ordinary shares it does not already own in Pacifica.

Yours faithfully

Philipp Rose
Company Secretary

This is an important document and requires your immediate attention.
If you are in any doubt about how to deal with this document, you should contact your broker, financial adviser or legal adviser immediately.

Pacifica

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Target's Statement

Your Independent Director recommends that you

ACCEPT

the Offer made by Bosch Investment to acquire your Pacifica Shares (in the absence of a superior proposal)

Freehills

Legal Adviser

Contents

Key dates

Date of Bosch Investment's Offer	**14 July 2009**
Date of this Target's Statement	**22 July 2009**
Close of Bosch Investment's Offer Period (unless extended or withdrawn)	**7.00pm Melbourne time on 17 August 2009**

Pacifica Shareholder Information

Pacifica has established a shareholder information line which Pacifica shareholders may call if they have any queries in relation to Bosch Investment's Offer. The telephone number for the shareholder information line is 1300 880 472 (for calls made from within Australia) or +61 2 8280 7495 (for calls made from outside Australia). Calls to the shareholder information line may be recorded.

Further information relating to Bosch Investment's Offer can also be obtained from Pacifica's website at http://www.pacifica.com.au.

Important Notices

Nature of this document
This document is a Target's Statement issued by Pacifica under Part 6.5 Division 3 of the Corporations Act in response to the Bidder's Statement and Offer. A copy of this Target's Statement was lodged with ASIC and given to ASX on 22 July 2009. Neither ASIC nor ASX nor any of their respective officers take any responsibility for the content of this Target's Statement.

Defined terms
A number of defined terms are used in this Target's Statement. These terms are explained in section 8 of this Target's Statement. In addition, unless the contrary intention appears or the context requires otherwise, words and phrases used in the Corporations Act have the same meaning and interpretation as in the Corporations Act.

No account of personal circumstances
This Target's Statement does not take into account your individual objectives, financial situation or particular needs. It does not contain personal advice. Your Directors encourage you to seek independent financial and taxation advice before making a decision as to whether or not to accept the Offer.

Disclaimer as to forward looking statements
Some of the statements appearing in this Target's Statement (including in the Independent Expert's Report) may be in the nature of forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industry in which Pacifica operates as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement.

None of Pacifica, Pacifica's officers and employees, any persons named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement, makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this Target's Statement (including in the Independent Expert's Report) reflect views held only as at the date of this Target's Statement.

Disclaimer as to information
The information on Bosch Investment, Bosch and Bosch Group contained in this Target's Statement has been prepared by Pacifica using publicly available information. The information in the Target's Statement concerning Bosch Investment, Bosch and Bosch Group and their assets and liabilities, financial position and performance, profits and losses and prospects, has not been independently verified by Pacifica. Accordingly Pacifica does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

Foreign jurisdictions
The release, publication or distribution of this Target's Statement in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside Australia.

Privacy
Pacifica has collected your information from the Pacifica register of shareholders and option holders for the purpose of providing you with this Target's Statement. The type of information Pacifica has collected about you includes your name, contact details and information on your shareholding or option holding (as applicable) in Pacifica. Without this information, Pacifica would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the name and address of shareholders and option holders to be held in a public register. Your information may be disclosed on a confidential basis to Pacifica's related bodies corporate and external service providers (such as the share registry of Pacifica and print and mail service providers) and may be required to be disclosed to regulators such as ASIC. If you would like details of information about you held by Pacifica, please contact Link Market Services Limited at Level 12, 680 George Street, Sydney, New South Wales, 2000. Pacifica's privacy policy is available at http://www.pacifica.com.au. The registered address of Pacifica is 264 East Boundary Road, Bentleigh East, Victoria, Australia, 3165.

Letter From Your Independent Director

Pacifica

22 July 2009

Pacifica Group Limited
A.B.N. 69 006 530 641

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Dear Shareholders

Takeover offer by Robert Bosch Investment Nederland B.V.

You should have recently received a bidder's statement from Robert Bosch Investment Nederland B.V. **(Bosch Investment)**, a wholly owned subsidiary of Robert Bosch GmbH, to acquire your Pacifica Group Limited shares for $0.23 cash per Share.

The Offer Price of $0.23 represents a premium of 44% to Pacifica's closing share price of $0.16 on 15 June 2009, being the last day of trading before Bosch Investment's Offer was announced.

As a result of a takeover offer in 2006, and subsequent on market purchases, Bosch Investment already owns approximately 77% of the issued share capital of Pacifica. Pacifica is therefore already a subsidiary of Bosch Investment, Bosch Investment has appointed three of the four Pacifica directors and Pacifica has been integrated into the Bosch Group's management structure. Further information about Bosch Investment's 2006 takeover offer and the relationship between the Bosch Group and Pacifica is included in section 6.1 of this Target's Statement.

As your only Independent Director, I have reviewed Bosch Investment's Offer in detail and recommend that you ACCEPT the Offer, in the absence of a superior proposal.

The key reasons why I believe you should accept Bosch Investment's Offer can be summarised as follows:

- In the current industry and financial circumstances, I believe the Offer of $0.23 per Share represents fair value for your Pacifica Shares, particularly having regard to the significant deterioration in net tangible assets per Share (see further below);
- In the opinion of the Independent Expert, the Offer is fair and reasonable. The Independent Expert has valued Pacifica Shares at between nil and $0.19. A copy of Deloitte's Independent Expert's Report is included as Attachment 1 to this Target's Statement;
- The price offered under Bosch Investment's Offer is at a significant premium to the trading price of Pacifica Shares before the announcement of the Offer, and the trading price of Pacifica's Shares may fall if the Offer does not succeed; and
- The likelihood of an alternative offer for Pacifica emerging is very low, given Bosch Investment's current shareholding in Pacifica.

Further details about these reasons are set out in section 2 of this document.

Pacifica is currently operating in the most difficult business conditions in decades. The global automotive industry in which it operates, in particular in the United States, faces ongoing turmoil as it seeks to restructure and become profitable again. The Bosch Group is the largest global automotive component supplier and becoming part of that group in 2007, following Bosch's 2006 takeover offer, has enabled Pacifica to survive the global automotive crisis to date.

Continued overleaf

Letter From Your Independent Director (Cont')

The impact of that crisis can be seen in the results for the financial years ended 2007 and 2008 (see further section 5 of this Target's Statement) and, as previously advised by Pacifica's chairman, operating losses are expected for this financial year. The impact of continuing losses on shareholders' equity has resulted in net tangible assets falling from $1.95 per Share at 31 December 2007 to $0.16 per Share at 31 May 2009 and with further losses expected this year, Pacifica is facing the imminent prospect of having to further restructure its operations and recapitalise its balance sheet. There is no certainty about Pacifica's ability to recapitalise on acceptable terms and any recapitalisation may dilute existing minority shareholders. Consequently, it is my opinion that Pacifica shareholders should accept Bosch Investment's Offer.

Bosch Investment's Offer is subject to conditions which are summarised in section 3 of this Target's Statement and which are set out in full in section 8.6 of Bosch Investment's Bidder's Statement.

I urge you to read Bosch Investment's Bidder's Statement and this Target's Statement in full and consider the Offer having regard to your own personal risk profile, investment strategy and tax position.

If you have any questions, please call the shareholder information line on, 1300 880 472 (for calls made from within Australia) or +61 2 8280 7495 (for calls made from outside Australia).

Yours sincerely

Patrick Burroughs
Director

How to Accept Bosch Investment's Offer

You should read this Target's Statement and Bosch Investment's Bidder's Statement before making a decision on whether to accept Bosch Investment's Offer.

You may only accept the Offer for all of your Pacifica Shares. Your acceptance must be received before the Offer closes, currently being 7.00pm (Melbourne time) on 17 August 2009 (unless extended).

How you accept Bosch Investment's Offer depends on the nature and type of your holding.

If your Pacifica Shares are in a CHESS Holding	If there is an "X" appearing next to your holder number on your acceptance form enclosed with Bosch Investment's Bidder's Statement then your Pacifica Shares are in a CHESS Holding. If your Pacifica Shares are in a CHESS Holding and are sponsored by a Controlling Participant, or if you are a Broker or Non-Broker Participant, either: • complete and sign the acceptance form enclosed with Bosch Investment's Bidder's Statement in accordance with the instructions on that form and send it in the envelope provided or to the address on the acceptance form; or • instruct your Controlling Participant to initiate acceptance of the Offer on your behalf, before the end of the Offer Period
If your Pacifica Shares are in the Issuer Sponsored Sub-register	If there is an "I" appearing next to your holder number on your acceptance form enclosed with Bosch Investment's Bidder's Statement then your Pacifica Shares are on an Issuer Sponsored Sub-register. To accept the Offer, complete and sign the acceptance form enclosed with Bosch Investment's Bidder's Statement in accordance with the instructions on that form and send it in the envelope provided or to the address on the acceptance form, so that it is received before the end of the Offer Period.

If you have any questions please call Pacifica's Shareholder information line on 1300 880 472 (for callers within Australia) or +61 2 8280 7495 (for callers outside Australia).

1. Directors' Recommendation

1.1 Directors of Pacifica

As at the date of this Target's Statement, the Directors of Pacifica are:

Name	Position
Peter Delhey	Executive Chairman
Michael Kopka	Executive Director
David Robinson	Non-executive Director
Patrick Burroughs	Non-executive Independent Director

Mr Burroughs is the only Director of Pacifica that is independent of the Bosch Group.

None of the other three Pacifica Directors are independent of the Bosch Group. Mr Delhey is the executive vice president for finance and administration for Bosch's Corporate Sector Information Systems and Services and is a director of some Bosch Group subsidiaries. Mr Kopka is a senior vice president of the Bosch Group. Mr Robinson is the president of Robert Bosch (Australia) Pty Ltd.

More information about Pacifica's Directors is available on page 6 of Pacifica's annual report for the year ended 31 December 2008.

1.2 Directors' recommendations

After taking into account each of the matters in this Target's Statement (including the Independent Expert's Report) and in the Bidder's Statement, your Independent Director recommends that you accept the Offer (in the absence of a superior proposal).

The reasons for your Independent Director's recommendation are set out in section 2.

Because of their association with the Bosch Group, each of Mr Delhey, Mr Kopka and Mr Robinson have decided not to make a formal recommendation to Pacifica shareholders. However, each of Mr Delhey, Mr Kopka and Mr Robinson support the decision of the Independent Director to recommend that you accept the Offer (in the absence of a superior proposal).

In considering whether to accept the Offer, your directors encourage you to:

- read the whole of this Target's Statement (including the Independent Expert's Report) and the Bidder's Statement;
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;
- consider the alternatives noted in section 4 of this Target's Statement; and
- obtain financial advice from your broker or financial adviser on the Offer and obtain taxation advice on the effect of accepting the Offer.

2. Why You Should Accept Bosch Investment's Offer

2.1 Pacifica's future financial performance is uncertain

The Independent Expert's Report provides extensive information on the current difficulties facing the global automotive industry, including global automotive component suppliers such as Pacifica. It is recommended that you read that report to understand the financial and industry environment which Pacifica has been facing and will continue to face for the short to medium term.

As advised earlier this year, Pacifica expects to incur an operating loss for the year ended 31 December 2009 and the magnitude of this loss remains very uncertain. A significant influence of this uncertainty is how successful its major customer, General Motors, is in the US automotive market following successfully coming out of US bankruptcy protection in July 2009. Beyond 2009 Pacifica's return to profitability is dependent on the ongoing financial support of Bosch. This will be critical in funding the ongoing restructuring charges likely to be incurred as the business seeks to align its operations and capacities to the permanent changes in its key markets, particularly North America.

While Bosch has confirmed in writing its intention to provide sufficient financial assistance to Pacifica so that it can meet its liabilities as they fall due and carry on its business without a significant curtailment of its operations, Pacifica may require additional equity funding later this year. In the current circumstances, there is no certainty about Pacifica's ability to raise additional equity on acceptable terms.

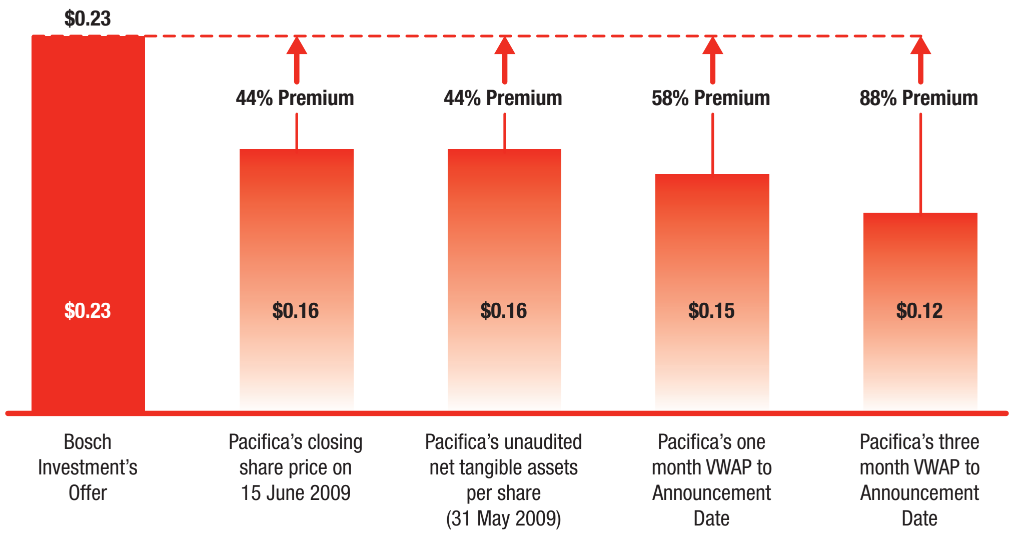
Bosch Investment is offering Pacifica shareholders $0.23 in cash. This represents a premium of $0.07 per Share over unaudited net tangible assets per Share as at 31 May 2009 and with further losses expected this financial year net tangible assets per Share is likely to continue to deteriorate.

In summary, your Independent Director considers that the value certainty provided by Bosch Investment's Offer is preferable for Pacifica's minority shareholders, however each Pacifica shareholder should have regard to their own individual risk profile, portfolio strategy, tax position and financial circumstances.

2.2 Bosch Investment's Offer represents a significant premium for Pacifica shareholders

Bosch Investment's Offer is $0.23 cash for each Pacifica Share. This represents:

- a 44% premium to unaudited net tangible assets per Share as at 31 May 2009;
- a 44% premium to the closing price of Pacifica Shares on 15 June 2009, being the day prior to the Announcement Date;
- a 58% premium to the volume weighted average price **(VWAP)** for Pacifica Shares for the 1 month period prior to the Announcement Date; and
- an 88% premium to the VWAP for Pacifica Shares for the 3-month period prior to the Announcement Date.



2. Why You Should Accept Bosch Investment's Offer (Cont')

2.3 The Independent Expert has concluded that Bosch Investment's Offer is both fair and reasonable

The Independent Expert's Report contains a number of important comments, including:

- "The consideration offered by Bosch Investment is above the range of our estimate of the fair market value of a Pacifica share. Accordingly it is our opinion that the Takeover Offer is fair."
- "In accordance with ASIC Regulatory Guide 111 an offer is reasonable if it is fair. On this basis, in our opinion the Takeover Offer is reasonable."
- "...the automotive parts and accessories manufacturing industry has been severely affected by the global slowdown."
- "Pacifica is currently loss-making, and had operating losses in both 2007 and 2008. All of Pacifica's factories are currently underutilised, as are many of the factories of other automotive parts manufacturers globally."
- "If Pacifica is able to restructure its operations then it may be able to return to profitability, and achieve long-term levels of industry returns. However there will be costs incurred in order to restructure the operations, which may be significant, and the risk remains that it may not be possible to restructure the business in North America on a stand-alone basis to achieve long-term viability."
- "Unless Pacifica raises additional capital between now and 31 December 2009 and if Pacifica continues to generate losses for the remainder of 2009 in line with the losses incurred over the five months ended 31 May 2009, Pacifica's net asset position (attributable to equity holders) is likely to be close to nil as at 31 December 2009."
- "...in the twelve months prior to the announcement of the takeover, the total volume of shares traded in Pacifica was 3% of the issued capital. Over the past 12 months the average monthly trading volume was approximately 0.25% of the total outstanding shares."

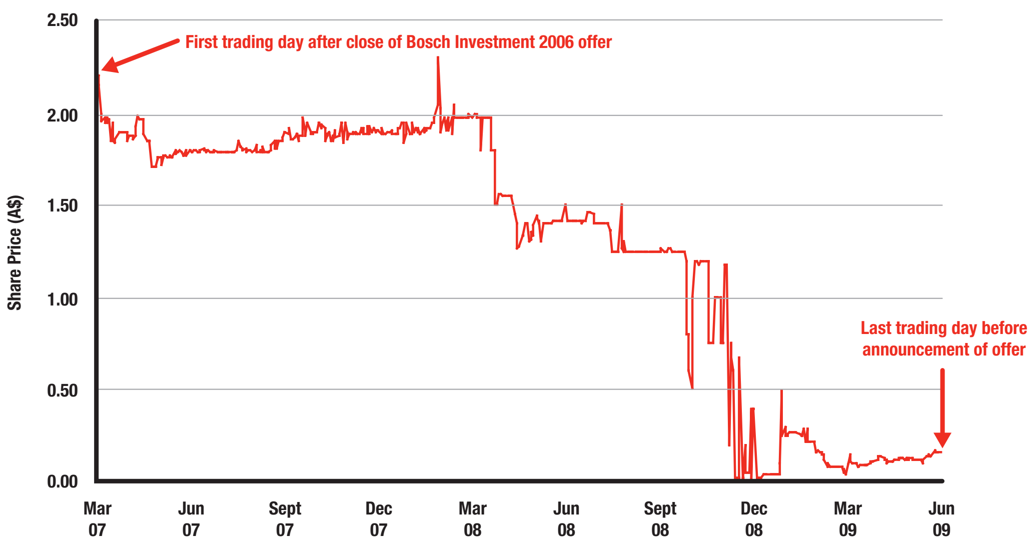
2.4 No reasonable prospect of an alternative offer

There is currently no reasonable prospect of a competing proposal to Bosch Investment's Offer. The only real alternative available to Pacifica shareholders is to continue with Pacifica's existing ownership structure. This has a number of possible implications which Pacifica shareholders should be aware of, some of which are set out in section 6.5 of this Target's Statement.

2.5 Pacifica's share price is likely to fall if Bosch Investment's Offer is not successful

If Bosch Investment's Offer is not successful, it is likely that the Pacifica share price will trade below current levels.

The following graph shows Pacifica's closing share price from the close of Bosch Investment's 2006 offer until the Announcement Date of Bosch Investment's Offer.



3. Frequently Asked Questions

This section answers some commonly asked questions about the Offer. It is not intended to address all relevant issues for Pacifica shareholders. This section should be read together with all other parts of this Target's Statement.

Question	Answer
What is the Bidder's Statement?	The Bidder's Statement is the document setting out the terms of Bosch Investment's Offer. Pacifica shareholder's should have already received a copy of the Bidder's Statement in the mail.
What is this Target's Statement?	This Target's Statement has been prepared by Pacifica and provides Pacifica's response to Bosch Investment's Bidder's Statement and Offer.
What is Bosch Investment's Offer for my Pacifica Shares?	Bosch Investment is offering $0.23 for each Pacifica Share held by you.
What choices do I have as a Pacifica shareholder?	As a Pacifica shareholder, you have the following choices in respect of your Shares: • accept the Offer; • sell your shares on the ASX (unless you have previously accepted the Offer and you have not validly withdrawn your acceptance); or • do nothing. There are several implications in relation to each of the above choices. A summary of these implications is set out in section 4 of this Target's Statement.
What are the Directors of Pacifica recommending?	The Independent Director of Pacifica recommends that you accept the Offer, in the absence of a superior proposal. The reasons why the Independent Director is recommending that you accept the Offer are set out in section 2 of this Target's Statement. The other Directors of Pacifica, while not making a formal recommendation, have stated that they support the decision of the Independent Director to make this recommendation.
How many Pacifica Shares does Bosch Investment already own?	As at the date immediately before the date of this Target's Statement, Bosch Investment had a relevant interest in approximately 77% of Pacifica's issued share capital.
What has the Independent Expert concluded?	The Independent Expert has concluded that the Offer is both fair and reasonable. A copy of the report by Deloitte (an independent expert not associated with either Pacifica or Bosch Investment) stating this opinion and giving reasons for forming this opinion is included in Attachment 1 to this Target's Statement. Pacifica's Directors recommend that you read this report in full.

3. Frequently Asked Questions (Cont')

Question	Answer
How do I accept the Offer?	Details of how to accept the Offer are set out in Section 8.14 of the Bidder's Statement and page 5 of this Target's Statement.
What are the consequences of accepting the Offer now?	If you accept the Offer, unless withdrawal rights are available (see below), you will give up your right to sell your Shares on the ASX or otherwise deal with your Shares while the Offer remains open. The effect of acceptance of the Offer is set out in section 8.15 of the Bidder's Statement. Pacifica shareholders should read this section in full to understand the effect that acceptance will have on their ability to exercise Rights attaching to their Pacifica Shares and the representations and warranties which they give by accepting the Offer.
If I accept the Offer, can I withdraw my acceptance?	You may only withdraw your acceptance if Bosch Investment varies the Offer in a way that postpones the time Bosch Investment is required to satisfy its obligations by more than one month. This will occur if Bosch Investment extends the Offer Period by more than one month and the Offer is still subject to conditions.
When does the Offer close?	The Offer is presently scheduled to close at 7.00pm Melbourne time on 17 August 2009.
Can the Offer Period be extended?	Yes. While the Offer is subject to conditions, Bosch Investment may extend the Offer Period at any time before giving the Notice of Status of Conditions and otherwise only in limited circumstances. However, if the Offer is unconditional (that is, all the conditions are fulfilled or freed), Bosch Investment may extend the Offer Period at any time before the end of the Offer Period. In addition, there will be an automatic extension of the Offer Period if, within the last 7 days of the Offer Period, Bosch Investment improves the consideration offered under the Offer. If this occurs, the Offer Period is automatically extended so that it ends 14 days after the consideration is improved.

Question	Answer
What are the conditions to the Offer?	The conditions to the Offer are set out in section 8.6 of the Bidder's Statement. As at the date immediately before the date of this Target's Statement, the outstanding conditions to the Offer are (in summary): • during or at the end of the Offer Period, Bosch Investment acquires at least 75% (by number) of the Pacifica Shares that Bosch Investment has offered to acquire under the Offer (being 24,816,775 Shares); and • no regulatory action. Unless both these conditions are satisfied or waived before the Offer closes, the Offer will lapse and you will not be paid any consideration from Bosch Investment even if you have accepted the Offer. Section 8.9 of the Bidder's Statement indicates that Bosch Investment will give a Notice of Status of Conditions on 10 August 2009. If the Offer Period is extended by a period before the time by which the Notice of Status of Conditions is to be given, the date for giving the Notice of Status of Conditions will be taken to be postponed for the same period.
What happens if the conditions of the Offer are not satisfied or waived?	If the conditions are not satisfied or waived before the Offer closes, the Offer will lapse. You would then be free to deal with your Shares even if you had accepted the Offer.
Can Bosch Investment withdraw the Offer?	Bosch Investment may not withdraw the Offer if you have already accepted it. Before you accept the Offer, Bosch Investment may withdraw the Offer with the written consent of ASIC and subject to conditions (if any) specified in such consent.
When will I be sent my consideration if I accept the Offer?	In the usual case, you will be issued your consideration on or before the later of: • one month after the date the Offer becomes or is declared unconditional; and • one month after the date you accept the Offer if the Offer is, at the time of acceptance, unconditional, but, in any event (assuming the Offer becomes or is declared unconditional), no later than 21 days after the end of the Offer Period. However, there are certain exceptions to the above timetable for the issuing of consideration. Full details of when you will be issued your consideration are set out in Section 8.12 of the Bidder's Statement.

3. Frequently Asked Questions (Cont')

Question	Answer
What happens if Bosch Investment improves the consideration offered under its Offer?	If Bosch Investment improves the consideration offered under its Offer, all Pacifica shareholders who have accepted Bosch Investment's Offer will be entitled to the benefit of that improved consideration (whether they accepted Bosch Investment's Offer before or after the consideration is improved).
What are the tax implications of accepting the Offer?	A general outline of the tax implications of accepting the Offer is set out in section 7 of the Bidder's Statement, as supplemented by section 6.6 of this Target's Statement. As the outline is a general outline only, shareholders are encouraged to seek their own specific professional advice as to the taxation implications applicable to their circumstances.
Is there a number I can call if I have further questions in relation to Bosch Investment's Offer?	If you have any further queries in relation to Bosch Investment's Offer, please call Pacifica's shareholder information line on 1300 880 472 (for callers within Australia) or +61 2 8280 7495 (for callers outside Australia) between 8.30am and 5.30pm (Melbourne time), Monday to Friday.

4. Your Choices as a Pacifica Shareholder

Your Independent Director recommends that you accept the Offer (in the absence of a superior proposal).

However, as a Pacifica shareholder, you have three choices currently available to you:

(a) Accept the Offer

Pacifica shareholders may elect to accept the Offer of $0.23 cash per Share.

Shareholders who accept the Offer may be liable for CGT on the disposal of their Shares (see section 7 of the Bidder's Statement and section 6.6 of this Target's Statement). However, they will not incur any brokerage charge.

The Bidder's Statement contains details of how to accept the Offer in section 8.14. Such details are also included on page 5 of this Target's Statement.

(b) Sell your Shares on market

During a takeover, shareholders of a target company who have not already accepted the Bidder's Offer can still sell their Shares on market for cash.

On 20 July 2009 Pacifica's share price closed at 22.5 cents, a small discount to Bosch Investment's Offer Price of $0.23 per Share. The latest price for Pacifica Shares may be obtained from the ASX website www.asx.com.au.

Shareholders who sell their Shares on market may be liable for CGT on the sale (see section 7 of the Bidder's Statement and section 6.6 of this Target's Statement) and may incur a brokerage charge.

Pacifica shareholders who wish to sell their Shares on market should contact their broker for information on how to effect that sale.

(c) Do not accept the Offer or sell their Shares on market

Shareholders who do not wish to accept the Offer or sell their Shares on market should do nothing.

Shareholders considering doing nothing should read section 6.2 of this Target's Statement for further details regarding Bosch Investment's rights to compulsorily acquire your Shares.

5. Overview of Pacifica's Financial Performance

5.1 Full year financial results for the years ended 31 December 2007 and 31 December 2008

(a) Financial statements

Set out below is a condensed consolidated financial summary of Pacifica's performance for the years ended 31 December 2007 and 31 December 2008.

Income Statement ($000)	**Audited full year ended 31 December 2008**	**Audited full year ended 31 December 2007**
Continuing Operations		
Sales revenue	**545,478**	659,703
EBITDA	**(20,436)**	19,915
Depreciation and amortisation	**(51,324)**	(52,602)
EBIT	**(71,760)**	(32,687)
Net finance costs	**(4,651)**	(9,712)
Income tax (expense) income	**(751)**	15,972
Minority interest	**16,276**	7,917
Net loss before significant items	**(60,886)**	(18,510)
Significant loss items after income tax	**(181,127)**	(41,864)
Net loss from continuing operations	**(242,013)**	(60,374)
Discontinued Operations		
Net profit	**-**	8,277
Profit on disposal	**-**	73,464
Total net profit (loss)	**(242,013)**	21,367

Balance Sheet ($000)	Audited full year ended 31 December 2008	Audited full year ended 31 December 2007
Trade working capital	**23,174**	41,339
Other working capital and deferred income	**(2,627)**	(20,702)
Property, plant and equipment	**194,101**	338,875
Investments	**8,994**	15,853
Intangibles	**-**	10,201
Net taxation	**(433)**	14,206
Net borrowings	**(161,559)**	(66,801)
Net assets	**61,650**	332,971
Less minority interests	**(24,293)**	(46,767)
Pacifica shareholders' equity	**37,357**	286,204
Cash Flows ($000)		
Cash inflows (outflows) from operating activities	**(10,023)**	18,799
Net capital expenditure	**33,063**	33,759
Net divestment (acquisition) cash flows	**-**	103,368
Other statistics		
EPS from continuing operations (cents)	**(171.0)**	(42.9)
NTA per Share	**$0.26**	$1.95
Operating cash flow per Share (cents)	**(7.1)**	13.3

(b) Basis of preparation

The condensed consolidated financial summary of Pacifica's financial performance has been extracted from financial statements that were prepared in accordance with the requirements of the Corporations Act and Australian Accounting Standards adopted by the Australian Accounting Standards Board.

The condensed consolidated financial summary does not include any of the notes of the type normally included in annual financial statements. Accordingly, the condensed consolidated financial summary is to be read in conjunction with the annual reports for the year ended 31 December 2007 and 31 December 2008.

The condensed consolidated financial summary comprises Pacifica and its subsidiaries and the group's interest in an associate.

5. Overview of Pacifica's Financial Performance (Cont')

5.2 Unaudited financial results for the five months ended 31 May 2009

(a) Financial statements

Set out below is a condensed consolidated financial summary of Pacifica's financial performance for the five months ended 31 May 2009.

Income Statement ($000)	**Unaudited five months ended 31 May 2009**
Sales revenue	**168,747**
EBITDA	**(4,068)**
Depreciation and amortisation	**(11,085)**
EBIT	**(15,153)**
Net finance costs	**(3,968)**
Income tax (expense) income	**(1,486)**
Minority interest	**3,000**
Net loss before significant items	**(17,607)**
Significant profit (loss) items after income tax	**-**
Net loss	**(17,607)**
Balance Sheet ($000)	
Total working capital and deferred income	**18,104**
Property, plant and equipment	**171,688**
Investments	**9,473**
Net taxation	**(730)**
Net borrowings	**(157,669)**
Net assets	**40,866**
Less minority interests	**(18,197)**
Pacifica shareholders' equity	**22,669**
Cash Flows ($000)	
Cash inflows (outflows) from operating activities	**(6,679)**
Net capital expenditure	**16,597**
Other statistics	
NTA per Share	**$0.16**

(b) Basis of preparation

The condensed consolidated financial summary of Pacifica's financial performance for the five months ended 31 May 2009 has been extracted from management accounts that were prepared using measurement, recognition and disclosure policies consistent with those applied in preparing the 2007 and 2008 financial statements.

The management accounts have not been independently audit reviewed.

5.3 Net Tangible Assets

Net tangible assets	Dec 06 (audited)	Dec 07 (audited)	Dec 08 (audited)	May 09 (unaudited)
Net tangible assets	215,857,000	276,003,000	37,357,000	22,669,000
Shares on issue	135,682,481	141,544,781	141,544,781	141,544,781
NTA per Share	$1.59	$1.95	$0.26	$ 0.16

5.4 Pacifica's consolidated financial performance and position as at the date of this Target's Statement

The group's financial performance for the first five months of 2009 was characterised by continuing impacts of the global economic downturn - falling demand, extended plant shut downs and structural changes to the workforce. In addition to this, both General Motors and Chrysler Corporation filed for bankruptcy protection in the US during the period, providing an uncertain environment for global automotive suppliers, including Pacifica.

Group sales were down 23.2% on the previous corresponding period. The sales were also impacted by the depreciation of the AUD against the USD and other key currencies compared to this time last year. Disregarding currency effects, sales were down 34.2%.

In response to the significantly lower sales volumes, the group continues to pursue cost savings at all levels of the organisation so as to minimise the operating losses and the decline in liquidity. In addition, as a result of Pacifica's Chinese and US operations becoming more closely aligned with Bosch's Chassis Systems Brakes division in their respective regions, there has been a higher capacity utilisation of the foundry in China and close co-operation throughout the value stream. Despite this, and other savings generated through the integration of Pacifica into Bosch's management structure, the group reported an EBITDA loss of $4.1 million for the five months to 31 May 2009, an EBIT loss of $15.2 million and operating cash outflows of $6.7 million.

Net debt at the end of May 2009 was $157.7 million compared to $161.6 million at the end of the previous financial year. However, disregarding currency effects, net debt would have increased by $21.3 million for the period. Net asset value of the group amounts to $40.9 million, a decrease of 34% from the previous year.

5.5 Pacifica's outlook for the year ended 31 December 2009

Given the continuing global decline in demand for larger passenger cars and trucks it remains impossible to provide any accurate forecast for the full year. At this stage Pacifica sees the requirement for further restructuring of its manufacturing footprint, which may include sale of part(s) of its business. Depending on the magnitude of the expected losses in the current year Pacifica may require additional equity funding later this year. As noted in section 2.1 of this Target's Statement, there is no certainty about Pacifica's ability to raise additional equity on acceptable terms.

When the 2008 accounts were released in February of this year, the Board's expectation was that Pacifica would report a further operating loss for the year ended 31 December 2009. At that time it was also noted that restructuring charges would be incurred to align operations and capacities to what are now expected to be permanent changes in Pacifica's key markets, particularly in North America.

In his address to shareholders at the annual general meeting in May, Pacifica's chairman, Mr Delhey, outlined that, since then, the picture in North America had continued to deteriorate; all manufacturers in North America had announced significant cuts to their planned production in 2009, the latest forecasts for North American industry production in 2009 were under 9 million vehicles (compared to 12.6 million vehicles in 2008), with much of the expected decline occurring within the light truck segment. This was also noted to be expected to impact on Pacifica's operations in Thailand and China.

5. Overview of Pacifica's Financial Performance (Cont')

5.5 Pacifica's outlook for the year ended 31 December 2009 (Cont')

Mr Delhey further noted that:

- it is possible that other vehicle manufacturers may file for bankruptcy protection which could have significant impacts on automotive suppliers, including Pacifica;
- in Australia, domestic volumes are declining for all three local vehicle manufacturers; and
- in Asia, Pacifica is continuing its efforts to secure local supply contracts in order to increase utilisation of its facilities. However, the global downturn had also led to a substantial drop in demand in those markets.

Since Pacifica's annual general meeting in May, General Motors has filed for Chapter 11 bankruptcy protection and only recently emerged from it. Pacifica's earnings for 2009 will be impacted by how successful General Motors will be in the market after its recent reorganisation and exit of Chapter 11 protection.

In the financial year ended 31 December 2008, an impairment charge of $174,737,000 was recognised in respect of the carrying value of plant and equipment and intangibles. The estimates and assumptions used by Pacifica in determining the impairment loss were management's best estimates based on current and forecast market conditions and using, where available, market intelligence from independent sources.

Management have re-assessed the estimates and assumptions made to determine the previously recognised impairment loss and have determined that, on balance, there have been no material changes to these estimates and assumptions that would require a material adjustment to the impairment allowance. However, on the basis of existing knowledge, it is reasonably possible that outcomes in future financial periods that are different to the assumptions previously used to determine carrying amounts of plant and equipment could require a material adjustment to the carrying amounts.

5.6 Half yearly results for the year ended 30 June 2009

Shareholders should note that Pacifica's half yearly results for the half year ended 30 June 2009 are expected to be available, and released to the ASX, on or about 31 July 2009. The results will also be sent to all shareholders in a supplementary Target's Statement.

5.7 Reliance on financial support from the Bosch Group

The Bosch Group has provided loans to Pacifica on a revolving basis. Bosch has confirmed its intention to continue to provide sufficient financial assistance to Pacifica to enable it to meet its liabilities as they fall due and carry on its business without significant curtailment of operations.

This undertaking from Bosch is currently valid until 31 December 2010. If the Bosch Group ceases to provide the same level of financial support as it is currently committed to providing after such period expires, this may have a material adverse effect on Pacifica's ongoing viability. See further, section 6.5 of this Target's Statement.

5.8 Pacifica's dividend policy

No dividends have been paid or declared by Pacifica since the interim dividend of 4 cents that was declared and paid in the second half of 2006.

The Directors consider it highly unlikely that a dividend will be paid in respect of the full year ended 31 December 2009 and for the foreseeable future.

5.9 Risks associated with Pacifica

There are a number of factors, both specific to Pacifica and of a general nature which may affect the future operating and financial performance of Pacifica and the value of Pacifica Shares, many of which are outside the control of Pacifica. Set out below is a summary of the material factors.

(a) Global economic downturn and deterioration of the global automotive market

Pacifica's performance is influenced by a variety of general economic and business conditions, including the level of inflation and government fiscal, monetary and regulatory policies across the range of countries in which Pacifica operates.

At present, the global economy is experiencing a range of adverse effects including weak consumer confidence, slowing demand and a weak automotive and property market. As set out earlier in this Target's Statement and more fully described in the Independent Expert's Report, the global automotive industry is in the midst of a financial crisis that is widely expected to continue throughout 2009. It is likely that this crisis will continue to have an adverse effect on Pacifica until such time as there is a sustainable recovery in demand in the markets in which Pacifica operates. The timing of such recovery is at present uncertain.

(b) General Motors reorganisation

General Motors has been in recent years, and remains, Pacifica's largest end customer.

General Motors filed for Chapter 11 bankruptcy protection in the United States earlier this year. In parallel, General Motors stopped the majority of its US manufacturing for an extended nine week plant shut down period.

Having only recently concluded its reorganisation and emerged from Chapter 11 bankruptcy protection, it is too early to judge how successful the new General Motors will be. Further reductions in General Motors' demand for Pacifica's products will have an adverse effect on Pacifica's earnings.

(c) Industry trends

Pacifica operates in an intensely competitive industry with significant cost down pressures. In addition, 2008 and 2009 have seen an increase in demand for smaller, more fuel efficient cars and this appears to be a worldwide trend associated with both the rising price of oil and the impact of climate change. This has resulted in a decreased demand for Pacifica's traditional revenue earners, which in the past have been larger vehicles such as the light commercial vehicle and the sports utility vehicle. This shift in demand has long term implications for the platform restructuring that Pacifica will need to undertake to remain competitive.

(d) Commodity prices

Pacifica's cost base is impacted by the rise and fall in certain commodity prices such as iron ore, being a key determinant of steel prices. Iron ore prices are determined predominately by world markets, which are affected by numerous factors outside Pacifica's control. Absent offsetting factors, significant and sustained increases in the price of iron ore and steel will adversely affect Pacifica's ongoing financial performance.

(e) Government & regulatory risks

Pacifica may be adversely impacted by changes in laws, taxes and government and regulatory policies.

In particular, Pacifica's business is sensitive to Australian import tariffs imposed on vehicles. It is current federal government policy that the import tariff be reduced from 10% to 5% with effect from the beginning of 2010. This reduction may further encourage the already existing consumer trend to purchasing fully imported vehicles rather than locally manufactured vehicles. This trend has had a material adverse effect on Pacifica's Australian operations.

5. Overview of Pacifica's Financial Performance (Cont')

5.9 Risks associated with Pacifica (Cont')

(f) Foreign exchange risk

Movements in foreign exchange rates, particularly the US dollar, could adversely impact Pacifica's financial performance. In the current operating environment, increases in the value of the AUD against the USD has a positive effect on Pacifica's earnings. The contrary applies to falls in the AUD against the USD.

Pacifica seeks to mitigate this risk by borrowing in the same currencies as the respective asset holdings of Pacifica's operations and leveraging off Pacifica's global spread of operations and matching, where possible, sales and purchase commitments in common foreign currencies.

(g) Stock market fluctuations

The value of Pacifica Shares may rise above or below the current share price due to factors beyond the control of Pacifica, including changing investor sentiment in the local and international stock market, economic conditions in Australia and overseas which may impact equity markets, changes in domestic or international fiscal monetary, regulatory and other government policies.

(h) Product liability risk

Pacifica, through its subsidiaries, is a manufacturer as well as an importer of goods for sale to its customers. It may be liable for claims arising from defective products under legislation such as the Trade Practices Act 1974 (Cth) as well as under contracts with customers. It may also be liable to undertake recalls for defective products in some situations. To the extent that such liabilities are incurred, and are not covered by insurance, they may have an adverse impact on Pacifica.

(i) Litigation

As with any company, Pacifica is exposed to risks of litigation which may have a material adverse effect on Pacifica. Pacifica could become exposed to litigation from employees, regulators or third parties. To the extent that such risks are not covered by insurance, an adverse outcome in litigation or the cost of responding to potential or actual litigation may have a material adverse impact on the financial performance of Pacifica. See further, section 7.3 of this Target's Statement.

(j) Intellectual property rights

Pacifica relies on certain intellectual property in its operations, most notably patents for its engineering activities and trademarks in its automotive aftermarket sales activities. Some patents may lapse and the registration of some trademarks may not always be available in some markets, thereby exposing Pacifica to competitive risks in those markets.

(k) Other risks

The risks outlined in this section are not exhaustive of the risks faced by Pacifica shareholders. The risks outlined in this section and other risks may affect the future performance of Pacifica materially. Accordingly, no assurances or guarantees of future performance, profitability, distributions, return of capital or market price are given by Pacifica in respect of Pacifica.

6. Important Matters for Pacifica Shareholders to Consider

6.1 Pacifica's relationship with Bosch

On 18 October 2006, Bosch Investment advised Pacifica of its intention to make an off-market takeover offer for Pacifica Shares. The key elements of that offer are set out in section 9.1 of the Bidder's Statement.

That offer closed on 4 March 2007 with Bosch Investment obtaining a relevant interest in 75.47% of Pacifica Shares. Bosch Investment has increased its relevant interest in Pacifica Shares to its current holding of 76.62% (as at 20 July 2009) through additional on-market purchases.

As more fully described in section 5.7 of this Target's Statement, almost all of Pacifica's debt is financed by Bosch and Bosch has confirmed its intention to continue to provide sufficient financial assistance to Pacifica to enable it to meet its liabilities as they fall due and carry on its business without significant curtailment of operations. This undertaking from Bosch is currently valid until 31 December 2010.

In addition:

- Pacifica has been integrated into Bosch's Chassis Systems Brakes Division;
- Pacifica's operations in North America and China report directly to Bosch in those regions; and
- Bosch is a major customer of Pacifica, accounting for 32% of sales in 2008.

6.2 Bosch Investment's intentions regarding compulsory acquisition of Shares

(a) Compulsory acquisition of outstanding Shares under Part 6A.1 of the Corporations Act

Bosch Investment has indicated in section 5.3 of its Bidder's Statement that if it satisfies the required thresholds, it intends to invoke the post-takeover bid compulsory acquisition powers under Part 6A.1 of the Corporations Act to compulsorily acquire any outstanding Pacifica Shares for the Offer Price.

To achieve the thresholds to compulsorily acquire outstanding Pacifica Shares under Part 6A.1 of the Corporations Act, Bosch Investment and its associates must, during or at the end of the Offer Period, have (assuming no Options are exercised):

(1) a relevant interest in at least 90% (by number) of the Pacifica Shares (being 127,390,303 Pacifica Shares); and

(2) acquired at least 75% (by number) of the Pacifica Shares that Bosch Investment offered to acquire under the Offer (whether acquired under the Offer or not), being 24,816,775 Pacifica Shares.

Therefore, in order for Bosch Investment to be able to compulsorily acquire outstanding Pacifica Shares under Part 6A.1 of the Corporations Act, Bosch Investment and its associates must, during or at the end of the Offer Period, hold 133,272,523 Pacifica Shares, or approximately 94% of Pacifica Shares on issue.

As at the date immediately before the date of this Target's Statement, as far as Pacifica is aware, Bosch Investment had a relevant interest in 108,455,748 Shares, being approximately 77% of Pacifica's issued share capital.

If this threshold is met, Bosch Investment will have one month after the end of the Offer Period within which to give compulsory acquisition notices to Pacifica shareholders who have not accepted the Offer. Pacifica shareholders have statutory rights to challenge the compulsory acquisition, but a successful challenge will require the relevant shareholder to establish to the satisfaction of a court that the terms of the Offer do not represent 'fair value' for their Pacifica Shares. If compulsory acquisition occurs, Pacifica shareholders who have their Pacifica Shares compulsorily acquired are likely to be issued their consideration approximately 5 to 6 weeks after the compulsory acquisition notices are dispatched to them.

6. Important Matters for Pacifica Shareholders to Consider (Cont')

6.2 Bosch Investment's intentions regarding compulsory acquisition of Shares (Cont')

(b) Compulsory acquisition of outstanding Shares under Part 6A.2 of the Corporations Act

The procedure outlined above is not the only means by which Bosch Investment can compulsorily acquire Pacifica securities following a takeover bid. Another procedure exists under Part 6A.2 of the Corporations Act.

Bosch Investment has indicated (again, in section 5.3 of its Bidder's Statement) that if it satisfies the required threshold (and does not satisfy the required thresholds for compulsory acquisition under Part 6A.1), it intends to invoke the compulsory acquisition power under Part 6A.2 of the Corporations Act to compulsorily acquire any outstanding Pacifica Shares. In order to do so, Bosch Investment would first need to waive the minimum acceptance condition to its Offer.

To achieve the threshold to compulsorily acquire outstanding Pacifica Shares under Part 6A.2 of the Corporations Act, Bosch Investment and its associates must be the full beneficial holder of 90% of Pacifica Shares, being 127,390,303 Pacifica Shares.

Therefore, in order for Bosch Investment to be able to compulsorily acquire outstanding Pacifica Shares under Part 6A.2 of the Corporations Act, Bosch Investment must acquire an additional 18,934,555 Pacifica Shares.

If this threshold is met, Bosch Investment would have the right to acquire Shares not owned by it within 6 months of becoming the 90% holder. Bosch Investment's price for compulsory acquisition under this procedure would have to be considered in a report of an independent expert who would be asked to opine whether, in their opinion, the terms proposed for the compulsory acquisition give fair value for the outstanding Shares and set out reasons for forming that opinion (being a different report to the report Pacifica asked Deloitte to prepare and which is in Attachment 1 to this Target's Statement).

Unlike the procedure described in paragraph (a) above, the amount offered by Bosch Investment under this compulsory acquisition power does not need to be the same as offered under the Offer.

Remaining Pacifica shareholders can object to the acquisition. If objections are raised by holders who together hold at least 10% of the outstanding shares, Bosch Investment would have to go to court to establish that the compulsory acquisition terms constitute "fair value" for those Shares.

6.3 Bosch Investment's intentions regarding Options

The Offer extends to Pacifica Shares issued before the end of the Offer Period due to the conversion of, or exercise of rights attached to, Options that were on issue on 26 June 2009. Therefore, if an option holder exercises their Options and is issued with Shares during the Offer Period, they will be able to accept the Offer in respect of such Shares. Given, however, that the exercise price of the Options is significantly more than the Offer Price (see section 7.1 below), it would seem unlikely that any of the Options will be exercised.

To the extent that unexercised Options remain following the Offer Period, Bosch Investment has stated in its Bidder's Statement (see sections 4.6 and 5.3) that it intends to either procure the cancellation of such Options by individual arrangements with each of the holders, or if it is entitled to do so, to compulsorily acquire the outstanding Options pursuant to part 6A.2 of the Corporations Act.

Bosch Investment will be entitled to compulsorily acquire the outstanding Options pursuant to Part 6A.2 of the Corporations Act if it becomes the beneficial holder of 90% of the fully diluted share capital of Pacifica ie. of Shares and Options in aggregate, being 127,552,303 Pacifica Shares. The procedure for compulsory acquisition in such circumstances is set out in section 6.2(b) above.

6.4 Rights of holders of Shares and Options to be bought out

Bosch Investment has stated in its Bidder's Statement that if it is required to do so, it will give outstanding holders of Shares and Options notices of their rights to be bought out.

If Bosch Investment has a relevant interest in 90% of Pacifica Shares at the end of the Offer Period then, unless Bosch Investment seeks to compulsorily acquire the outstanding Shares and Options under one of the methods set out above, it must advise the holders of all Shares and Options that they have a right to sell their securities to Bosch Investment.

In the case of outstanding Shares, the buy-out price would be the Offer Price or such other price as is agreed between Bosch Investment and a holder. In the case of outstanding Options, the buy-out price would be the price agreed between Bosch Investment and the holder, or a price determined by the court on application by a holder.

6.5 Consequences if Bosch Investment does not achieve 100% ownership

Bosch Investment has stated in section 5.6 of its Bidder's Statement that if Bosch Investment does not become entitled to proceed to compulsory acquisition under one of the mechanisms described above, it presently intends to allow its Offer to lapse.

In such circumstances, existing shareholders will remain minority shareholders in Pacifica (unless they otherwise sell their Shares). This has a number of possible implications, including:

- Pacifica's Share price may fall immediately following the end of the Offer Period;
- subject to the Corporations Act and the Listing Rules, Bosch Investment would be able to seek to implement any outcomes from the detailed review described in section 5.4 of the Bidder's Statement;
- Bosch Investment may withdraw some of the financial support it currently provides to Pacifica. Bosch Investment has stated in its Bidder's Statement that it may review the level of financial support it presently affords to Pacifica, in subsequent financial years. In such circumstances, and where the conditions in markets in which Pacifica operates have not improved the Directors would have significant concerns about Pacifica's ability to continue as a going concern (see further section 5.7 of this Target's Statement);
- Pacifica may be removed from the official list of the ASX. Bosch Investment has stated in its Bidder's Statement that it will request that the Board consider whether the continued listing of Pacifica on the ASX remains in the best interests of Pacifica shareholders as a whole. Any decision of the Board to seek to have Pacifica delisted would need to be made having regard to Pacifica as a whole. In addition, the ASX may attach conditions to any delisting, such as that a share sale facility be offered; and
- depending on the magnitude of expected losses in the current year, Pacifica may require additional equity funding later in the year. Depending on how this is obtained, this may result in a dilution of shareholders' existing shareholdings.

Pacifica shareholders should also be aware of the risks associated with continuing to hold Pacifica Shares, some of which are set out in section 5.9 of this Target's Statement.

6.6 Taxation consequences

The comments outlined in this section are based on the law in effect at the date of this Target's Statement. It is not intended to be an authoritative or complete statement of the applicable law.

Pacifica shareholders are advised to seek independent professional advice on the consequences of holding, or disposing of, their Pacifica Shares based on their particular circumstances.

Section 7 of the Bidder's Statement provides a general description of some of the potential Australian capital gains tax consequences to certain Pacifica shareholders that would arise on acceptance of the Offer.

In addition to the comments outlined in Section 7 of the Bidder's Statement, shareholders should be aware that if the Pacifica Shares were acquired (or deemed to be acquired) at or before 11:45am on 21 September 1999, the cost base may be indexed for inflation, by reference to changes in the consumer price index from the calendar quarter in which the Shares were acquired (or deemed to be acquired) until the calendar quarter ended 30 September 1999. Pacifica shareholders who are individuals, complying superannuation entities or trustees of a trust must make an election if they wish to rely on indexation. Companies will be entitled to include the indexation without making an election. The indexation adjustments are taken into account only for the purposes of calculating a capital gain and not a capital loss.

If the Pacifica Share was acquired (or deemed to be acquired) after 11:45am on 21 September 1999, the capital gain or loss is calculated on the difference between the capital proceeds and the cost base for the shares, with no indexation. A Pacifica shareholder who is an individual, complying superannuation entity or trustee of a trust may choose to claim a CGT discount as outlined in section 7 of the Bidder's Statement.

If an individual, complying superannuation entity or trustee of a trust makes an election that they wish to rely on indexation then they cannot also claim the CGT discount.

Whether it is better for a Pacifica shareholder to make the indexation election or not will depend upon the particular Pacifica shareholder's individual circumstances, including the cost base of the Shares and whether the Pacifica shareholder has any available losses.

If a Pacifica shareholder makes a capital loss on disposal of their Shares under the Offer, that capital loss may not be deducted against other income for income tax purposes, but may be offset against capital gains realised in the same income year or be carried forward to be offset against future capital gains.

7. Additional Information

7.1 Issued capital

As at the date immediately before the date of this Target's Statement, Pacifica's issued capital consisted of:

- 141,544,781 fully paid ordinary shares; and
- 180,000 Options.

Each Option has vested and is exercisable into one Pacifica Share at an exercise price of $4.08, and has an expiry date of 15 June 2010.

All Options currently on issue were granted by Pacifica to certain executives under a long term incentive plan which has, since Bosch Investment acquired control of Pacifica in 2007, ceased to operate. Equity based compensation is no longer a component of executive remuneration at Pacifica.

7.2 Substantial holders

According to substantial holder notices given to Pacifica as at 20 July 2009, the following persons were substantial shareholders in Pacifica:

Substantial holder	Relevant interest
Bosch , Bosch Investment and all of their related bodies corporate	76.62%
Lazard Asset Management Pacific Co	13.77%
National Australia Bank Limited Group	5.86%

7.3 Material litigation

Pacifica is involved in litigation with Intermet Corporation which is material in the context of Pacifica and its subsidiaries taken as a whole. The current status of this litigation is summarised below.

In April 2007, Intermet Corporation, a key supplier of Pacifica's US plants, alleged that it was not contractually bound to continue the supply of cast iron components. Pacifica did not agree and the matter was referred to arbitration in the US.

In August 2008, Intermet Corporation filed for Chapter 11 protection with the US bankruptcy court which stayed the arbitration proceedings.

In order to ensure a continued supply of essential components, Pacifica agreed to pay Intermet significantly higher prices, the cost of which has been expensed as incurred. Prior to Intermet filing for Chapter 11 protection, arbitration outcome in Pacifica's favour was considered probable and the supplier would have been required to repay a sum equivalent to the increase in the component prices and also costs associated with the dispute. On 14 July 2009 the Bankruptcy Court confirmed Intermet's re-organisation plan and the sale of Intermet's assets to Revstone. The court also ordered that Pacifica's claims are unsecured pre-petition claims, hence the Directors do not expect any meaningful recovery of the disputed prices.

7.4 Interests and dealings in Pacifica securities

As at the date of this Target's Statement, no Director holds any Options or a relevant interest in the share capital of Pacifica.

No Director has acquired or disposed of a relevant interest in any Shares or Options in the 4 month period ending on the date immediately before the date of this Target's Statement.

7.5 Interests and dealings in securities in Bosch Investment or Bosch

As at the date immediately before the date of this Target's Statement, no Director had a relevant interest in any securities in Bosch Investment or Bosch and nor has a Director acquired or disposed of a relevant interest in any securities in Bosch Investment or Bosch in the 4 month period ending on the date immediately before the date of this Target's Statement.

7. Additional Information (Cont')

7.6 Benefits and agreements

(a) Benefits in connection with retirement from office

As a result of the Offer, no person has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from a board or managerial office of Pacifica or related body corporate of Pacifica.

(b) Agreements connected with or conditional on the Offer

There are no agreements made between any Director of Pacifica and any other person in connection with, or conditional upon, the outcome of the Offer.

(c) Benefits from Bosch Investment or Bosch

No Director has agreed to receive, or is entitled to receive, any benefit from Bosch Investment or Bosch which is conditional on, or is related to, the Offer.

(d) Interests of Directors in contracts with Bosch Investment or Bosch

No Director has any interest in any contract entered into by Bosch Investment or Bosch.

7.7 Consents

This Target's Statement contains statements made by, or statements said to be based on statements made by, the Independent Expert. The Independent Expert has consented to the inclusion of each statement it has made in the form and context in which the statements appear and has not withdrawn that consent at the date of this Target's Statement.

Freehills has consented to being named in this Target's Statement as the legal adviser to Pacifica and has not withdrawn that consent at the date of this Target's Statement. Freehills takes no responsibility for any part of this Target's Statement other than any reference to its name and should not be regarded as having made any statement in this Target's Statement, nor having authorised the issue of it.

As permitted by ASIC Class Order 01/1543 this Target's Statement contains statements which are made, or based on statements made, in documents lodged by Bosch Investment or Bosch with ASIC or given to the ASX, or announced on the Company Announcements Platform of the ASX, by Bosch Investment or Bosch. Pursuant to the Class Order, the consent of Bosch Investment is not required for the inclusion of such statements in this Target's Statement. Any Pacifica shareholder who would like to receive a copy of any of those documents may obtain a copy (free of charge) during the Offer Period by contacting Pacifica's shareholder information line on 1300 880 472 (for calls made from within Australia) or +61 2 8280 7495 (for calls made from outside Australia) between the hours of 8.30am and 5.30pm (Melbourne time).

In addition, as permitted by ASIC Class Order 03/635, this Target's Statement may include or be accompanied by certain statements:

- fairly representing a statement by an official person; or
- from a public official document or a published book, journal or comparable publication.

7.8 No other material information

This Target's Statement is required to include all the information that Pacifica shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer, but:

- only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in this Target's Statement; and
- only if the information is known to any Director of Pacifica.

The Directors are of the opinion that the information that Pacifica shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is:

- the information contained in the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);
- the information contained in Pacifica's releases to the ASX, and in the documents lodged by Pacifica with ASIC before the date of this Target's Statement; and
- the information contained in this Target's Statement (including the information contained in the Independent Expert's Report).

The Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, the Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all statements contained in it.

In deciding what information should be included in this Target's Statement, the Directors have had regard to:

- the nature of the Shares;
- the matters that shareholders may reasonably be expected to know;
- the fact that certain matters may reasonably be expected to be known to shareholders' professional advisers; and
- the time available to Pacifica to prepare this Target's Statement.

8. Glossary and Interpretation

8.1 Glossary

The meanings of the terms used in this Target's Statement are set out below.

Term	Meaning
$, A$ or AUD	Australian dollar.
Announcement Date	The date the Offer was announced, being 16 June 2009.
ASIC	Australian Securities and Investments Commission.
ASTC Settlement Rules	The operating rules of the settlement facility provided by ASX Settlement and Transfer Corporation Pty Ltd.
ASX	ASX Limited.
Bidder's Statement	The bidder's statement of Bosch Investment dated 24 June 2009.
Board	The board of directors of Pacifica.
Bosch	Robert Bosch GmbH.
Bosch Investment	Robert Bosch Investment Nederland B.V.
Bosch Group	Bosch and each of its Related Entities including Bosch Investment, but excluding the Pacifica group.
Broker	A member organisation admitted to participate in CHESS under the ASTC Settlement Rules.
CGT	Capital Gains Tax.
CHESS	Clearing House Electronic Sub-register System operated by ASX Settlement and Transfer Corporation Pty Ltd.
CHESS Holding	Has the meaning set out in the ASTC Settlement Rules.
Controlling Participant	In relation to your Pacifica Shares, means the Broker or Non-Broker Participant that has the capacity in CHESS to transfer your Shares (usually your broker).
Corporations Act	The *Corporations Act 2001* (Cth) (as modified or varied by ASIC).
Directors	The directors of Pacifica, which as at the date of this Target's statement are, Mr Patrick Burroughs, Mr Peter Delhey, Mr David Robinson and Mr Michael Kopka.
EBIT	Earnings before interest and tax.
EBITDA	Earnings before interest, tax, depreciation and amortisation.
General Motors	General Motors Corporation or General Motors Company.
Independent Director	Mr Patrick Burroughs.
Independent Expert or Deloitte	Deloitte Corporate Finance Pty Limited.
Independent Expert's Report	The independent expert's report prepared by Deloitte Corporate Finance Pty Limited and dated on or about the date of this Target's Statement which is contained in Attachment 1 to this Target's Statement.
Listing Rules	The official listing rules of the ASX, as amended and waived by ASX from time to time.
Non-Broker Participant	An entity admitted to participate in CHESS under the ASTC Settlement Rules.

Term	Meaning
Notice of Status of Conditions	Bosch Investment's notice disclosing the status of the conditions to the Offer which is required to be given by section 630(3) of the Corporations Act.
NTA	Net Tangible Assets.
Offer or Bosch Investment's Offer	The offer by Bosch Investment for Pacifica Shares, which offer is contained in section 8 of the Bidder's Statement.
Offer Period	The period during which the Offer will remain open for acceptance in accordance with section 8.5 of the Bidder's Statement.
Offer Price	The consideration to be paid by Bosch Investment to Pacifica shareholders who accept the Offer, being $0.23 for each Pacifica Share.
Options	An option to acquire one Share issued under Pacifica's pre-2007 long term incentive plan.
Pacifica	Pacifica Group Limited ABN 69 006 530 641.
Pacifica Shares or Shares	Fully paid ordinary shares of Pacifica.
Related Entity	Of an entity means another entity which is: (a) related to the first entity within the meaning of section 50 of the Corporations Act; or (b) in any consolidated entity (as defined in section 9 of Corporations Act) which contains the first entity.
Rights	Has the meaning given in section 10 of the Bidder's Statement.
Target's Statement	This document (including the attachment), being the statement of Pacifica under Part 6.5 Division 3 of the Corporations Act.
US	United States of America.
VWAP	Volume weighted average price.

8.2 Interpretation

In this Target's Statement:

(1) Other words and phrases have the same meaning (if any) given to them in the Corporations Act.

(2) Words of any gender include all genders.

(3) Words importing the singular include the plural and vice versa.

(4) An expression importing a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa.

(5) A reference to a section, clause, attachment and schedule is a reference to a section of, clause of and an attachment and schedule to this Target's Statement as relevant.

(6) A reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re enactments of any of them.

(7) Headings and bold type are for convenience only and do not affect the interpretation of this Target's Statement.

(8) A reference to time is a reference to Melbourne time.

(9) A reference to dollars, $, A$, AUD, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.

9. Authorisation

This Target's Statement has been approved by a resolution passed by the Directors of Pacifica. All Pacifica Directors voted in favour of that resolution.

Signed for and on behalf of Pacifica Group Limited:

Patrick Burroughs
Director

Date 22 July 2009

Deloitte.

Pacifica Group Limited

Independent expert's report and Financial Services Guide

July 2009

Deloitte.

Deloitte Corporate Finance Pty Limited
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Financial Services Guide

21 July 2009

What is a Financial Services Guide?

This Financial Services Guide (FSG) provides important information to assist you in deciding whether to use any of the general financial product advice provided by Deloitte Corporate Finance Pty Limited (Deloitte Corporate Finance, we, us or our) the holder of Australian Financial Services Licence (AFSL) No. 241457. The contents of this FSG include:

- who we are and how we can be contacted
- what services we are authorised to provide under our AFSL
- how we (and any other relevant parties) are remunerated in relation to any general financial product advice we may provide
- details of our dispute resolution systems and how you can access them.

Information about us

We have been engaged by Pacifica Group Limited to give general financial product advice in the form of a report to be provided to you in connection with the takeover offer by Robert Bosch Investment Nederland B.V. You are not the party or parties who engaged us to prepare this report. We are not acting for any person other than the party or parties who engaged us. We are required to give you an FSG by law because our report is being provided to you. You may contact us using the details located above.

Deloitte Corporate Finance is ultimately owned by the Australian partnership of Deloitte Touche Tohmatsu. The Australian partnership of Deloitte Touche Tohmatsu and its related entities provide services primarily in the areas of audit, tax, consulting, and financial advisory services. Our directors may be partners in the Australian partnership of Deloitte Touche Tohmatsu.

Deloitte refers to one or more of Deloitte Touche Tohmatsu, a Swiss Verein, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com.au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu and its member firms.

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Associations and relationships

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What financial services are we licensed to provide?

The AFSL we hold authorises us to provide the following financial services to retail and wholesale clients:

- provide financial product advice in respect of:
  - debentures, stocks or bonds to be issued or proposed to be issued by a government
  - interests in managed investment schemes including investor directed portfolio services
  - securities
- deal in a financial product by arranging for another person to apply for, acquire, vary or dispose of financial products in respect of:
  - debentures, stocks or bonds issued or to be issued by a government
  - interests in managed investment schemes including investor directed portfolio services
  - securities.

Information about the general financial product advice we provide

The financial product advice provided in our report is known as "general advice" because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in our report is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is being provided to you in connection with the acquisition or potential acquisition of a financial product issued by another party, we recommend you obtain and read carefully the relevant offer document provided by the issuer of the financial product. The purpose of the offer document is to help you make an informed decision about the acquisition of a financial product.

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Our fees are usually determined on a fixed fee or time cost basis and may include reimbursement of any expenses incurred in providing the services.

Fee arrangements are agreed with the party or parties who actually engage us, and we confirm our remuneration in a written letter of engagement to the party or parties who actually engage us.

Our fee is $100,000. Deloitte Corporate Finance, its directors and officers, any related bodies corporate or associates and their directors and officers, do not receive any commissions or other benefits, except for the fees rendered to the party or parties who actually engage us.

All of our employees receive a salary. Our employees are eligible for annual salary increases and bonuses based on overall performance but do not receive any commissions or other benefits arising directly from services provided to you. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance.

We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

What should you do if you have a complaint?

If you have any concerns regarding our report, you may wish to advise us. Our internal complaint handling process is designed to respond to your concerns promptly and equitably. All complaints must be in writing addressed to:

The Complaints Officer
PO Box N250
Grosvenor Place
Sydney NSW 1220

If you are not satisfied with the steps we have taken to resolve your complaint, you may contact the Financial Ombudsman Service (FOS). FOS provides free advice and assistance to consumers to help them resolve complaints relating to members of the financial services industry. Complaints may be submitted to FOS at:

Financial Ombudsman Service Limited
GPO Box 3
Melbourne VIC 3001
Telephone: 1300 780 808
Fax: +61 3 9613 6399
Email: info@fos.org.au
Internet: http://www.fos.org.au

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Mr Patrick Burroughs
Independent Director
Pacifica Group Limited
264 East Boundary Road
East Bentleigh VIC 3165

21 July 2009

Dear Mr Burroughs

Independent expert's report

Introduction

On 16 June 2009, the Bosch Group (being Robert Bosch GmbH and its subsidiaries, excluding Pacifica Group Limited (Pacifica or the Company)), through its wholly owned subsidiary Robert Bosch Investment Nederland B.V. (Bosch Investment or the Bidder) announced a conditional offer to acquire all of the shares in Pacifica that Bosch Investment does not already own (the Takeover Offer). Bosch Investment currently holds approximately 76.6% of the shares in Pacifica. The consideration offered by Bosch Investment to holders of Pacifica shares other than Bosch Investment (the Non-associated Shareholders) is $0.23 cash per share.

The full details of the Takeover Offer are included in a Bidder's Statement which is dated 24 June 2009. An overview of the Takeover Offer is provided in Section 1 of our detailed report.

The directors of Pacifica are to issue a Target's Statement, in response to the Bidder's Statement, which will include their recommendation as to whether Non-associated Shareholders should accept the Takeover Offer.

Purpose of the report

The independent director of Pacifica (the Independent Director) has requested that Deloitte Corporate Finance Pty Limited (Deloitte Corporate Finance) provide an independent expert's report advising whether, in our opinion, the Takeover Offer is fair and reasonable to Non-associated Shareholders.

This independent expert's report is required pursuant to Section 640 of the Corporations Act 2001 (Section 640) to assist Non-associated Shareholders in their decision whether to accept or reject the Takeover Offer. We have prepared this report having regard to Section 640 and the relevant Australian Securities and Investments Commission (ASIC) Regulatory Guides.

This report is to be included in a Target's Statement to be sent to Non-associated Shareholders and has been prepared for the exclusive purpose of assisting Non-associated Shareholders in their consideration of the Takeover Offer. We are not responsible to you, or anyone else, whether for our negligence or otherwise, if the report is used by any other person for any other purpose.

Basis of evaluation

In order to assess whether the Takeover Offer is fair and reasonable we have:

- assessed whether the Takeover Offer is fair by estimating the fair market value of an ordinary Pacifica share and comparing that value to the offer price to be received by Non-associated Shareholders pursuant to the Takeover Offer
- assessed the reasonableness of the Takeover Offer by considering other advantages and disadvantages of the Takeover Offer to Non-associated Shareholders.

Summary and conclusion

In our opinion the Takeover Offer is fair and reasonable. In arriving at this opinion, we have had regard to the following factors:

The Takeover Offer is fair

Set out in the table below is a comparison of our assessment of the fair market value of a Pacifica share with the consideration offered by Bosch Investment.

Table 1: Evaluation of fairness

	Low ($)	High ($)
Estimated fair market value of a Pacifica share (Section 6.2.7)	nil	0.19
Consideration offered by Bosch Investment (Section 1)	0.23	0.23

Source: Deloitte Corporate Finance analysis

Note:

1. All amounts stated in this report are in Australian dollars ($) unless otherwise stated and may be subject to rounding

The consideration offered by Bosch Investment is above the range of our estimate of the fair market value of a Pacifica share. Accordingly it is our opinion that the Takeover Offer is fair.

Based on the above, the equity value of a Pacifica share is approximately nil to $0.19 per share. Given the significant uncertainty regarding the future outlook for Pacifica, in particular, Pacifica's ability to restructure its operations and return to profitability over the next two to three years, and the future outlook for the segments of the automotive market which Pacifica supplies, our enterprise value range is approximately 20%. However, given the high level of gearing of Pacifica, this enterprise value range, results in a very wide range for the equity value of Pacifica, once the debt of Pacifica is taken into account. We consider this outcome to be reasonable in this circumstance.

Valuation of a Pacifica share

We have estimated the fair market value of a Pacifica share using a discounted cash flow analysis based on high-level assumptions under a range of scenarios under which Pacifica is assumed to return to profitability.

We have based our analysis on the assumption that in the longer term Pacifica will exit unprofitable businesses and continue to operate its remaining businesses at margins in line with the margins the industry has historically achieved over the long term (these margins being a reflection of a reasonable rate of return on assets). We have assumed that the business will reach a stable level of revenue and earnings in 2012. We have considered a range of revenue and margins which may be achievable by Pacifica in the long term, based on the long term margins of publicly listed companies with operations sufficiently similar to those of Pacifica.

We have discussed the range of assumptions we have considered and the basis for the forecast cash flows in our discounted cash flow analysis with management of Pacifica. Management have agreed that, based on current circumstances and information, the range of assumptions represent a reasonable range of possible outcomes for the business over the period 2009 to 2012. In addition, the range of assumptions is not inconsistent with budgets Pacifica has prepared for internal management purposes over this period.

We have discounted the cash flows under these scenarios to their present value at a nominal after tax discount rate of 25%, and have calculated a terminal value by capitalising the earnings generated once the business is assumed to have returned to a stable level of earnings, with reference to the earnings multiples of comparable listed companies.

In addition, we have also considered the net assets of Pacifica on a going concern basis and the share trading in Pacifica prior to the Takeover Offer being announced to provide additional evidence of the fair market value of shares in Pacifica.

The Takeover Offer is reasonable

In accordance with ASIC Regulatory Guide 111 an offer is reasonable if it is fair. On this basis, in our opinion the Takeover Offer is reasonable. We have also considered the following factors in assessing the reasonableness of the Takeover Offer:

Advantages of the Takeover Offer

The likely advantages to the Non-associated Shareholders if the Takeover Offer proceeds include:

The Non-associated Shareholders are receiving a premium to Pacifica's share price prior to the announcement of the Takeover Offer

The consideration offered under the Takeover Offer of $0.23 per Pacifica share represents a significant premium over the prices realised in recent ASX share trading.

The one-day VWAP of Pacifica shares, prior to the announcement of the Takeover Offer, was $0.16 and the 30-day VWAP was $0.15. Based on this, the consideration represents a significant premium to the share trading in Pacifica shares prior to the announcement of the Takeover Offer of between 44% and 58%.

Potential for other takeover offers

Since Bosch Investment currently holds a 76.62% interest in Pacifica, the likelihood of the Non-associated Shareholders realising a similar premium through an alternative offer from another bidder is minimal.

In the absence of the Takeover Offer, Pacifica shares may trade below current levels

In the absence of the Takeover Offer or an alternative transaction, Pacifica shares may trade below the prices achieved since the announcement of the Takeover Offer and may trade at levels more in line with the 30-day VWAP of $0.15 in the absence of any further speculation about another bid.

The Takeover Offer appears to be the best alternative available to the Non-associated Shareholders

Pacifica made a loss (attributable to equity holders) of $17.6 million over the five months ended 31 May 2009, and has stated in Section 2.1 of the Target's Statement that it expects further losses to be incurred this financial year. Pacifica's net asset position (attributable to equity holders) as at 31 May 2009 was $22.7 million. Unless Pacifica raises additional capital between now and 31 December 2009 and if Pacifica continues to generate losses for the remainder of 2009 in line with the losses incurred over the five months ended 31 May 2009, Pacifica's net asset position (attributable to equity holders) is likely to be close to nil as at 31 December 2009. Accordingly, it is likely that in the absence of the Takeover Offer, Pacifica would need to raise capital within the next six months in order to remain a going concern and preserve any value for the existing shareholders.

Given the already high levels of debt in the company, it is highly unlikely that Pacifica would be able to raise capital from sources other than existing shareholders of Pacifica. If a capital raising took place, Non-associated Shareholders would either need to contribute additional equity or face significant dilution in their shareholdings.

Bosch Investment has indicated in its Bidder's Statement that if the Takeover Offer does not proceed, the Bosch Group may review the level of financial support which will be provided to Pacifica in the future. Accordingly, if the Takeover Offer does not proceed and the Bosch Group withdraws its financial support, Pacifica may be unable to remain as a going concern.

Based on the above, it is evident that there are limited alternatives available for Pacifica and that the Takeover Offer appears to be the best alternative available to the Non-associated Shareholders.

Disadvantages of the Takeover Offer

The likely disadvantages to the Non-associated Shareholders if the Takeover Offer proceeds include:

No participation in the future growth of Pacifica's business

The value of a Pacifica share is influenced by the demand for automotive vehicles in Pacifica's key markets of Australia, North America and Asia. Following the recent downturn in global economies, demand for automotive vehicles has decreased compared to historical levels and several of Pacifica's key customers are experiencing financial difficulty. If the Takeover Offer proceeds, to the extent that earnings are in excess of the levels assumed in our valuation, the Non-associated Shareholders will forego this potential upside.

Furthermore, our valuation of a Pacifica share recognises the potential future growth of Pacifica's business based on its current operations, however, if Pacifica is able to generate additional cash flows beyond those considered in our valuation, for example by identifying additional export markets or applications for its technology, the value of a Pacifica share may be enhanced, perhaps significantly, to a value that may exceed the estimated value of a Pacifica share set out in this report.

Other matters

Shareholder liquidity

Under ASX Listing Rule 12.4, an entity must maintain a spread of security holding in its main class which, in the ASX's opinion, is sufficient to ensure that there is an orderly and liquid market in its securities. If the required spread is not obtained, ASX may suspend quotation of the entity's securities.

The majority of Pacifica's shares are held by Bosch Investment and Lazard Asset Management Pacific Co (Lazard) (76.6% and 13.8% respectively), and as a result, the shares in Pacifica are thinly traded. For example, in the twelve months prior to the announcement of the takeover, the total volume of shares traded in Pacifica was 3% of the issued capital. If the Takeover Offer does not proceed, Pacifica is very likely to need to raise capital before the end of 2009. One option for raising capital would be a rights issue underwritten by the Bosch Group, which would likely result in Bosch Investment increasing its shareholding in Pacifica to the extent that the Non-associated Shareholders do not take up their entitlements. This scenario could result in Pacifica being in breach of ASX Listing Rule 12.4.

In addition, Bosch Investment has stated in the Bidder's Statement that if the Takeover Offer does not proceed, it may request that the Pacifica Board considers whether the continued listing of Pacifica on the ASX remains in the best interests of Pacifica and its shareholders as a whole.

If Pacifica is delisted from the ASX, the liquidity of Pacifica shares will be further reduced.

Taxation issues

Under the Takeover Offer, the Non-associated Shareholders may make a capital loss or a capital gain, depending on whether the consideration under the Takeover Offer is less than or greater than the price at which the shares were originally purchased. Capital gains are subject to capital gains tax (CGT), and capital losses may be used to offset capital gains in the current or future tax period. In certain circumstances, a Non-associated Shareholders may be eligible for a CGT discount on capital gains, however this will depend on the particular circumstances of the Non-associated Shareholder.

We understand that no stamp duty or goods and services tax (GST) will be payable by the Non-associated Shareholders if they accept the Takeover Offer.

The tax consequences of the Takeover Offer may vary depending on the particular circumstances of an individual Non-associated Shareholder. For further details on the tax consequences of the Proposal, refer to Section 6.6 of the Target's Statement.

Additional benefits to the Bosch Group achieving 100% control

If Bosch Investment gains 100% control of Pacifica, the Bosch Group may be able to utilise the tax losses of Pacifica to offset profits from its other operations, which could result in the tax losses of Pacifica being utilised sooner than would otherwise have been the case. Bosh Investment is the only potential purchaser who could realise this potential additional value from the tax losses.

Opinion

In our opinion, the Takeover Offer is fair and reasonable to Non-associated Shareholders. An individual shareholder's decision in relation to the Takeover Offer may be influenced by his or her particular circumstances. If in doubt the shareholder should consult an independent adviser.

This opinion should be read in conjunction with our detailed report which sets out our scope and findings.

Yours faithfully

DELOITTE CORPORATE FINANCE PTY LIMITED

Stephen Reid	**Tapan Parekh**
Director	Director

Contents

Appendices

1 Terms of the Takeover Offer

1.1 Summary

On 16 June 2009, the Bosch Group (being Robert Bosch GmbH and its subsidiaries, excluding Pacifica Group Limited (Pacifica or the Company)), through its wholly owned subsidiary Robert Bosch Investment Nederland B.V. (Bosch Investment or the Bidder) announced a conditional offer to acquire all of the shares in Pacifica that Bosch Investment does not already own (the Takeover Offer). Bosch Investment currently holds approximately 76.6% of the shares in Pacifica. The cash consideration offered by Bosch Investment to holders of Pacifica shares other than Bosch Investment (the Non-associated Shareholders) is $0.23 cash per share.

1.2 The Bosch Group's intentions

If the Takeover Offer is accepted by the Non-associated Shareholders, Pacifica will become a wholly owned subsidiary of Bosch Investment and will subsequently be delisted from the Australian Securities Exchange Limited (ASX).

Bosch Investment has stated that the key rationales for making the Takeover Offer include:

- enabling the Bosch Group to develop a co-ordinated response to the challenging environment currently facing the automotive industry, in which Pacifica and the Bosch Group operate; and
- saving costs incurred in maintaining Pacifica's ASX listing.

In this section we have set out a brief summary of Bosch Investment's intentions both if the Takeover Offer proceeds and if the Takeover Offer does not proceed. More detailed information on the intentions of Bosch Investment is set out in Section 5 of the Bidder's Statement.

1.2.1 Bosch Investment's intentions if the Takeover Offer proceeds

Bosch Investment has indicated that if the Takeover Offer proceeds, it will undertake a detailed review of the operations, assets, strategy, corporate structure and personnel of Pacifica in order to enhance the efficiencies of Pacifica's existing businesses. Assets or businesses identified as part of this review which do not have strategic relevance for the Bosch Group or do not meet the Bosch Group's performance benchmarks, may be divested or closed. In addition, if opportunities are identified as part of this review to centralise corporate head office functions and other functions integral to determining the overall control and strategic direction of Pacifica as a wholly-owned subsidiary of the Bosch Group, some Pacifica employees could potentially be made redundant.

1.2.2 Bosch Investment's intentions if the Takeover Offer does not proceed

Bosch Investment has indicated that if it does not receive sufficient acceptances to allow it to compulsorily acquire the remaining Pacifica shares which it does not already own, then it will return all acceptances and the Takeover Offer will not proceed.

If the Takeover Offer does not proceed, Bosch Investment has indicated that it will request that the board of directors of Pacifica (the Board) undertakes the detailed review discussed in Section 1.2.1 above, and implements the appropriate actions arising out of that review.

Bosch Investment has also indicated that if the Takeover Offer does not proceed, it may:

- review the level of financial support which it will provide to Pacifica in the future
- request that the Board reviews Pacifica's dividend policy
- request that the Board considers whether the continued ASX listing of Pacifica is in the best interests of its shareholders as a whole.

The Bosch Group has noted that the extent to which it will be able to carry out the above intentions if the Takeover Offer does not proceed will be subject to the requirements of the Corporations Act 2001, the Listing Rules (as long as Pacifica remains ASX listed), Pacifica's constitution and the obligations of the Board to act in the best interests of Pacifica and the shareholders of Pacifica as a whole.

1.3 Key conditions of the Takeover Offer

The Takeover Offer is subject to conditions, which are set out in Section 8.6 of the Bidder's Statement and can be summarised as follows:

- a minimum acceptance condition requiring Bosch Investment to, during or at the end of the offer period, have acquired at least 75% (by number) of the Pacifica shares that it has offered to acquire under the Takeover Offer. Bosch Investment has stated that it does not currently intend to waive this condition, but that it reserves the right to do so
- approval by the Foreign Investment Review Board (FIRB). This condition has now been satisfied
- the absence of any regulatory action during the offer period except by ASIC or the Takeovers Panel in exercise of the powers or discretions conferred by the Corporations Act 2001.

2 Scope of the report

2.1 Purpose of the report

Under Section 640 a Target's Statement given in response to a takeover offer must include, or be accompanied by, an independent expert's report if either the bidder's voting power in the target is 30% or more, or the bidder and target have one or more common directors. The independent expert's report is required for the purpose of providing shareholders of the target company with an objective and disinterested view as to whether the offer is fair and reasonable and to provide them with sufficient information to make an effective, informed decision as to whether to accept or reject the offer.

Bosch Investment currently holds 76.6% of the voting power in Pacifica. An independent expert's report is therefore required under Section 640. Mr Burroughs, the Independent Director of Pacifica, has requested Deloitte Corporate Finance to prepare such an independent report (this Report).

This Report is to be included in a Target's Statement to be sent to Non-associated Shareholders and has been prepared for the exclusive purpose of assisting Non-associated Shareholders in their consideration of the Takeover Offer. We are not responsible to you, or anyone else, whether for our negligence or otherwise, if the Report is used by any other person for any other purpose.

2.2 Basis of evaluation

2.2.1 Regulation

In our assessment as to whether the Takeover Offer is fair and reasonable, we have had regard to common market practice and to ASIC Regulatory Guide 111 regarding the content of expert's reports. The Regulatory Guide prescribes standards of best practice in the preparation of independent expert's reports pursuant to Section 640.

ASIC Regulatory Guide 111

This regulatory guide provides guidance in relation to the content of independent expert's reports prepared for transactions under Chapters 5, 6 and 6A of the Corporations Act, in relation to:

- takeover bids
- schemes of arrangement
- compulsory acquisitions or buy-outs
- acquisitions approved by security holders under item 7 of s611
- selective capital reductions
- related party transactions
- transactions with persons in a position of influence
- demergers and demutualisations of financial institutions
- buy-backs.

ASIC Regulatory Guide 111 refers to a 'control transaction' as being the acquisition (or increase) of a controlling stake in a company that could be achieved, for example, by way of a takeover offer, scheme of arrangement, approval of an issue of shares using item 7 of s611, a selective capital reduction or selective buy back under Ch 2J.

In respect of control transactions, under ASIC Regulatory Guide 111 an offer is:

- fair, when the value of the consideration is equal to or greater than the value of the shares subject to the takeover offer. The comparison must be made assuming 100% ownership of the target company (i.e. including a control premium)
- reasonable, if it is fair, or, despite not being fair, after considering other significant factors, shareholders should accept the offer under the takeover offer, in the absence of any higher bids before the close of the offer.

To assess whether the Takeover Offer is fair and reasonable to Non-associated Shareholders, we have adopted the tests of whether the Takeover Offer is either fair and reasonable, not fair but reasonable, or neither fair nor reasonable, as set out in ASIC Regulatory Guide 111.

2.2.2 Fairness

ASIC Regulatory Guide 111 defines an offer as being fair if the value of the offer price is equal to or greater than the value of the securities the subject of the offer. The comparison must be made assuming 100% ownership of the target company.

Accordingly we have assessed whether the Takeover Offer is fair by comparing the Takeover Offer with the value of a Pacifica share. ASIC Regulatory Guide 111 defines an offer in respect of a control transaction as being fair if the value of the offer price is equal to or greater than the value of the securities being the subject of the offer. The comparison must be made assuming 100% ownership of the target company.

The Pacifica shares have been valued at fair market value, which we have defined as the amount at which the shares would be expected to change hands between a knowledgeable willing buyer and a knowledgeable willing seller, neither of whom is under any compulsion to buy or sell. Special purchasers may be willing to pay higher prices to reduce or eliminate competition, to ensure a source of material supply or sales, or to achieve cost savings or other synergies arising on business combinations, which could only be enjoyed by the special purchaser. Our valuation of a Pacifica share has not been premised on the value a special purchaser may ascribe to a Pacifica share.

We have assessed whether the Takeover Offer is fair by comparing the value of a Pacifica share with the value of the consideration to be received from Bosch Investment. We have assessed the value of each Pacifica share by estimating the current value of Pacifica on a control basis and dividing this value by the number of shares on issue.

2.2.3 Reasonableness

ASIC Regulatory Guide 111 considers an offer in respect of a control transaction, to be reasonable if either:

- the offer is fair
- despite not being fair, but considering other significant factors, shareholders should accept the offer in the absence of any higher bid before the close of the offer.

To assess the reasonableness of the Takeover Offer we considered the following significant factors in addition to determining whether the Takeover Offer is fair:

- the existing shareholding of Bosch Investment in Pacifica
- any other significant shareholdings in Pacifica
- the likely market price and liquidity of Pacifica shares in the absence of the Takeover Offer
- carry forward tax losses, cash flows or other benefits available to Bosch Investment upon achieving 100% ownership of Pacifica
- any special value of Pacifica to Bosch Investment
- the value to an alternative bidder and the likelihood of an alternative offer being made
- other implications associated with Non-associated Shareholders rejecting the Takeover Offer.

2.2.4 Individual circumstances

We have evaluated the Takeover Offer for Non-associated Shareholders as a whole and have not considered the effect of the Takeover Offer on the particular circumstances of individual investors. Due to their particular circumstances, individual investors may place a different emphasis on various aspects of the Takeover Offer from the one adopted in this report. Accordingly, individuals may reach different conclusions to ours on whether the Takeover Offer is fair and reasonable. If in doubt investors should consult an independent adviser.

2.3 Limitations and reliance on information

The opinion of Deloitte Corporate Finance is based on economic, market and other conditions prevailing at the date of this Report. Such conditions can change significantly over relatively short periods of time. This Report should be read in conjunction with the declarations outlined in Appendix 4.

We would specifically draw to the attention of Non-associated Shareholders that recent volatility in capital markets and the current economic outlook has created significant uncertainty with respect to the valuation of assets. Recognising these factors, we consider that our opinions may be more susceptible to change than would normally be the case.

This engagement has been conducted in accordance with professional standard APES 225 Valuation Services issued by the Accounting Professional and Ethical Standards Board Limited (APESB).

Our procedures and enquiries do not include verification work nor constitute an audit or a review engagement in accordance with standards issued by the Auditing and Assurance Standards Board.

3 Automotive industry overview

Pacifica operates in the automotive component manufacturing industry, primarily manufacturing motor vehicle brakes.

The automotive component manufacturing industry is engaged in the manufacture of original automotive parts on behalf of motor vehicle manufacturers and replacement parts to be sold in the automotive aftermarket. IBIS World Pty Limited (IBISWorld) estimates that 60% of automotive components are manufactured for motor vehicle manufacturers and 40% of automotive components are manufactured for the aftermarket.

The profitability of automotive component manufacturers is dependent on a number of factors including:

- the performance and outlook of the motor vehicle manufacturing industry
- the state of the aftermarket, which is highly competitive in the United States of America (US) and Australia, due to import penetration
- energy prices, which along with impacting input costs, also significantly impact consumer demand for new vehicles and the replacement of automotive components
- prices, which are influenced by material and equipment costs, and foreign exchange rate movements, which affect import and export prices
- access to the latest efficient technology and techniques, product innovation, research and development
- ensuring effective quality control systems
- the ability to control input costs and/or pass on input cost increases to customers
- securing contracts with automotive vehicle manufacturers and/or aftermarket wholesales and/or retailers
- diversifying the customer base to include international markets
- building successful industrial relations with unions and employees.

The automotive components industry is currently being significantly affected by the reduction in vehicle sales, as a result of the global economic downturn, and by the financial difficulties being faced by automotive manufacturers.

Set out below are observations in relation to the current conditions in the US, Asian and Australian automotive vehicle and components manufacturing industries, being the regions in which Pacifica's products are sold.

3.1 Global automotive industry

The table below shows the historical and projected new passenger vehicle sales by country.

Table 2: Historical and projected new passenger vehicle sales (including light trucks) (thousand units)

	2004	2005	2006	2007	2008	2009F	2010F	2011F	2012F	2013F
US	16,865	16,948	16,504	16,089	13,127	9,962	10,455	11,993	13,761	14,705
Japan	4,768	4,748	4,642	4,400	4,292	3,801	3,858	4,029	4,114	4,202
Germany	3,267	3,319	3,468	3,148	3,079	2,847	2,806	2,866	3,021	3,156
China	2,421	2,941	3,878	4,818	5,197	5,280	5,666	6,496	7,376	8,539
Australia	589	611	601	638	598	499	476	494	519	538
Malaysia	381	417	367	443	497	410	415	429	452	484
Thailand	209	188	196	183	239	172	171	175	185	194

Source: Economist Intelligent Unit (EIU)

Note:

1. Excludes commercial vehicles

The EIU projects new passenger vehicle sales (including light trucks) to increase over the period 2011 to 2013, however sales volumes are not expected to return to the levels achieved in 2006 during the projection period, except in Asia. Sales of new passenger vehicles (including light trucks) in China are expected to double from 2006 to 2013.

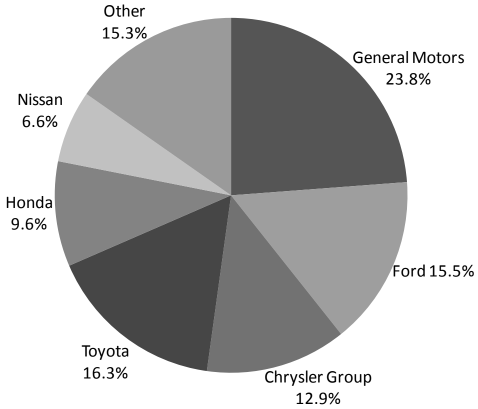
The rise in petrol prices in recent years has affected consumers' preferences, causing them to shift to more fuel efficient vehicles. This trend is likely to continue in the future.

3.2 US automotive industry

The US has the largest automotive market in the world, accounting for approximately 33% of global automotive sales. There are currently 12 major manufacturers producing vehicles in the US.

The figure below shows the market share of the major global vehicle manufacturers in the US.

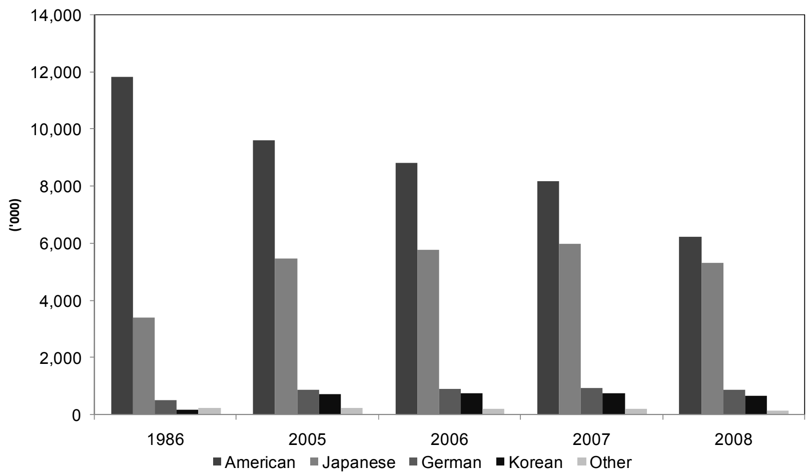
Figure 1: Market share in the US in 2007



Source: Edmunds Auto Observer

The following figure shows historical passenger vehicle sales in the US, broken down by country of manufacture.

Figure 2: Historical new passenger vehicle sales in the US (including light trucks)



Source: US Department of Commerce

Some vehicles manufactured in the US are exported to overseas markets. The main importers of US made vehicles are Canada and Mexico, which import 38.8% and 12.6%, respectively, of total US exports.

We make the following comments in relation to the outlook for the US automotive industry:

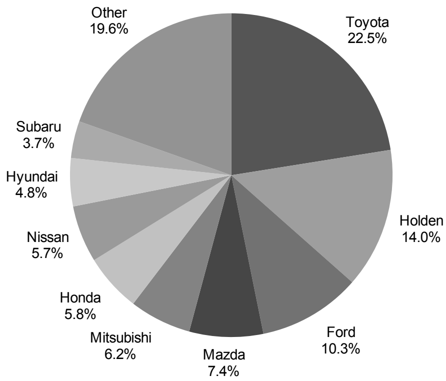
- General Motors (GM), Ford and Chrysler (the 'Big Three' American automotive manufacturers) continue to lose market share to Japanese manufacturers, which are able to produce lower cost and more energy efficient vehicles, in respect of which demand is increasing
- GM, Ford and Chrysler currently have excess capacity and large unfunded pension and healthcare liabilities
- cost cutting plans are expected to be implemented across the vehicle manufacturing industry, including the closure of factories and a further reduction in the number of vehicles produced
- Chrysler recently filed for Chapter 11 of the Bankruptcy Code, which permits reorganisation under the bankruptcy laws of US in June 2009 the Federal Court approved the purchase of a 20% equity interest (on a fully diluted basis) in Chrysler by Italian Fiat Group SpA. The newly formed company plans to cut its workforce by 9% as it restructures
- GM has recently reorganised its operations and emerged from bankruptcy, with agreements in place to sell Saab, Hummer and Saturn and close Pontiac
- the automotive sector is expected to undergo consolidation and reform over the next few years
- highly indebted consumers will be reluctant to replace their existing cars. Continued tightness in the availability of consumer credit is also expected to impact sales of new vehicles. Historically, automotive manufacturers have offered customers low cost financing in an attempt to increase vehicle sales, however access to finance is unlikely to be as readily available in the future
- the US government plans to implement the 'Cash for Clunkers' program by early August 2009. The program aims to replace older cars with more fuel-efficient vehicles in order to address environmental concerns, as well as stimulate new vehicle sales. With a total of US dollar (USD) 4 billion allocated to this program, approximately one million new vehicles are expected to be sold
- the poor outlook for the domestic US market may cause domestic producers to seek to penetrate emerging markets, such as Asia, Latin America and Russia, although the EIU's outlook for these emerging markets in the short to medium term is also poor and it will be difficult for these producers, in the short to medium term, to be competitive on a cost basis with other producers
- in the medium term, global overcapacity and downward pressure on automotive prices will limit the growth of the automotive industry. GM, Ford and Chrysler will be more vulnerable because of their financial difficulties and their historical failure to respond to changing consumer demands. Cost competitiveness will continue to be impeded by high legacy costs from generous healthcare provisions for employees, which do not affect foreign competitors to the same extent, even those producing in the domestic US market
- in spite of the US Government encouraging the automotive sector to become more efficient, the industry is one of the largest employers in the US and therefore faces a uphill challenge in achieving reform without impacting US economic growth.

3.3 Australian automotive industry

The automotive manufacturing industry contributes approximately 1% of Australia's gross domestic product (GDP)[1]. The Federal Chamber of Automotive Industries (FCAI) estimates approximately 400,000 workers were employed in the automotive industry in 2007, with approximately 40,000 being employed by component manufacturers.

The following chart outlines the market share of the Australian automotive vehicle market.

Figure 3: Market share in Australia in 2007



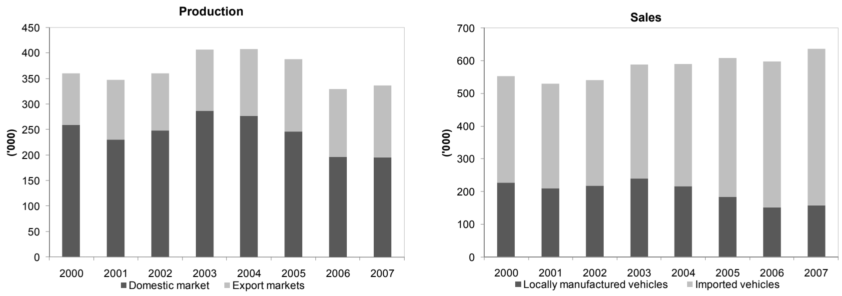
Source: Australian Government, Department of Innovation, Industry, Science and Research

Toyota has the largest share of the Australian vehicle market, followed by Holden and Ford. All three companies have local vehicle production facilities. Mitsubishi ceased production in Australia in March 2008.

[1] EIU

The following figures set out the historical breakdown of passenger vehicles produced in Australia for the domestic and export market, and passenger vehicle sales broken down between locally manufactured and imported vehicles.

Figure 4: Production and sale of passenger vehicles



Source: Australian Government, Department of Foreign Affairs and Trade

Note:

1. Excludes commercial and special utility vehicles

In regards to the above, we note the sale of locally manufactured vehicles has been in decline since 2003.

The major automotive export markets are Saudi Arabia, the United Arab Emirates, Kuwait, Oman, Qatar and Bahrain.

Australia has one of the most open markets in the world, with a tariff of 10% applied to vehicle imports from countries that have no trade agreements with Australia. Imports of vehicles grew by approximately 7.8% annually over the period 2000 to 2007.

3.4 Asian automotive industry

We note the following in relation to the outlook for the Asian automotive industry:

- the success of Japan's automotive industry has largely been driven by exports rather than domestic demand. Production in 2009 is expected to decrease due to significant inventory levels caused by over optimistic expectations of sales in 2008
- Toyota reported its first ever loss for the year ended 31 March 2009. The Chairman of Toyota, Akio Toyoda, has stated that Toyota is not projecting to return to profitability until 2011
- in the long term Japanese car makers are believed to be well positioned to exploit future opportunities in fuel efficient technologies and alternative fuels. Uncertainty over which of the competing lower-emission technologies will succeed forces carmakers to spread research and development investment over many of the available options
- vehicle sales in China are projected to increase from 5 million units in 2008 to 8.5 million units in 2013, reflecting a compound annual growth rate (CAGR) over the period of more than 11%, while vehicle sales in most other countries are not expected to reach 2006 levels before 2013

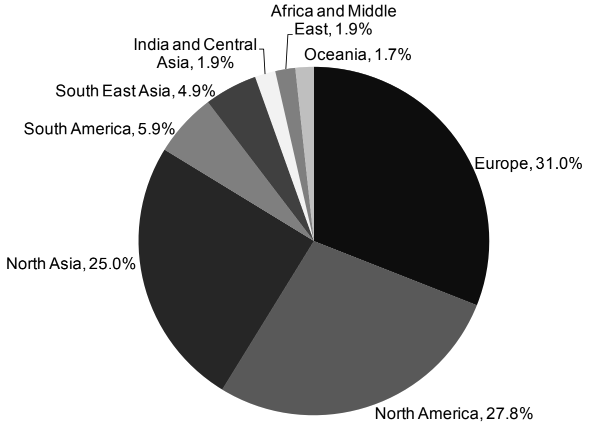
- South Korea is expected to remain a net exporter of vehicles. The EIU forecasts growth in vehicle sales to average 7.7% over the period 2011 to 2013. Among the factors contributing to this growth are demographic trends and the specialisation of Korean manufacturers in making small and inexpensive cars. Commercial vehicle sales should recover over the period 2011 to 2013, in line with an increase in investment and economic activity
- competition from South Korean car parts manufacturers is expected to increase as Hyundai Mobis, South Korea's largest car parts manufacturer, plans to increase its sales to non-Hyundai companies from 10% to 25% of total sales by 2015
- low cost and strong growth prospects are making India more attractive for investment by car manufacturers. Car makers consider India to be an attractive location for research and development activities and vehicle parts manufacturing, rather than for vehicle manufacturing and assembly
- in addition to the above, a number of new car manufacture's are emerging in the domestic Indian market. These manufacturers are creating vehicles that are more energy efficient then current models and more suited to Indian and other emerging markets
- Malaysia is expected to remain dependent on the import of electronic components for vehicles. Local production consists of relatively low value parts, such as body panels, electrical components, drive transmissions, tyres, trim and upholstery
- the increasing trend of investment in more fuel-efficient, environmentally friendly vehicles is likely to increase demand for new components using new technologies in the future.

3.5 Automotive component manufacturing

The automotive components industry is currently being significantly impacted by the reduction in vehicle sales, as a result of the global financial crisis and by the financial difficulties being faced by automotive vehicle manufacturers. For example, the Bosch Group, the largest global automotive parts manufacturer, is expected to make its first loss this financial year since 1945, according to its Chairman, Franz Fehrenbach.

The following figure outlines the percentage of revenue generated by region, for year to date 2009.

Figure 5: Global market share by region, 2009



Source: IBISWorld

As outlined in the figure above, Europe generates the greatest volume of revenue, however no one country in Europe generates revenue greater than the US. The US has the largest number of vehicles in use and the largest production volume of new vehicles. In addition, much of Chinese produced automobile parts are exported to original equipment manufacturers (OEMs) in the US. North Asia is the fastest growing region, with China and South Korea experiencing the highest growth. Revenue generated by the vehicle parts and accessories industry in China has been growing at approximately 28% each year.

The automotive parts industry is highly fragmented, with the top five participants accounting for approximately 11.2% of the global industry revenue. The Bosch Group and Denso Corporation have the largest market share, with approximately 3.0% market share each and Magna International Inc has approximately 2.0% market share[2].

Industry concentration is expected to increase in the next five years due to overcapacity and the high cost structure of market participants.

The profitability of participants in the automotive components industry varies depending on the type of product being manufactured, the labour and technology mix of a component supplier's manufacturing process and the structure and size of the company. In general, parts manufacturers have low profit levels, due to the maturity of the industry, high level of competition and pressure from automotive assemblers for lower priced products[3].

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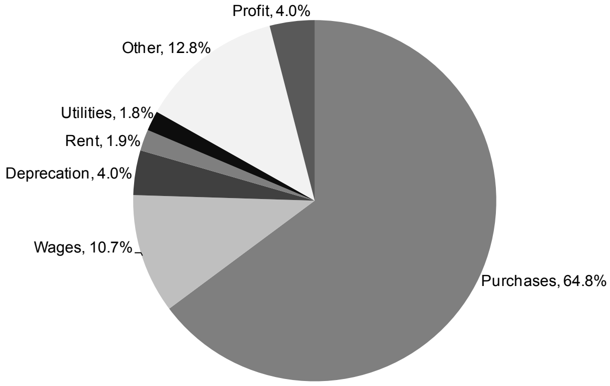
[2] IBISWorld
[3] IBISWorld

The following figure outlines the breakdown of the cost structure of the automotive component industry.

Figure 6: Cost structure of automotive component industry, 2009



Source: IBISWorld

The largest component of a typical company's expenses is purchases, which includes buying raw materials, semi-finished products and completed parts for module assembly. Purchasing costs are expected to decline slightly in 2009 due to the decrease in the price of steel.

3.5.1 Historical and future performance

Over the past five years, the automotive component industry has been affected by a number of factors including increased fuel and metal prices, a series of stringent emission and fuel efficient regulations and a decrease in consumer demand for automotive vehicles.

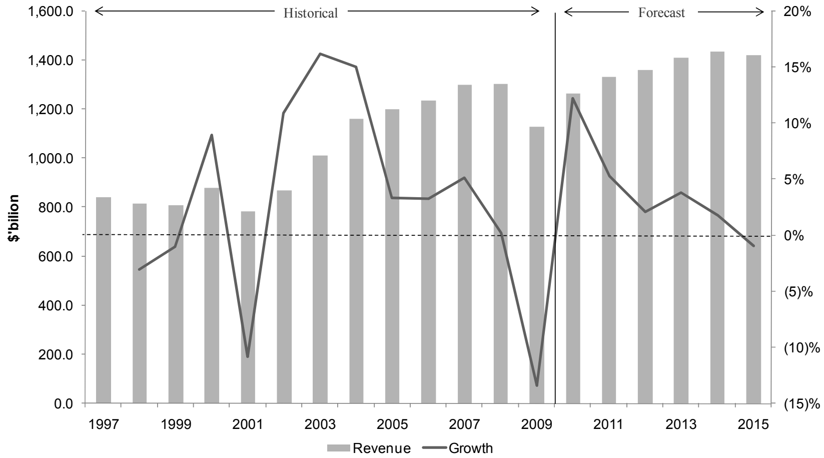
The automotive components manufacturing industry has been growing rapidly in emerging economies such as Brazil, Russia, India and China, whereas it has been contracting in mature economies such as the US, England, Germany and Japan. Over the five years to 2009, industry revenue contracted at a CAGR of 0.6% per annum (p.a.) to $1.13 trillion, implying that growth in the emerging economies has not been sufficient to offset the difficulties experienced in the more mature economies and that, overall, like the vehicles themselves, demand has decreased.

The performance of the vehicle component industry relies heavily on the motor vehicle industry. Negative growth is expected to continue in the short term, with recovery not expected to occur until 2010[4] at the earliest. Demand for new cars is expected to stall and growth in the number of vehicles on the road will continue to slow.

[4] IBISWorld

The following figure shows the historical and future revenue for automotive components producers.

Figure 7: Historical and projected industry revenue



Source: IBIS World

As shown in the figure above, the automotive parts and accessories manufacturing industry has been severely affected by the global slowdown. Negative growth is expected to continue in the short term, however some recovery is expected in 2010. IBISWorld projects an increase in revenue from 2010 to 2014 primarily due to the following:

- growth in China is expected to increase, however in more mature countries such as the US and Japan, growth will be much slower
- motor vehicle production will increase due to pent-up demand during the recession, environmental concerns and the expansion of emerging economies
- support for the automotive industry from many governments, such as the Australian Government's 'A New Car Plan for a Greener Future', which includes the Automotive Transformation Scheme, providing subsidies of $3.4 billion over 2011 to 2020, and the US Government's 'Cash for Clunkers' program
- growing interest by consumers for electric hybrid vehicles, electric vehicles, fuel cell vehicles and vehicles that are able to run on alternative fuels.

This increase in revenue from 2010 may be partially offset by an increase in the price of raw materials. For example, IBISWorld projects the demand for steel to rise once the global economy recovers, which will negatively affect profit margins.

Automotive parts sales to the aftermarket is expected to perform relatively well in the short to medium term. However, the demand for parts in the aftermarket may decrease in the longer term as new vehicles are generally more reliable and hence tend to break down less often than older vehicles.

4 Profile of Pacifica

Pacifica is an international automotive parts manufacturing company, headquartered in Melbourne, Australia. Pacifica commenced operations in 1927 as Patons Brakes Replacements, a small brake repair workshop in Melbourne. In 1948, the company was acquired by Repco and in 1989 became part of a newly listed entity called Pacific BBA Limited.

Pacifica, through its subsidiaries, supplies brake systems to several automotive manufacturers throughout the world.

4.1 Company history

An overview of the company history is provided in Figure 8 below.

Figure 8: Company history

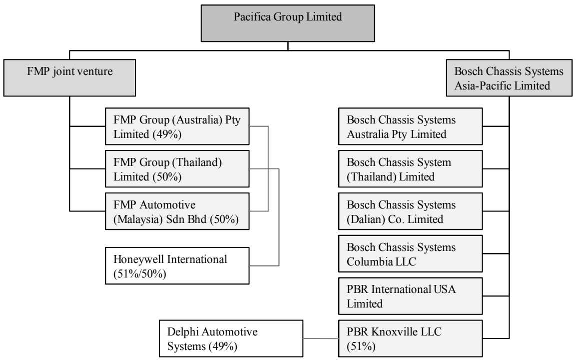
1989	• Pacifica listed on the ASX as a manufacturer of brake and clutch systems and components, industrial plastics and textiles.
1991	• Manufacturing facilities of Pacifica BBA (Malaysia) Sdn Bhd established.
1993	• Banksia park brake launched.
1996	• Awarded GM's GMT800 light truck series brake contract in the US running from 1999 to 2005. • Pacifica announced plans to construct a manufacturing facility in Knoxville, USA.
1997	• Pacifica granted Delphi Automotive Systems (Delphi) an option to acquire 49% of the high-technology brake manufacturing plant in Knoxville.
1998	• Thailand manufacturing facility established. • Knoxville manufacturing facility commissioned.
1999	• Delphi exercised its option to acquire a 49% interest in Pacifica's Knoxville plant.
2000	• Pacifica established manufacturing facility in Columbia, USA.
2001	• Pacifica announced that it will supply foundation brakes systems to Toyota Australia. • Pacifica sold its 51% share in Viscount Plastics to Linpac Group Limited for $44.5 million. • Pacifica entered into an exclusive five year arrangement to supply aluminium brake products to Robert Bosch Corporation.
2002	• Awarded GM's GMT900 light truck series brake contract in the US running from 2006 to 2011. • Pacifica sold the Lionweld Kennedy Group to a management buy out team.
2003	• Pacifica sold the Webforge group of companies to the UK based Delta Plc. • Acquisition of Automotive Products Italia (SV) Srl.
2005	• Pacifica establishes Chinese operations and expands its Thailand operation.
2006	• Pacifica sold the Melwire group of companies to Locker Group Pty Limited for $14.7 million. • Bosch Investment announced takeover offer of Pacifica in October.
2007	• Bosch Investment acquired a 75.47% stake (including shares already owned) in Pacifica in March. • Pacifica announces sale of Automotive Products Italia (SV) Srl to Continental AG.
2008	• Pacifica shuts down the manufacturing facilities of Pacific (Malaysia) Sdn Bhd.
2009	• On 16 June 2009, Bosch Investment announced the takeover of the outstanding shares it does not already own in Pacifica.

Source: Pacifica, ASX

4.2 Group structure

Pacifica also has an interest in the Friction Materials Pacific (FMP) joint venture with Honeywell International (Honeywell), as outlined in the diagram below.

Figure 9: Pacifica simplified group structure



Source: Pacifica

Note:

1. This figure only includes the main operating subsidiaries of Pacifica and excludes many holding and dormant entities.

4.3 Pacifica products overview

Pacifica, through its subsidiaries, designs and manufactures braking systems for OEMs in Australia, North America, Asia and the Middle East and the supply of replacement brake components for the global aftermarket. Pacifica specialises in lightweight and performance braking systems. It currently holds a number of patents, which cover a proportion of their conventional brake products and brake-by-wire technologies. The patents range in expiration, starting at 2010 and finishing in 2021.

Pacifica's global manufacturing base consists of facilities in Australia, Thailand, China and the US as outlined in the table below.

Table 3: Pacifica's operating locations

Operating entity	Facility	Key products/services
Bosch Chassis Systems Australia Pty Limited		
- East Bentleigh	Research and development, global purchasing and production	Concept to production, research and development, lab and vehicle testing, brake calipers, park brakes, disc rotors, master cylinders, brake boosters, brake hoses, casting of components
- Lonsdale	Production facility	Disc rotors
Bosch Chassis Systems (Thailand) Limited	Production facility	Brake calipers, park brakes
Bosch Chassis Systems (Dalian) Co. Limited	Production facility	Brake calipers, park brakes, disc rotor components, casting of components
Bosch Chassis Systems Columbia LLC	Production facility	Brake calipers, park brakes, brake modules
PBR Knoxville LLC	Production facility	Brake calipers

Source: Pacifica

All of Pacifica's factories are currently underutilised, as are many of the factories of other automotive parts manufacturers globally.

In addition to Pacifica's manufacturing operations, it also has head office and global purchasing functions located at East Bentleigh in Australia, and logistical support functions operated through PBR International US Limited in the US.

4.3.1 Key products

The following section outlines the key products sold by Pacifica to OEMs.

Slimline brake calipers

The brake caliper is the assembly which houses the brake pads and pistons. Pacifica pioneered the application of aluminium to disc brake calipers in 1975 as a lightweight replacement to cast iron. The slimline design can be packaged with much larger brake rotors than conventional caliper designs, making it suitable where brake performance and low mass is critical.

The following table outlines the benefits of Pacifica's brake calipers.

Table 4: Benefits of Pacifica's brake calipers

Features	Benefits of aluminium (compared to cast iron) calipers
Unique bridge design	• high body stiffness for lower displacement • facilitates increased rotor diameter
Lightweight constructions	• reduced caliper mass by up to 30% • improved fuel efficiency • reduced unsprung mass for improved vehicle dynamics
Caliper design principle	• high fade resistance delivering consistent braking under extreme conditions • lower operating temperatures • low brakes-off drag
High quality casting	• easy application of colour to improve aesthetics

Source: Pacifica

Pacifica is the world's largest supplier of front aluminium calipers, which are manufactured at Pacifica's facilities in Australia, Dalian in China and at Columbia and Knoxville in the US. Pacifica's Slimline brake calipers have been used in performance vehicles such as Chevrolet Corvette, Ford Mustang Cobra, Holden Special Vehicle models and Ford Performance Vehicle models as well as light truck and sports utility vehicles (SUV) applications such as the Chevrolet Trailblazer and Suburban.

In addition to aluminium brake calipers, Pacifica also manufacturers steel brake calipers at its facilities.

Park brakes

Pacifica developed the Banksia single-shoe drum-in-hat park brake, which replaces the traditional two-shoes with a single-shoe design. The single-shoe design improves hill-holding without a corresponding increase in weight. The following table outlines the key benefits of the Banksia park brake.

Table 5: Benefits of Pacifica's Banksia park brake

Features	Benefits of single-shoe (compared to two-shoe)
Patented single-shoe design	• improved green hill hold performance by up to 200% • elimination of burnishing during vehicle assembly
Lightweight construction	• reduced mass by up to 20% • improved fuel efficiency
Simplified design	• ease of servicing • extended product life – low cost of ownership
Mounting variations	• flexibility in product fitment • suits IRS and beam axle suspensions • suits forward and cross cable pull configurations • suits two-wheel-drive and all-wheel-drive applications

Source: Pacifica

Disc rotors

The disc rotor is a device for slowing or stopping the rotation of a wheel. The disc rotors feature high-carbon, grey iron material, a special anti-coning design and unique ventilation patterns. The following table outlines the key performance benefits of Pacifica's disc rotors.

Table 6: Benefits of Pacifica's disc rotors

Features	Performance benefits
High-carbon, grey iron	• lower noise propensity • higher resistance to cracking
Optimised rotor design	• significantly reduces rotor coning under high temperature
Unique ventilation	• optimal cooling behaviour without increased mass • improved resistance to thermal judder • low transient and permanent deformation
Precise machining tolerances	• extremely low brake shudder • very low levels of lateral run-out

Source: Pacifica

Pacifica's disc brake technology has been adopted by Toyota, Ford and Holden across a range of passenger and SUV vehicles in Australia and by GM in the US for high performance cars. Disc rotors are manufactured at Pacifica's Australian and Chinese facilities.

Performance brakes

Pacifica has developed the following range of performance brakes:

- ***opposed-piston brake caliper*** – primarily used where maximum brake performance is critical and vehicle owners are more likely to participate in car racing events
- ***twin-piston caliper*** – often used for sports vehicles with large, open spoke wheels which demand a combination of high-end performance and aggressive styling
- ***performance disc rotors*** – rotor geometry is tailored to match each model's performance requirements. Performance enhancing feature such as grooves and cross-drilling can be incorporated into the design to significantly improve pad bite and out-gassing.

Other products

Pacifica also supplies actuation products to OEMs in Australia and a variety of brake products to the replacement market, including the following:

- hydraulic brakes
- brake calipers
- disc rotors
- jetstream rotor system
- park brakes

- performance brakes
- ancillary products.

4.3.2 Key customers

Pacifica's key customers globally are the Bosch Group and GM, which contributed 32% and 38% respectively to total sales in 2008. The majority of the products sold to the Bosch Group, are used in vehicles manufactured by GM.

In North America, GM and the Bosch Group accounted for approximately 97% of 2008 sales. In Australia, Pacifica's key customers are Toyota Australia, GM Australia and Ford Australia. In Asia, Pacifica's key customers are GM North America, GM China, the Bosch Group and Mazda.

The following tables sets out Pacifica's products which are used in the vehicles produced by Pacifica's major end customers.

Table 7: Pacifica's major end customers

Region	End customer	Vehicle make	Products
US[1]	GM	Cadillac, Chevrolet, Impala, GMC, Buick Rainier, Saab, Buick Rendezvous	Park brake, park brake shoe and lining, calipers, rotors, corner modules
	Ford	Ford Edge, Lincold MKX	Park brake
	Chrysler	300C	Brake calipers
Australia	Toyota	Camry, Aurion	Calipers, rotors, park brake, knuckles, actuation
	Holden	Commodore, Statesman, Ute, HSV	Calipers, rotors, park brake
	Ford	Falcon, Fairlane, LTD, Ute, FPV, Territory	Calipers, actuation, park brake, rotors
Asia	Kia/Hyundai	Sportage, Tuscon, Grondeur, Sonata	Park brake shoe and lining
	Mazda	MPV	Park brake assembly
	AAT	Ford Courier, Mazda Fighter	Front calipers, actuation
	Proton	Saga, Wira, Persona	Calipers and drum brakes
	Ssang Yong	Rexton, Musson, Korando	Park brake shoe and lining

Source: Pacifica

Note:

1. The majority of sales by Pacifica in the US are to GM for use in its SUVs and trucks.

4.4 FMP

Pacifica has an interest in the FMP joint venture with Honeywell. In the automotive aftermarket segment, FMP sells friction materials for passenger, performance and commercial vehicles predominantly under the Bendix brand name. FMP also supplies original equipment friction products for a number of top selling passenger vehicle platforms sold around the world.

FMP production facilities are located in Australia, Thailand and Malaysia.

4.5 Pacifica's relationship with the Bosch Group

The following is an overview of the relationship between Pacifica and the Bosch Group:

- Pacifica's operations in North America and China report directly to the Bosch Chassis System brakes division of the Bosch Group in these regions
- Pacifica's main operating entities in Australia, China and Thailand have been renamed Bosch Chassis Systems Australia Pty Limited and Bosch Chassis Systems (Thailand) Limited respectively
- all of Pacifica's debt of $211.5 million as at 30 June 2009 is financed by the Bosch Group
- the Bosch Group is a major customer of Pacifica, accounting for 32% of sales in 2008. Pacifica transacts with the Bosch Group on an arm's length basis.

4.6 Competitive position of Pacifica

Table 8 below sets out the strengths, weaknesses, opportunities and threats (SWOT) for Pacifica.

Table 8: SWOT analysis

Strengths	Weaknesses
• high product quality • well known brand image at the top end of the market.	• heavy reliance on the Bosch Group and GM as customers • Pacifica sales focus on large segment vehicles which have experienced negative growth recently • heavy reliance on the Bosch Group to continue providing financial support • very high level of gearing • currently loss-making at both the EBIT and operating profit level • Pacifica is exposed to the majority of the price and volume risk associated with OEM contracts.
Threats	**Opportunities**
• collapse of GM, which is a key customer of Pacifica • continued global economic uncertainty • industrial strikes at operating facilities, causing production delays • exchange rate movements as Pacifica does not hedge its non Australian dollar income.	• restructure operations in order to minimise operating costs • expand sales by tailoring products to capture growth in the small and hybrid electric car market • potential to acquire further operations, increasing market share, subject to obtaining finance from the Bosch Group.

Source: Deloitte Corporate Finance analysis

4.7 Capital structure and shareholders

As at the date of this report Pacifica had 141,544,781 ordinary shares on issue, of which Bosch Investment holds 76.6% and Lazard holds 13.8%.

In addition, Pacifica has 180,000 executive options on issue, which have an exercise price of $4.08 and will expire on 15 June 2010.

4.8 Share price performance

A summary of Pacifica's share price performance over the last two years, is provided in Table 9 below.

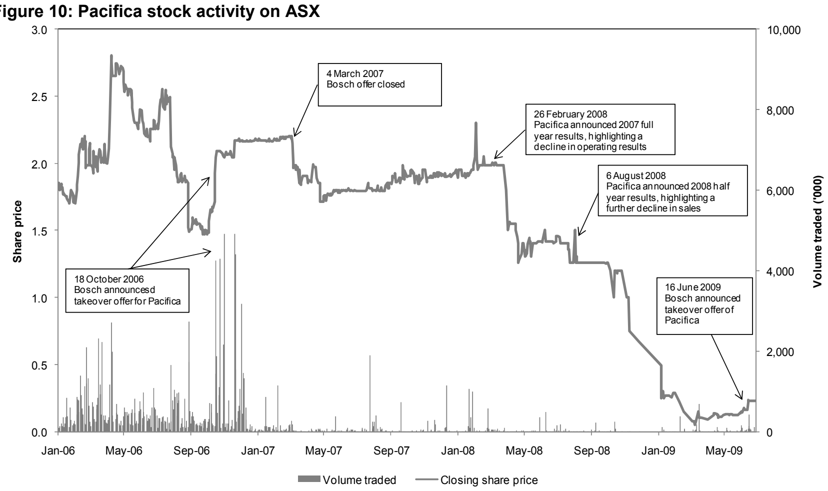
Table 9: Pacifica quarterly share price information

Quarter end date	High ($)	Low ($)	Last Trade ($)	Volume (million)
30/09/07	1.98	1.79	1.95	4.53
31/12/07	1.95	1.85	1.95	2.55
31/03/08	2.30	1.80	1.80	4.13
30/06/08	1.56	1.26	1.42	1.21
30/09/08	1.50	1.25	1.25	0.83
31/12/08	1.26	0.67	0.67	0.01
31/03/09	0.49	0.05	0.10	1.68
30/06/09	0.24	0.09	0.23	1.69

Source: Bloomberg, ASX, Deloitte Corporate Finance analysis

These share price movements and trading volumes since January 2006 are presented in the figure below.

Figure 10: Pacifica stock activity on ASX



Source: Bloomberg, ASX, Deloitte Corporate Finance analysis

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Deloitte: Independent expert's report for Pacifica Group Limited

Bosch Investment's 2006 offer closed in March 2007 at which time Bosch Investment had acquired 75.5% of the ordinary shares in Pacifica. Since then, Pacifica shares have been very illiquid. Over the twelve months to 30 June 2009 the volume of Pacifica shares traded was approximately 2.7% of the Pacifica shares on issue.

4.9 Financial performance

The audited income statement of Pacifica for the years ended 31 December 2007 to 31 December 2008 and the unaudited income statement for the five months ended 31 May 2009 are summarised in the table below.

Table 10: Financial performance

	Year ended 31 Dec 2007 Audited ($'000)	Year ended 31 Dec 2008 Audited ($'000)	Five months ended 31 May 2009 Unaudited ($'000)
Sales of goods	**659,073**	**545,478**	**168,747**
Finance income	3,288	1,142	
Royalty income	422	584	
Revenue from continuing operations	**662,783**	**547,204**	
Cost of sales	(583,490)	(512,142)	
Gross profit/(loss)[1]	**69,293**	**35,062**	
Gross profit margin	*10.5%*	*6.4%*	
Other income	13,073	22,493	
Selling and distribution expenses	(16,445)	(16,398)	
Administration expenses	(24,180)	(18,300)	
Research and development expenses	(16,082)	(18,852)	
Other expenses[2]	(39,594)	(193,758)	
EBITDA[3]	**(13,935)**	**(189,773)**	**(4,547)**
EBITDA margin	*(2.1)%*	*(34.8)%*	*(2.4)%*
Depreciation and amortisation	(52,602)	(51,324)	(11,085)
EBIT[4]	**(66,537)**	**(241,077)**	**(15,632)**
EBIT margin	*(10.1)%*	*(44.2)%*	*(9.0)%*
Finance costs	(15,702)	(5,793)	**(3,968)**
Share of profit/(loss) of associate	(757)	(6,859)	**479**
Profit/(loss) before income tax	**(82,996)**	**(253,729)**	**(19,121)**
Tax (expense)/income	14,324	(15,769)	(1,486)
Profit/(loss) from continuing operations	**(68,672)**	**(269,498)**	**(20,607)**
Profit from discontinued operations	81,741	-	-
Profit/(loss) for the period	**13,069**	**(269,498)**	**(20,607)**
Profit/(loss) for the period attributable to:			
Equity holders of the parent	21,367	(242,013)	(17,607)
Minority interest	(8,298)	(27,485)	(3,000)
	13,069	**(269,498)**	**(20,607)**

Source: Pacifica

Notes:

1. 1. Gross profit before depreciation and amortisation
2. 2. Other expenses includes significant items before tax
3. 3. EBITDA – Earnings before interest, tax, depreciation and amortisation, after significant items
4. 4. EBIT – Earnings before interest and tax, after significant items

We note the following in relation to the financial results presented above:

- sales declined by 17.2% for the year ended 31 December 2008, primarily due to weak global demand for automotive vehicles
- other income consists of government grants and net foreign exchange gains
- the cost of goods decreased from 1 January 2009, due to Pacifica securing a supply contract with a new supplier, replacing Intermet Corporation. Pacifica has been involved in legal proceedings against Intermet Corporation in relation to the pricing of the inputs previously purchased from Intermet Corporation
- other expenses consist of impairment losses, net loss on disposal of property, plant and equipment and rationalisation costs. In 2008 an impairment loss of $167.9 million was recorded in relation to property, plant and equipment
- depreciation and amortisation has proportionally decreased for the period ended 31 May 2009 as a result of the impairment of plant and equipment at 31 December 2008
- share of profit/(loss) of associate relates to Pacifica's 49% interest in FMP Group (Australia) Pty Limited
- profit from discontinued operations relates to Pacifica European Holding Limited, which held 100% of the shares of Automotive Products Italia (SV) Srl. It was sold in August 2007
- Pacifica consolidates the results of FMP Thailand, FMP Malaysia and the operations in Knoxville. Profit/(loss) attributable to minority interest relates to the interest of Honeywell and Delphi in these joint ventures.

The profitability for the period presented in Table 10 above is affected by a number of unusual, non-recurring items. In Table 11 we have removed these items to present a normalised level of EBITDA and EBIT.

Table 11: Adjusted financial performance

	Year ended 31 Dec 2007 ($'000)	Year ended 31 Dec 2008 ($'000)
EBITDA	**(13,935)**	**(189,753)**
Impairment loss on intangibles	-	6,867
Impairment loss on property, plant and equipment	4,215	167,870
Change of control costs	15,222	-
Adjusted EBITDA	**5,502**	**(15,016)**
Depreciation and amortisation	(52,602)	(51,324)
Adjusted EBIT	**(47,100)**	**(66,340)**

Source: Pacifica, Deloitte Corporate Finance analysis

We note the following in relation to the adjusted financial performance presented above:

- the impairment loss on intangibles relates to deferred development costs associated with disc brake production
- the impairment loss on property, plant and equipment relates to disc brake production facilities
- change in control costs relate to costs incurred in relation to Bosch Investment acquiring 75% of Pacifica's issued capital, specifically acceleration of the expensing of the fair value of options and performance rights, success fees and other amounts paid to advisor and retention and other payments made to executives
- rationalisation costs amounting to $17.8 million (pre-tax) were incurred in 2007. These costs were classified in the 2007 annual report as a significant item. Rationalisation costs were also incurred in 2008, totalling $14.8 million (pre-tax). The 2008 annual report notes that the Directors believe that rationalisation costs are part of Pacifica's normal business activities. Accordingly, we have not adjusted for rationalisation costs. For further details in relation to the rationalisation costs, refer to Note 4 of the 2008 Annual Report.

4.9.1 Attributable financial performance

The sales, EBITDA and EBIT presented above are 100% of the results for FMP Thailand, FMP Malaysia and the operations of Knoxville and exclude FMP Australia. Performance relating to Pacifica on an attributable basis is outlined in the following table. In determining the attributable results we have included 51% of Knoxville, 50% of FMP Asia and 49% of FMP Australia.

Table 12: Attributable financial performance

	Year ended 31 Dec 2007 ($'000)	Year ended 31 Dec 2008 ($'000)	Five months ended 31 May 2009 ($'000)
Sales	**578,763**	**496,757**	**149,696**
EBITDA	**27,869**	**(4,222)**	**(5,619)**
EBITDA margin	4.8%	(0.8)%	(3.8)%
EBIT	**(22,392)**	**(53,799)**	**(12,993)**
EBIT margin	(3.9)%	(10.8)%	(8.7)%

Source: Pacifica, Deloitte Corporate Finance analysis

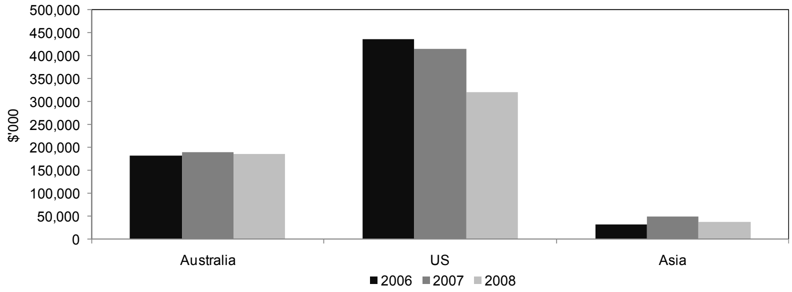
Note:

5. These have not been adjusted for the unusual nonrecurring items in Table 11

4.9.2 Earnings by geography

Pacifica's sales and EBIT (before significant items), by principal business segment, was as follows.

Figure 11: Sales by business segment

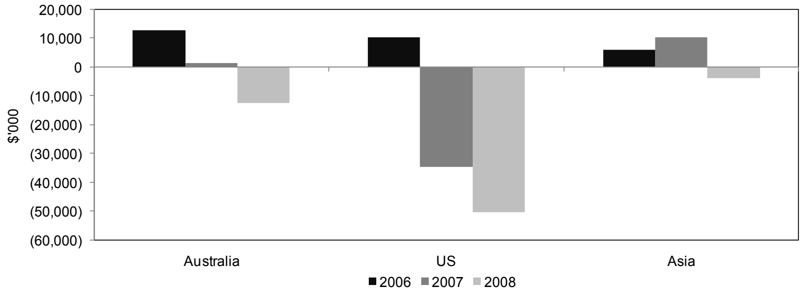


Source: Pacifica

Notes:

1. The manufacturing operations of Pacifica BBA (Malaysia) Sdn Bhd ceased in 2008
2. These figures include 100% of Knoxville and FMP Asia and exclude FMP Australia

Figure 12: EBIT before significant items by business segment



Source: Pacifica

Notes:

1. The manufacturing operations of Pacifica BBA (Malaysia) Sdn Bhd ceased in 2008
2. These figures include 100% of Knoxville and FMP Asia and exclude FMP Australia

We note the following in relation to the segment results presented above:

- Pacifica is exposed to exchange rate movements. We have adjusted the sales and EBIT shown in the figures above to reflect a constant exchange rate based on the average USD to Australian dollar (AUD) exchange in 2008 of 0.84
- the US operations recorded a 23% fall in sales revenue in 2008. This decline was across all platforms and affected both the Knoxville and Columbia plants. Sales revenue fell the strongest in the first half of 2008 when strike activity at American Axle caused significant disruption to truck production at GM and consequently reduced orders from GM to Pacifica
- the Australian operations were significantly affected by weak demand for Australian produced vehicles in the second half of 2008
- the Asian operations experienced a decline in sales of 21% in 2008 in response to the decline in demand from the North American market, the closure of the operations in Malaysia and a rapid deterioration in the Asian economies.

4.10 Financial position

The audited balance sheet of Pacifica as at 31 December 2007 and 31 December 2008 and the unaudited balance sheet as at 31 May 2009 are summarised in the table below.

Table 13: Financial position

	December 2007 audited ($'000)	December 2008 audited ($'000)	May 2009 Unaudited ($'000)
Cash and cash equivalents	72,529	53,187	
Trade and other receivables	95,776	86,044	
Inventories	42,945	53,085	
Current tax assets	866	262	
Total current assets	**212,116**	**192,578**	
Trade and other receivables	10,176	11,648	
Investments accounted for using the equity method	15,853	8,994	
Deferred tax assets	14,305	-	
Property, plant and equipment	338,875	194,101	
Intangible assets	10,201	-	
Total non-current assets	**389,410**	**214,743**	
Trade and other payables	82,252	90,381	
Borrowings	139,300	214,746	
Current tax liabilities	553	425	
Provisions, including employee benefits	27,341	23,544	
Deferred government grants	2,442	1,255	
Total current liabilities	**251,888**	**330,351**	
Borrowings	30	-	
Deferred tax liabilities	412	270	
Provisions, including employee benefits	1,000	319	
Deferred government grants	15,225	14,731	
Total non-current liabilities	**16,667**	**15,320**	
Net assets	**332,971**	**61,650**	**40,866**
Equity attributable to equity holders of the parent entity	286,204	37,357	22,669
Minority interest	46,767	24,293	18,197
Total equity	**332,971**	**61,650**	**40,866**

Source: Pacifica

We note Pacifica's debt as at 31 December 2008 is owed to the Bosch Group. The interest rates on the borrowings range from 2.2% to 8.8%, with a weighted average borrowing rate of 3.4%. This level of gearing is very high, and the interest costs are significantly lower than could be obtained by Pacifica from a third-party lender on commercial terms.

Net assets have fallen over the period outlined in the table above primarily due to the write-down of property, plant and equipment ($171.7 million as at 31 May 2009) and operating losses which have led to an increase in borrowings.

4.11 Future outlook for Pacifica

Pacifica is currently operating in a very difficult market and it is in a difficult financial situation. Pacifica is currently loss-making, and had operating losses in both 2007 and 2008. All of Pacifica's factories are currently underutilised, as are many of the factories of other automotive parts manufacturers globally.

In this difficult industry environment, it is clear that some rationalisation will be required across the automotive parts manufacturing industry. In his address to shareholders on 15 May 2009, Peter Delhey, Executive Chairman of Pacifica, stated that further restructuring of Pacifica's manufacturing footprint may be required, and that depending on the magnitude of the losses incurred by Pacifica over the course of 2009, additional equity funding may be required during 2009, which could result in dilution of the Non-associated Shareholders. He also reaffirmed the statements made by the Board in February 2009 that Pacifica would generate an operating loss for the year ending 31 December 2009, and that restructuring costs would need to be incurred in order to align operations and capacities to what the Board now considers to be permanent changes in Pacifica's key markets, in particular in North America.

If Pacifica is able to restructure its operations then it may be able to return to profitability, and achieve long-term levels of industry returns. However, there will be costs incurred in order to restructure the operations, which may be significant, and the risk remains that it may not be possible to restructure the business in North America on a stand-alone basis to achieve long-term viability.

5 Valuation methodology

5.1 Valuation methodologies

To estimate the fair market value of the shares in Pacifica we have considered common market practice and the valuation methodologies recommended by ASIC Regulatory Guide 111, which deals with the content of independent expert's reports. These are discussed below.

5.1.1 Market based methods

Market based methods estimate a company's fair market value by considering the market price of transactions in its shares or the market value of comparable companies. Market based methods include:

- capitalisation of maintainable earnings
- analysis of a company's recent share trading history
- industry specific methods.

The capitalisation of maintainable earnings method estimates fair market value based on the company's future maintainable earnings and an appropriate earnings multiple. An appropriate earnings multiple is derived from market transactions involving comparable companies. The capitalisation of maintainable earnings method is appropriate where the company's earnings are relatively stable.

The most recent share trading history provides evidence of the fair market value of the shares in a company where they are publicly traded in an informed and liquid market.

Industry specific methods estimate market value using rules of thumb for a particular industry. Generally rules of thumb provide less persuasive evidence of the market value of a company than other valuation methods because they may not account for company specific factors.

5.1.2 Discounted cash flow methods

Discounted cash flow methods estimate market value by discounting a company's future cash flows to a net present value. These methods are appropriate where a projection of future cash flows can be made with a reasonable degree of confidence.

5.1.3 Asset based methods

Asset based methods estimate the market value of a company's shares based on the realisable value of its identifiable net assets. Asset based methods include:

- orderly realisation of assets method
- liquidation of assets method
- net assets on a going concern basis.

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the company may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis method estimates the market values of the net assets of a company but does not take account of realisation costs.

These asset based methods ignore the possibility that the company's value could exceed the realisable value of its assets as they ignore the value of intangible assets such as customer lists, management, supply arrangements and goodwill. Asset based methods are appropriate when companies are not profitable, a significant proportion of a company's assets are liquid, or for asset holding companies.

5.2 Selection of valuation methodologies

Pacifica is currently in a difficult financial position. It is currently loss-making, and had operating losses in both 2007 and 2008. It operates within the automotive industry, which is currently being significantly affected by the reduction in vehicle sales, as a result of the global economic downturn and financial difficulties facing automotive manufacturers.

Pacifica's largest customer is GM in the US, which it supplies directly and through the Bosch Group. GM has recently reorganised its operations and emerged from bankruptcy, with agreements in place to sell Saab, Hummer and Saturn and close down Pontiac. Pacifica's US operations largely supply parts to GM for use in trucks and SUVs, volumes of which have been affected more than volumes for passenger cars. One of Pacifica's two factories in the US, Knoxville, is operated as a joint venture with Delphi. Delphi is currently operating under Chapter 11 of the Bankruptcy Code.

In addition to the US market, Pacifica also manufactures parts in Australia, Thailand and China. The Australian factories supply the three automotive vehicle manufacturers in Australia, which are facing similar pressures as the US automotive vehicle manufacturers. The majority of the products manufactured in Thailand and China are exported into the US market to fulfil US contracts. The Chinese operations are yet to generate a profit since operations began in 2005. Efforts have been made in recent years to secure local Chinese contracts, and the Company has experienced some success on this front, albeit for relatively small volumes.

All of Pacifica's factories are currently underutilised, as are many of the factories of other automotive parts manufacturers globally.

Determining a fair market value for Pacifica in this environment is very challenging. In general, we would consider the most appropriate methodology to value an automotive parts manufacturer to be the capitalisation of maintainable earnings methodology, for the following reasons:

- such manufacturers would ordinarily have shown a consistent pattern of historical earnings which could be expected to continue in the future
- there are an adequate number of publicly listed automotive parts manufacturers to provide meaningful analysis on the multiples at which such companies are valued by the market
- automotive parts manufacturers do not have a finite lifespan and in general are not required to undertake significant capital expenditure in order to continue operations.

However, given the discussion above, it is currently not possible to apply the capitalisation of maintainable earnings methodology to value Pacifica for the following reasons:

- Pacifica incurred operating losses in 2007 and 2008, and based on performance to date, will incur operating losses in 2009. It is not expected to reach a break-even level of profitability (at the EBITDA level) until at least 2010. Accordingly, capitalising the historical (2008) or current (2009) earnings of Pacifica would result in a negative value for Pacifica
- the Company is very likely to require additional capital (from existing shareholders or other investors) over the course of 2009 in order to continue to meet its debts as and when they fall due, and to fund the ongoing restructuring of its business which is necessary in order to generate stable margins.

These factors cannot be adequately taken into account using the capitalisation of maintainable earnings methodology.

Having regard to the above factors, we have valued Pacifica using a discounted cash flow analysis based on high-level assumptions under a range of scenarios under which Pacifica is assumed to return to profitability. We consider this to be an appropriate methodology to value Pacifica, for the following reasons:

- the discounted cash flow analysis takes account of the operating losses and restructuring losses which will be incurred up to the time that Pacifica begins to generate positive earnings
- the discount rate at which the cash flows are discounted to a present value takes into account the significant risks involved in restructuring the business to return to profitability
- there is an adequate number of publicly listed companies with operations sufficiently similar to those of Pacifica to provide meaningful analysis on long-term industry margins, and there are industry-wide forecasts available which provide a basis for projecting when Pacifica may begin to generate positive earnings. While it is difficult to forecast future cash flows, we consider it reasonable to assume that in the longer term Pacifica will exit unprofitable businesses and continue to operate its remaining businesses at margins in line with the margins the industry has historically achieved over the long term (these margins being a reflection of a reasonable rate of return on assets).

As such, our discounted cash flow analysis takes into account the risk involved in restructuring the business and the level of earnings and growth which could be achieved by the business in the long term.

We have calculated the terminal value under our discounted cash flow analysis by capitalising the earnings generated once the business is assumed to have returned to a stable level of earnings, with reference to the earnings multiples of comparable listed companies.

In addition, we have also considered the net assets of Pacifica on a going concern basis and share trading in Pacifica prior to the Takeover Offer being announced to provide additional evidence of the fair market value of shares in Pacifica.

6 Valuation of Pacifica

6.1 Valuation of Pacifica

Deloitte Corporate Finance has estimated the fair market value of a Pacifica share before the Takeover Offer to be in the range of nil to $0.19.

For the purpose of our opinion fair market value is defined as the amount at which the shares would be expected to change hands between a knowledgeable willing buyer and a knowledgeable willing seller, neither being under a compulsion to buy or sell. We have not considered special value in this assessment.

In determining this amount, we estimated the fair market value of Pacifica before the Takeover Offer using a discounted cash flow analysis based on high-level assumptions under a range of scenarios under which Pacifica will return to profitability.

To provide additional evidence as to the fair market value of a Pacifica share we have also considered:

- the net assets of Pacifica on a going concern basis
- an analysis of recent trading in Pacifica shares.

These are discussed in Sections 6.2 to 6.4 respectively.

6.2 The discounted cash flow method

We have valued Pacifica using a discounted cash flow analysis based on high-level assumptions under a range of scenarios under which Pacifica will return to profitability. This analysis estimates market value by discounting a company's future cash flows to their net present value, and requires the determination of the following:

- future cash flows – we have derived future cash flows based on a range of revenue and earnings which may be achievable over the period 2009 to 2012, assuming that in the long term Pacifica will be successful in restructuring its operations in order to return to profitability
- an appropriate discount rate to be applied to the cash flows – we have estimated the discount rate based on rates of return required by investors in companies which are seeking to turn around their operations to once again achieve profitability
- an estimate of the terminal value – we have estimated the terminal value based on what the value of the business may be in 2012, if Pacifica is able to restructure its operations to return to profitability. We have calculated the value of the business in 2012 by capitalising the EBITDA forecast for 2012 by an appropriate EBITDA multiple
- the value of any surplus assets
- the level of net debt outstanding.

Our considerations on each of these factors are presented below.

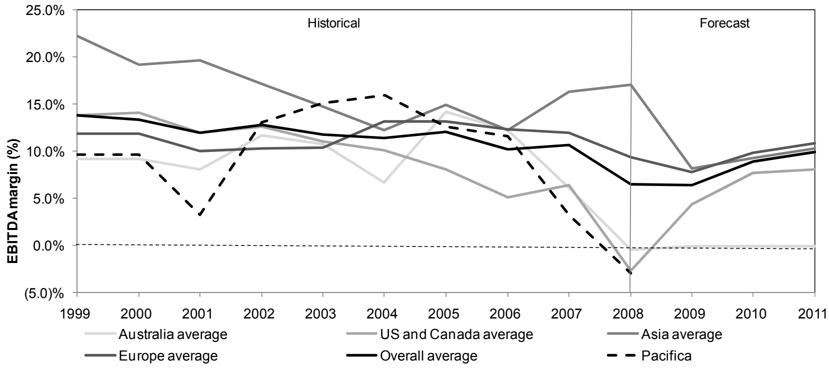
6.2.1 Future cash flows

We have based our analysis on the assumption that in the long term Pacifica will be successful in restructuring its operations in order to return to profitability, through exiting unprofitable businesses and operating its remaining businesses at margins in line with the margins the industry has historically achieved over the long term (these margins being a reflection of a reasonable rate of return on assets).

Our cash flow forecasts assume the following:

- revenue will increase at a constant rate from 2009 to 2012
- Pacifica will continue to incur losses for the remainder of 2009 in line with the losses incurred for the five months ended 31 May 2009
- the business will generate a break even EBITDA in 2010
- the margins achieved by Pacifica in 2011 will be half those projected to be achieved in 2012
- in 2012, the business will reach a stable level of revenue and earnings. In order to determine the margins which may be achievable by Pacifica in the long term, we have considered the long-term margins of publicly listed companies with operations sufficiently similar to those of Pacifica
- we have considered a range of revenue attributable to Pacifica to be reached in 2012, from $425 million to $525 million. These levels of revenue imply a CAGR over the period 2009 to 2012 in the range of 5.8% to 13.5%. We note over the same period IBISWorld projects a CAGR of 6.4% for the global automotive parts industry
- we have considered a range of EBITDA margins to be generated in 2012 from 10.0% to 14.0%. This is consistent with the historical average EBITDA margins for comparable companies from 1999 to 2007 which are in the range of 10% to 14%. The following figure outlines the historical and forecast EBITDA margins of the comparable companies and Pacifica.

Figure 13: Historical and forecast EBITDA margins



Source: Pacifica, Bloomberg, Deloitte Corporate Finance analysis

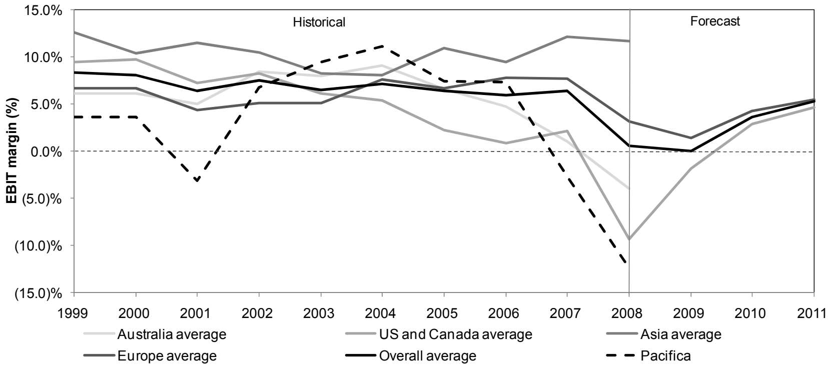
Note:

1. The historical and forecast EBITDA margins, achieved by the comparable companies, are outlined in Appendix 2

As noted above, we have assumed that the EBITDA margin achieved in 2011 will be half that achieved in 2012. The range of EBITDA margins adopted for 2011 of 5.0% to 7.0% is not inconsistent with the average forecast EBITDA margins projected for the comparable companies for 2011 of approximately 10%, considering that we have assumed that Pacifica will be coming out of a restructuring phase in 2011

- we have considered a range of EBIT margins to be generated in 2012 from 4.0% to 8.0%. This is consistent with the historical average EBIT margins for the comparable companies from 1999 to 2007, which are in the range of 6% to 8%. The following figure outlines the historical and forecast EBIT margins of the comparable companies and Pacifica.

Figure 14: Historical and forecast EBIT margins



Source: Pacifica, Bloomberg, Deloitte Corporate Finance analysis

Note:

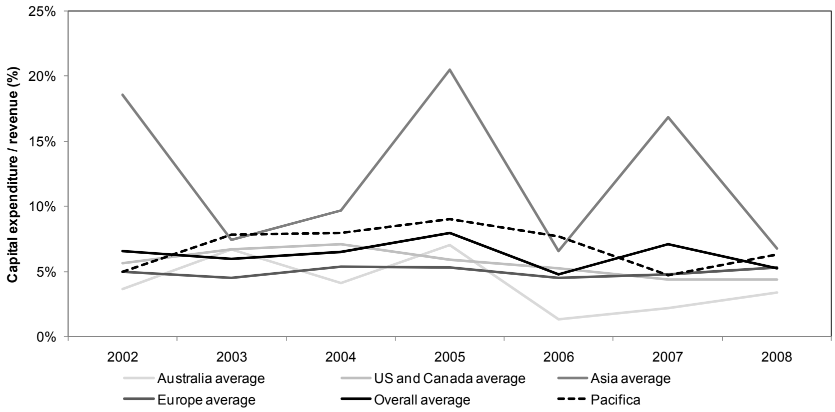
1. The historical and forecast EBIT margins, achieved by the comparable companies, are outlined in Appendix 2

As noted above, we have assumed that the EBIT margin achieved in 2011 will be half that achieved in 2012. The range of EBIT margins considered for 2011 of 2.0% to 4.0% is not inconsistent with the forecast EBIT margins projected for the comparable companies for 2011 of approximately 5%, considering that we have assumed that Pacifica will be coming out of a restructuring phase in 2011

- capital expenditure from 2009 onwards will be equal to depreciation and amortisation, which we have calculated based on the difference between EBITDA and EBIT. This results in a capital expenditure assumption of 6% of revenue, equating to approximately $30.0 million in 2012 using the midpoint of our revenue assumptions. This is broadly consistent with the capital expenditure incurred by Pacifica in 2007 and 2008. We note that prior to 2007 Pacifica's annual capital expenditure was significantly higher than this.

The following chart shows historical capital expenditure as a percentage of revenue for the comparable companies and Pacifica.

Figure 15: Historical capital expenditure to revenue



Source: Pacifica, Bloomberg, Deloitte Corporate Finance analysis

The assumed level of capital expenditure as a percentage of revenue is consistent with the historical levels of capital expenditure of the comparable companies (excluding those located in Asia)

- working capital will increase from 2010 onwards in line with historical working capital balances for Pacifica
- tax will be payable at a tax rate of 30.0%. The recent effective tax rate of Pacifica has been distorted by the negative earnings of Pacifica. The average effective tax rate over the period 2002 to 2005 was 27%. During this period, the majority of the tax was payable in the US and Australia, which have corporate tax rates of 35% and 30%, respectively. In addition, revenues from China may increase in the future, implying a slightly higher effective tax rate, as China's corporate tax rate is 35%. Tax losses have been valued separately as a surplus asset (refer to Section 6.2.5)
- we have forecast cash flows in AUD, on the assumption that expected future inflation differentials between Australia and the other countries in which Pacifica operates will be offset by exchange rate movements.

We have discussed the range of assumptions we have considered and the basis for the forecast cash flows in our discounted cash flow analysis with management of Pacifica. Management have agreed that, based on current circumstances and information, the range of assumptions represent a reasonable range of possible outcomes for the business over the period 2009 to 2012. In addition, the range of assumptions is not inconsistent with budget Pacifica has prepared for internal management purposes over this period.

The projections relate to the future, they may be affected by unforeseen events and they depend, in part, on the effectiveness of management's actions in implementing the projections. Accordingly, actual results are likely to be different from those projected because events and circumstances frequently do not occur as expected, and those differences may be material.

6.2.2 Discount rate

Pacifica has seen its profitability decline significantly over recent years, and is seeking to restructure its operations to return to profitability. Its earnings have been significantly affected by the recent downturn in the automobile industry and its high exposure to trucks and SUVs, which are currently experiencing weaker demand than passenger vehicles. In addition, Pacifica has a high exposure to GM in North America.

The risks involved with turning around a business which is in a state of decline are in some ways similar to those of an early-stage company, and investors in a company which is undergoing such a restructure in its operations would require higher rates of return than investors in stable companies which are generating positive earnings. Venture capitalists are a common source of equity capital for both early-stage companies and those seeking to expand or restructure their operations.

The Australian Venture Capital Guide provides the following indicative guidelines for their required rate of return.

Table 14: Venture capital required rates of return

Methodology	Required rate of return
Starting a new business	30.0% to 40.0%
Expanding a business, MBOs or MBIs	20.0% to 30.0%

Source: Australian Venture Capital Guide 2006

These rates of return are significantly higher than those required for mature listed stable companies. The reason that the discount rate required for an early stage company is different to that required for a mature stable company is because the relationship between business risks, finance risks and the cost of equity changes as a company grows and becomes profitable. The relationship between business risk, finance risk and cost of equity for a start-up company is illustrated in the following figure.

Figure 16: Business risks, finance risks and cost of equity

Phase	Funding requirements	Business risk	Finance risk	Cost of equity
Pre-build	Low/Zero	High	High (but low debt)	High
Build	Peak		High	High
Consolidation				Medium
Stabilise	Low	Low	Low	Low

Source: Adapted from The Valuation of Businesses, Shares and Other Equity, 3rd edition, W Lonergan

Equally, for a company which is in decline and seeking to turn its operations around to once again achieve profitability, business risk and finance risk are high, and accordingly the cost of equity is much higher than for a mature company with stable earnings.

In addition, we note that Pacifica may require further equity funding during 2009.

Based on the above, we consider a discount rate of 25.0% to be an appropriate discount rate to apply to the future ungeared cash flows of Pacifica, to account for the significant risks involved in restructuring the operations of Pacifica in order to achieve a stable level of earnings.

6.2.3 Terminal value

The terminal value estimates the value of the ongoing cash flows after the forecast period. We have estimated the terminal value by capitalising the earnings generated in 2012, once the business is assumed to have returned to a stable level of earnings, by an appropriate earnings multiple.

We have selected EBITDA as an appropriate measure of earnings for Pacifica because earnings multiples based on EBITDA are less sensitive to different financing structures, depreciation and amortisation accounting policies and effective tax rates than multiples based on EBIT or net profit after tax.

In selecting an appropriate EBITDA multiple for Pacifica we have considered:

- earnings multiples derived from share market price of comparable listed companies
- prices achieved in mergers and acquisitions of comparable companies.

Market trading multiples

The share market valuation of listed companies provides evidence of an appropriate earnings multiple for Pacifica. The share price of a listed company represents the market value of a minority interest in that company.

We have compiled share market trading multiples for companies comparable to Pacifica. These companies, together with their earnings multiples, are set out in Appendix 2.

General comments regarding the multiples, together with the historical growth, margins and operations of the above companies, are listed below:

- enterprise values were calculated by summing the total of the net borrowings at each company's most recent reporting date and the market capitalisation at 24 June 2009. Earnings were taken from the last annual report
- during the historical and forecast period there are a number of companies with negative trading multiples. These multiples have been excluded from our analysis
- many of the comparable companies are considerably larger than Pacifica. In addition, many of the above companies manufacture a variety of automobile parts, whereas Pacifica focuses mainly on brake parts. Accordingly, these companies face a number of different opportunities and risks compared to Pacifica
- the automotive industry has been affected by the economic downturn, which has led to a significant fall in earnings for automotive component manufacturers and car manufacturers
- in Appendix 2 we have set out the historical EBITDA margins for the comparable companies from 1999 to 2008 and the forecast margins for 2009 to 2011. A decline

in margins is forecast for 2009, as a result of the difficulties which the industry currently faces, however margins are forecast to increase in 2010 and 2011

- the current and forecast multiples presented in Appendix 2 are based on 2009 and 2010 earnings, whereas the terminal value cash flows are based on forecast 2012 earnings. The industry is currently operating in a very difficult environment, however the forecast margins for the comparable companies set out in Appendix 2 suggest that the market expects conditions to recover over the period 2010 to 2011. This is consistent with the margins we have assumed that Pacifica may be able to achieve over the period 2010 to 2011.

  If the industry is able to recover as expected over the period 2010 to 2011, we would expect multiples calculated in 2012 based on then current (2012) earnings to be lower than the multiples we have set out in Appendix 2 based on current (2009) earnings
- the auto manufacturing industry has been in decline for a number of years and is forecast to grow modestly overall. Growth in Asia is expected to be higher than in other regions. We therefore consider the comparable companies focused on the Australian, North America and European markets to be the most comparable in terms of operations to Pacifica
- the average EBITDA multiple for the comparable companies (excluding Asia) over the period 1999 to 2006 was 5.6 times, calculated based on enterprise values and EBITDA in each year from 1999 to 2006
- we consider Akebono Brake Industry Co Limited (Akebono), Brembo SpA (Brembo), Automotive Components Europe SA (Automotive Components) and TRW Automotive Holdings Corp (TRW) to be the most comparable to Pacifica in terms of operations. Akebono, Brembo and TRW are much larger than Pacifica in terms of enterprise value, whereas Automotive Components is slightly smaller. The average EBITDA multiple for these companies over the period 1999 to 2006 was 6.3 times, calculated based on enterprise values and EBITDA in each year from 1999 to 2006.

Merger and acquisition multiples

The price achieved in mergers or acquisitions of comparable companies provides evidence of an appropriate earnings multiple for Pacifica. The acquisition price of a company represents the market value of a controlling interest in that company. The difference between the market value of a controlling interest and a minority interest is referred to as the premium for control.

We have compiled merger and acquisition multiples for companies comparable to Pacifica. These companies, together with their earnings multiples and specific details regarding the transactions, are summarised in Appendix 3. The median historical EBITDA multiple for these transactions was 6.8 times.

We note the comparable transactions outlined in Appendix 3 occurred when market conditions were considerably different from today. Therefore, we do not consider the multiples implied by the transactions to be directly comparable to this transaction.

Selected multiples

In selecting an appropriate control multiple to apply to Pacifica's maintainable EBITDA in 2012, we have considered the following:

- many of the above companies are considerably larger than Pacifica. In general, larger companies have higher earnings multiples than smaller companies
- the average EBITDA multiple for the comparable companies (excluding Asia) over the period 1999 to 2006 was 6.1 times, calculated based on enterprise values and EBITDA in each year from 1999 to 2006
- we consider Akebono, Brembo, Automotive Components and TRW to be the most comparable to Pacifica in terms of operations. Akebono, Brembo and TRW are much larger than Pacifica in terms of enterprise value, whereas Automotive Components is slightly smaller. The average EBITDA multiple for these companies over the period 1999 to 2006 was 6.3 times, calculated based on enterprise values and EBITDA in each year from 1999 to 2006.
- the median historical EBITDA multiple for the transactions was 6.8 times.

As a result of these factors, we consider an EBITDA multiple on a control basis of 6.0 times to be appropriate to apply to the EBITDA of Pacifica in 2012.

6.2.4 Valuation: discounted cash flow method

The current financial position of Pacifica and the impact of the global economic downturn on the automotive parts industry mean that it is difficult to project the future cash flows of Pacifica with a high level of certainty. To gain an understanding of the sensitivity of Pacifica's value to the underlying assumptions, we have considered the following assumptions:

- a range of EBITDA margins being achieved in 2012 from 10.0% to 14.0%, with the 2011 EBITDA margin being half of the 2012 EBITDA margin
- a range of revenue levels in 2012, from $425.0 million to $525.0 million, with revenue assumed to increase linearly from 2009 to 2012.

The following table sets out a range of enterprise values for Pacifica based on the above assumptions.

Table 15: Enterprise value of Pacifica – EBITDA margins sensitivity ($'000)

Revenue	425,000	450,000	475,000	500,000	525,000
Implied CAGR 2009-2012	**5.8%**	**7.8%**	**9.8%**	**11.6%**	**13.5%**
EBITDA margin					
10.0%	89,628	95,321	101,015	106,708	112,402
11.0%	104,709	111,274	117,840	124,405	130,971
12.0%	119,790	127,227	134,665	142,102	149,540
13.0%	134,870	143,180	151,490	159,799	168,109
14.0%	149,951	159,133	168,315	177,496	186,678

Source: Deloitte Corporate Finance analysis

As illustrated in the table above, the enterprise value of Pacifica varies significantly depending on the assumed revenue level and EBITDA margin achievable from 2012 onwards.

The following table sets out the sensitivity of the enterprise value to a change in discount rate.

Table 16: Enterprise value of Pacifica – discount rate sensitivity ($'000)

Revenue	425,000	450,000	475,000	500,000	525,000
20.0%	139,373	147,903	156,433	164,963	173,493
22.5%	129,168	137,128	145,089	153,050	161,011
25.0%	119,790	127,227	134,665	142,102	149,540
27.5%	111,158	118,114	125,070	132,026	138,982
30.0%	103,202	109,714	116,225	122,737	129,249

Source: Deloitte Corporate Finance analysis

Note:

1. Based on the midpoint of our selected range of EBITDA margins, of 12.0%

The following table sets out the sensitivity of the enterprise value to a change in the EBITDA margin.

Table 17: Enterprise value of Pacifica – EBITDA multiple sensitivity ($'000)

Revenue	425,000	450,000	475,000	500,000	525,000
5.50 times	106,734	113,403	120,073	126,742	133,412
5.75 times	113,262	120,315	127,369	134,422	141,476
6.00 times	119,790	127,227	134,665	142,102	149,540
6.25 times	126,318	134,139	141,961	149,782	157,604
6.50 times	132,846	141,051	149,257	157,462	165,668

Source: Deloitte Corporate Finance analysis

Note:

1. Based on the midpoint of our selected range of EBITDA margins, of 12.0%

Based on the above analysis, we consider the enterprise value of Pacifica is likely to be in the range of $125.0 million to $150.0 million.

6.2.5 Surplus assets

Pacifica has the following assets that do not contribute to its forecast cash flows. Accordingly, they have been treated as surplus assets and have been valued separately.

Table 18: Surplus assets

	Low value ($'000)	High value ($'000)
Land and buildings	20,000	25,000
Tax losses	12,500	12,500
Total	**32,500**	**37,500**

Source: Deloitte Corporate Finance analysis

Land and buildings

Based on discussions with management, we understand that all of the manufacturing facilities are currently underutilised to some extent. In particular, approximately 50% of the facility at the East Bentleigh site is currently not utilised and the volumes currently being produced in the two North American facilities could potentially be produced from one facility. After taking into account costs which may need to be incurred to realise any value from the currently underutilised sites, we consider $20 million to $25 million to be a reasonable estimate of the value of which could be realised for the surplus land and buildings of Pacifica.

Tax losses

Pacifica currently has approximately $150 million in unused revenue tax losses as at 31 December 2008, of which approximately 70% are from its US operations and 30% from its Australian operations. In addition, Pacifica is forecast to make a loss for the year ended 31 December 2009, which would result in further revenue tax losses.

We have included tax losses at a value of $12.5 million, based on the net present value of the tax losses, based on the assumptions underpinning our discounted cash flow analysis.

6.2.6 Net debt

Pacifica's attributable net debt at 30 June 2009 was as follows:

Table 19: Net debt

	($'000)
Interest bearing liabilities	211,490.8
Cash	(50,468.6)
Net debt	**161,022.2**

Source: Deloitte Corporate Finance analysis

6.2.7 Summary valuation

The equity value of Pacifica is summarised below.

Table 20: Summary – discounted cash flow method

	Section	Low value ($'000)	High value ($'000)
Enterprise value	6.2.4	125,000	150,000
Surplus assets	6.2.6	32,500	37,500
Attributable net debt	6.2.6	(161,022)	(161,022)
Equity value (on a control basis)		**nil**	**26,478**
Number of shares on issue before Takeover Offer (million)	4.7	141.5	141.5
Equity value (on a control basis) per share		**nil**	**$0.19**

Source: Deloitte Corporate Finance analysis

Note:

1. We have not adjusted the number of shares outstanding of 141,544,781 to take account of the dilutive effect of the 180,000 options outstanding. This is because the options outstanding have an exercise price of $4.08 per option, and are therefore significantly out-of-the-money

Based on the above, the equity value of a Pacifica share is approximately nil to $0.19 per share. Given the significant uncertainty regarding the future outlook for Pacifica, in particular, Pacifica's ability to restructure its operations and return to profitability over the next two to three years, and the future outlook for the segments of the automotive market which Pacifica supplies, our enterprise value range is approximately 20%. However, given the high level of gearing of Pacifica, this enterprise value range, results in a very wide range for the equity value of Pacifica, once the debt of Pacifica is taken into account. We consider this outcome to be reasonable in this circumstance.

6.3 Net assets on a going concern basis

We have also considered the net asset position of Pacifica, on a going concern basis.

Pacifica made a loss (attributable to equity holders) of $17.6 million over the five months ended 31 May 2009, and has announced that it will also make a loss for the year ended 31 December 2009. In the following table we set out Pacifica's net asset position (attributable to equity holders) as at 31 December 2008, the losses incurred over the five months ended 31 May 2009, and the possible net asset position of Pacifica as at 31 December 2009, assuming that the losses incurred over the five months ended 31 May 2009 are indicative of the losses which will be incurred for the year ending 31 December 2009.

Table 21: Net asset position (attributable to equity holders) of Pacifica

	$ millions
Net asset position (attributable to equity holders) as at 31 May 2009[1]	22.7
Estimated net asset value per share as at 31 May 2009	*$0.16*
Estimated losses (attributable to equity holders) for the seven months ending 31 December 2009 [2]	(24.6)
Estimated net asset position as at 31 December 2009	**nil**
Estimated net asset value per share as at 31 December 2009	*nil*

Source: Deloitte Corporate Finance analysis

Notes:

1. We have not made any adjustments to the net assets because we consider overall book value to be a reasonable estimate for fair market value
2. Based on extrapolating out the losses for the five months to 31 May 2009 for the full year to 31 December 2009
3. The net asset value at 31 May 2009 does not consider any cash injection required to realise this value

The rate of losses incurred over the five months ended 31 May 2009 implies that Pacifica is currently losing approximately $3.5 million per month, which implies a loss per share of approximately $0.025 per month.

Unless Pacifica raises additional capital between now and 31 December 2009, if Pacifica continues to generate losses for the remainder of 2009 in line with the losses incurred over the five months ended 31 May 2009, Pacifica's net asset position (attributable to equity holders) is likely to be close to nil by 31 December 2009.

The net asset positions shown above do not include any intangible assets of Pacifica, such as goodwill, software, development costs, patents or trademarks. Although there is intangible value in the business, which is not captured in the net asset position, we consider that this analysis provides broad support for our valuation of Pacifica using the discounted cash flow methodology.

6.4 Analysis of recent share trading

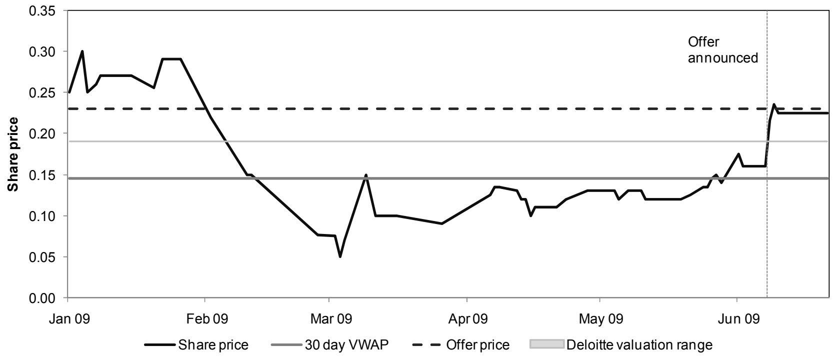
The market can be expected to provide an objective assessment of the fair market value of a listed entity, where the market is well informed and liquid. Market prices incorporate the influence of all publicly known information relevant to the value of an entity's securities. The majority of the shares are held by Bosch Investment and Lazard (76.6% and 13.8% respectively). This implies a relatively illiquid market for Pacifica shares.

As such, we consider that the share price provides relatively weak evidence of the fair market value of Pacifica's shares. As further evidence of this, in the twelve months prior to the announcement of the takeover, the total volume of shares traded in Pacifica was 3% of the issued capital. Over the past twelve months the average monthly trading volume was approximately 0.25% of the total outstanding shares. Notwithstanding this, we have included the analysis of recent share trading activity for completeness.

Share prices from market trading do not typically reflect the market value for control of a company as they are for portfolio holdings. Australian studies indicate the premiums required to obtain control of companies range between 20% and 40% of the portfolio holding values.

The following figure compares the daily share price of Pacifica and the VWAP of Pacifica's shares for the 30 days prior to the announcement of the Offer to the Offer price and our selected valuation range.

Figure 17: Comparison of share trading



Source: Bloomberg, Deloitte Corporate Finance analysis

The 30 day VWAP of a Pacifica share prior to the announcement was \$0.15. The offer price is a 58% premium over the 30 day VWAP.

Whilst Pacifica shares have traded above the offer price in 2008, the significant deterioration in the automotive market experienced in late 2008 leads us to view this pricing as out of date.

6.5 Conclusions

We have assessed the fair value of Pacifica based on the discounted cash flow methodology. We have cross checked our valuation using the net assets on a going concern basis method. In addition, we have also considered the value of a Pacifica share with reference to recent share market trading activity.

Based on the foregoing, our assessment of the fair market value of a Pacifica share is approximately nil to $0.19 per share.

7 Evaluation and conclusion

7.1 Fairness

ASIC Regulatory Guide 111 defines an offer as being fair if the value of the offer price is equal to or greater than the value of the securities being the subject of the offer. Set out in the table below is a comparison of our assessment of the fair market value of a Pacifica share with the consideration offered by Bosch Investment.

Table 22: Evaluation of fairness

	Low value per share	High value per share
Estimated fair market value of a Pacifica share	nil	$0.19
Consideration offered by Bosch Investment	$0.23	$0.23

Source: Deloitte Corporate Finance analysis

The consideration offered by Bosch Investment is above the range of our estimate of the fair market value of a Pacifica share. Accordingly it is our opinion that the Proposed Transaction is fair.

7.2 Reasonableness

In accordance with ASIC Regulatory Guide 111 an offer is reasonable if it is fair. On this basis, in our opinion the Takeover Offer is reasonable. We have also considered the following factors in assessing the reasonableness of the Takeover Offer:

Advantages of the Takeover Offer

The likely advantages to the Non-associated Shareholders if the Takeover Offer proceeds include:

The Non-associated Shareholders are receiving a premium to Pacifica's share price prior to the announcement of the Takeover Offer

The consideration offered under the Takeover Offer of $0.23 per Pacifica share represents a significant premium over the prices realised in recent ASX share trading.

The one-day VWAP of Pacifica shares, prior to the announcement of the Takeover Offer, was $0.16 and the 30-day VWAP was $0.15. Based on this, the consideration represents a significant premium to the share trading in Pacifica shares prior to the announcement of the Takeover Offer of between 44% and 58%.

Potential for other takeover offers

Since Bosch Investment currently holds a 76.62% interest in Pacifica, the likelihood of the Non-associated Shareholders realising a similar premium through an alternative offer from another bidder is minimal.

In the absence of the Takeover Offer, Pacifica shares may trade below current levels

In the absence of the Takeover Offer or an alternative transaction, Pacifica shares may trade below the prices achieved since the announcement of the Takeover Offer and may trade at levels more in line with the 30-day VWAP of $0.15 in the absence of any further speculation about another bid.

The Takeover Offer appears to be the best alternative available to the Non-associated Shareholders

Pacifica made a loss (attributable to equity holders) of $17.6 million over the five months ended 31 May 2009, and has stated in Section 2.1 of the Target's Statement that it expects further losses to be incurred this financial year. Pacifica's net asset position (attributable to equity holders) as at 31 May 2009 was $22.7 million. Unless Pacifica raises additional capital between now and 31 December 2009 and if Pacifica continues to generate losses for the remainder of 2009 in line with the losses incurred over the five months ended 31 May 2009, Pacifica's net asset position (attributable to equity holders) is likely to be close to nil as at 31 December 2009. Accordingly, it is likely that in the absence of the Takeover Offer, Pacifica would need to raise capital within the next six months in order to remain a going concern and preserve any value for the existing shareholders.

Given the already high levels of debt in the company, it is highly unlikely that Pacifica would be able to raise capital from sources other than existing shareholders of Pacifica. If a capital raising took place, Non-associated Shareholders would either need to contribute additional equity or face significant dilution in their shareholdings.

Bosch Investment has indicated in its Bidder's Statement that if the Takeover Offer does not proceed, the Bosch Group may review the level of financial support which will be provided to Pacifica in the future. Accordingly, if the Takeover Offer does not proceed and the Bosch Group withdraws its financial support, Pacifica may be unable to remain as a going concern.

Based on the above, it is evident that there are limited alternatives available for Pacifica and that the Takeover Offer appears to be the best alternative available to the Non-associated Shareholders.

Disadvantages of the Takeover Offer

The likely disadvantages to the Non-associated Shareholders if the Takeover Offer proceeds include:

No participation in the future growth of Pacifica's business

The value of a Pacifica share is influenced by the demand for automotive vehicles in Pacifica's key markets of Australia, North America and Asia. Following the recent downturn in global economies, demand for automotive vehicles has decreased compared to historical levels and several of Pacifica's key customers are experiencing financial difficulty. If the Takeover Offer proceeds, to the extent that earnings are in excess of the levels assumed in our valuation, the Non-associated Shareholders will forego this potential upside.

Furthermore, our valuation of a Pacifica share recognises the potential future growth of Pacifica's business based on its current operations, however, if Pacifica is able to generate additional cash flows beyond those considered in our valuation, for example by identifying additional export markets or applications for its technology, the value of a Pacifica share may be enhanced, perhaps significantly, to a value that may exceed the estimated value of a Pacifica share set out in this report.

Other matters

Shareholder liquidity

Under ASX Listing Rule 12.4, an entity must maintain a spread of security holding in its main class which, in the ASX's opinion, is sufficient to ensure that there is an orderly and liquid market in its securities. If the required spread is not obtained, ASX may suspend quotation of the entity's securities.

The majority of Pacifica's shares are held by Bosch Investment and Lazard (76.6% and 13.8% respectively), and as a result, the shares in Pacifica are thinly traded. For example, in the twelve months prior to the announcement of the takeover, the total volume of shares traded in Pacifica was 3% of the issued capital. If the Takeover Offer does not proceed, Pacifica is very likely to need to raise capital before the end of 2009. One option for raising capital would be a rights issue underwritten by the Bosch Group, which would likely result in Bosch Investment increasing its shareholding in Pacifica to the extent that the Non-associated Shareholders do not take up their entitlements. This scenario could result in Pacifica being in breach of ASX Listing Rule 12.4.

In addition, Bosch Investment has stated in the Bidder's Statement that if the Takeover Offer does not proceed, it may request that the Pacifica Board considers whether the continued listing of Pacifica on the ASX remains in the best interests of Pacifica and its shareholders as a whole.

If Pacifica is delisted from the ASX, the liquidity of Pacifica shares will be further reduced.

Taxation issues

Under the Takeover Offer, the Non-associated Shareholders may make a capital loss or a capital gain, depending on whether the consideration under the Takeover Offer is less than or greater than the price at which the shares were originally purchased. Capital gains are subject to capital gains tax (CGT), and capital losses may be used to offset capital gains in the current or future tax period. In certain circumstances, a Non-associated Shareholders may be eligible for a CGT discount on capital gains, however this will depend on the particular circumstances of the Non-associated Shareholder.

We understand that no stamp duty or goods and services tax (GST) will be payable by the Non-associated Shareholders if they accept the Takeover Offer.

The tax consequences of the Takeover Offer may vary depending on the particular circumstances of an individual Non-associated Shareholder. For further details on the tax consequences of the Proposal, refer to Section 6.6 of the Target's Statement.

Additional benefits to the Bosch Group achieving 100% control

If Bosch Investment gains 100% control of Pacifica, the Bosch Group may be able to utilise the tax losses of Pacifica to offset profits from its other operations, which could result in the tax losses of Pacifica being utilised sooner than would otherwise have been the case. Bosh Investment is the only potential purchaser who could realise this potential additional value from the tax losses.

7.3 Conclusion

Based on the foregoing, we are of the opinion that the Takeover Offer is fair and reasonable.

Appendix 1: Glossary

Reference	Definition
$	Australian dollars
AFSL	Australian Financial Services Licence
Akebono	Akebono Brake Industry Co Limited
APESB	Accounting Professional and Ethical Standards Board Limited
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange Limited
AUD	Australian dollars
Automotive Components	Automotive Components Europe SA
Bidder	Robert Bosch Investment Nederland B.V.
Board	Board of directors of Pacifica
bps	Basis points
Bosch Investment	The Bosch Group's wholly owned subsidiary, Robert Bosch Investment Nederland B.V.
Bosch Group	Robert Bosch GmbH and its subsidiaries, excluding Pacifica
Brembo	Brembo SpA
CAGR	Compound average growth rate
CBRE	CB Richard Ellis
CGT	Capital gains tax
Company	Pacifica Group Limited
Delphi	Delphi Automotive Systems
Deloitte Corporate Finance	Deloitte Corporate Finance Pty Limited
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EIU	Economist Intelligent Unit
FCAI	Federal Chamber of Automotive Industries
FICS	Financial Industry Complaints Service
FSG	Financial Services Guide
FMP	Friction Materials Pacific
GDP	Gross domestic product
GM	General Motors
GST	Goods and services tax
Honeywell	Honeywell International
IBIS	IBIS World Pty Ltd
Independent Director	The director of Pacifica who is independent of Bosch Investment
Lazard	Lazard Asset Management Pacific Co
OEMs	Original equipment manufacturers
Non-associated Shareholders	Existing holders of Pacifica shares, other than Bosch Investment

Reference	Definition
NUMMI	New United Motor Manufacturing Incorporated
p.a.	Per annum
Pacifica	Pacifica Group Limited
PDS	Product Disclosure Statement
Report	Independent report requested by the Independent Director of Pacifica in relation to the Takeover Offer
Section 640	Section 640 of the Corporations Act 2001
SUVs	Sports utility vehicles
SWOT	Strengths, weaknesses, opportunities and threats
Takeover Offer	Bosch Investment's offer to acquire all of the outstanding shares in Pacifica, that it does not already own
USD	United States Dollar

Appendix 2: Comparable entities

We have compiled key valuation metrics for a number of entities which are comparable operations to Pacifica.

Descriptions of comparable entities

Set out below are descriptions of the comparable entities we have selected.

CMI Limited

CMI Limited manufactures automotive components and accessories for both the original equipment and after-market sectors. It makes engineered and electrical products for four wheel drive, light commercial and heavy transport vehicles. It also manufactures specialised cable and electrical products along with providing consumer and commercial loans.

Berklee Limited

Berklee Limited produces, distributes and retails automotive mufflers and exhaust systems to the replacement automotive parts industry. It also distribute catalytic converters, headers and accessory lines.

Linamar Corporation

Linamar Corp manufactures precision machine components, assemblies and castings primarily for the automotive industry. It also sells to the defence and aerospace industries. Linamar Corp manufactures engines, transmissions, drivelines, steering, suspension components and brake components.

Hayes Lemmerz International Inc

Hayes Lemmerz International Inc supplies automotive and commercial highway wheels, brakes, powertrain, suspension, structural and other light weight components. It serves OEMs of passenger cars, light trucks and commercial highway vehicles on a worldwide basis.

TRW Automotive Holdings Corporation

TRW Automotive Holdings Corp supplies automotive systems, modules and components to global automotive vehicle manufacturers and related aftermarkets. Its products include active and passive safety related products, which are primarily used in the manufacture of light vehicles.

ArvinMeritor Inc

ArvinMeritor Inc provides the global transportation industry with integrated systems, modules and components. It serves light vehicle, commercial truck, trailer and specialty OEMs and related after-markets. ArvinMeritor Inc also provides coil coating applications, including those for the transportation, appliance, construction and furniture industries.

Tenneco Inc

Tenneco Inc designs, manufactures and markets emission control and ride control products and systems for the automotive original equipment market and the after-market. Its products include shocks and struts, shock absorbers, mufflers and performance exhaust products, as well as noise, vibration and harshness control components.

American Axle & Manufacturing Holdings Inc

American Axle & Manufacturing Holdings Inc designs, engineers and manufactures driveline systems for light trucks and sport-utility vehicles. It produces axles, propeller shafts, chassis components and forged products. The company also manufactures various driveline components for light trucks and sport utility vehicles manufactured in North America.

Superior Industries International Inc

Superior Industries International Inc designs and manufactures motor vehicle parts and accessories. Its products are sold to OEMs and the automotive aftermarket on an integrated one-segment basis and include vehicle aluminium road wheels, as well as custom road wheels and accessories.

Akebono Brake Industry Co Limited

Akebono Brake Industry Co Limited manufactures brake products. Its products include disc brakes, drum brakes, brake linings, clutch facings for automobiles, motorcycles, train cars and industrial machinery. The company has subsidiaries in the US, France and Singapore.

Pricol Limited

Pricol Limited manufactures a variety of automotive components and accessories. Its products include dashboard instruments, disc brakes, speedometer cables, sensors, oil pumps, industrial gauges, wind shield washers, handlebar switches, gear components and hand and power presses.

Selamat Sempurna Tbk PT

Selamat Sempurna Tbk PT manufactures automotive components such as filters, radiators, condensers, air conditioners, brake pipes, fuel pipes, fuel tanks, mufflers and machinery spare parts.

Sapura Industrial Bhd

Sapura Industrial Bhd is an investment holding company, which manufactures automotive brake components. Through its subsidiaries, it manufactures high value added machined products, cold drawn high grade structured steel bars, coil springs, stabilizer bars, strut assemblies and high precision metal stamping products.

IST Limited

IST Limited manufactures and exports automotive parts. Its products include auto components, brake systems, transmission parts, valves pushes, ignition systems, carburetor parts, injectors and fuel pumping systems.

Porwal Auto Components Limited

Porwall Auto Components Limited manufactures and sells iron castings for the automotive and engineering industry. It manufactures a variety of castings, brake components, transmission cases, brake drums, links, pulleys and pumps.

Continental AG

Continental AG manufactures tyres, automotive parts and industrial products. It produces passenger car, truck, commercial vehicle and bicycle tyres, braking systems, shock absorbers, hoses, drive belts, conveyor belting, transmission products and sealing systems. Continental AG markets its products under such brands as Continental, Uniroyal, Gislaved, Viking and Barum.

Faurecia

Faurecia manufactures automobile parts. It produces seats, vehicle interiors, exhaust systems and front-end body parts for customers including Peugeot Citroen, Renault, Volkswagen, DaimlerChrysler, Fiat, General Motors, Ford and Toyota.

Tomkins Plc

Tomkins plc is an international group of manufacturing companies, which manufacture industrial and automotive parts, engineered and construction products and air systems components. Its products include transmission belts, industrial hose and connectors, valve products, baths, whirlpools, taps and faucets, doors and windows, heat and air conditioning components.

Valeo SA

Valeo SA manufactures automobile components, including clutches, engine cooling, parts, lighting, electrical systems, windshield wipers, motors and actuators, security systems, electronics and connective systems for automobile manufacturers and the aftermarket. The majority of its products are sold domestically, with the remainder elsewhere in Europe and the Americas.

Trelleborg AB

Trelleborg AB manufactures and distributes industrial products. It produces noise suppression and anti-vibration systems for the automobile industry and complete wheel systems for forest and farm machines and other equipment. Trelleborg AB also develops and makes industrial fluid systems and polymer and bitumen based building products.

GKN Plc

GKN plc produces automotive components and aerospace vehicles, and supplies a variety of industrial services. It manufactures drive line systems, vehicle chassis assemblies, sub-assemblies and power take-off shafts and aircraft transmissions and helicopters.

Brembo SpA

Brembo SpA designs, manufactures and markets disc braking systems and components. Its products include brake discs, wheel-side modules and high performance brakes for automobiles, light commercial and heavy industrial vehicles, motorbikes and racing cars. Brembo SpA markets its products internationally.

Kendrion NV

Kendrion NV manufactures and markets plastic semi-finished products and wholesales plumbing fixtures. It also produces automotive interior trim parts, consoles, climate and safety systems, brake components, exterior appearance parts for telecommunications, heating products and appliances and stamp metal frames. Kendrion NV wholesales bathroom fixtures and tiles.

Automotive Components Europe SA

Automotive Components Europe SA manufactures brake components for automobiles. It produces iron anchors and aluminium calipers.

Margins for comparable entities

We have compiled EBITDA and EBIT margins for companies comparable to Pacifica. These companies, together with their EBITDA and EBIT margins over the last ten years, and forecast margins (where available) for 2009, 2010 and 2011 are set out in the following tables.

Table 23: Historical and forecast EBITDA margins

Company	Enterprise[1] value ($'m)	Historical										Forecast		
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Australia														
CMI Limited	15	8%	8%	7%	11%	10%	13%	13%	13%	3%	(8)%	n/a	n/a	n/a
Berklee Limited	6	11%	11%	9%	12%	11%	0%	15%	11%	9%	7%	n/a	n/a	n/a
Average		**9%**	**9%**	**8%**	**12%**	**11%**	**7%**	**14%**	**12%**	**6%**	**0%**	**n/a**	**n/a**	**n/a**
US and Canada														
TRW Automotive Holdings Corporation	4,635	n/a	n/a	n/a	n/a	7%	7%	6%	5%	4%	(3)%	3%	6%	7%
Tenneco Inc	2,678	8%	8%	7%	9%	9%	8%	9%	8%	7%	4%	5%	7%	7%
ArvinMeritor Inc	2,348	10%	10%	7%	8%	6%	7%	5%	5%	3%	5%	2%	4%	6%
American Axle & Manufacturing Holdings Inc	1,552	12%	12%	12%	13%	14%	13%	9%	(4)%	9%	(40)%	9%	13%	n/a
Linamar Corporation	1,208	15%	17%	15%	14%	14%	14%	14%	13%	15%	12%	11%	12%	12%
Hayes Lemmerz International Inc	993	n/a	n/a	n/a	n/a	11%	9%	6%	6%	1%	3%	n/a	n/a	n/a
Superior Industries International Inc	218	23%	23%	18%	19%	16%	12%	8%	2%	5%	1%	(4)%	4%	n/a
Average		**14%**	**14%**	**12%**	**13%**	**11%**	**10%**	**8%**	**5%**	**6%**	**(3)%**	**4%**	**8%**	**8%**

Company	Enterprise[1] value ($'m)	Historical										Forecast		
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Asia														
Akebono Brake Industry Co Ltd	1,393	10%	11%	10%	12%	11%	12%	13%	14%	13%	14%	8%	9%	10%
Pricol Limited	116	n/a	n/a	n/a	17%	18%	22%	20%	17%	17%	14%	n/a	n/a	n/a
Selamat Sempurna Tbk PT	95	31%	26%	28%	23%	22%	n/a	n/a	7%	19%	21%	n/a	n/a	n/a
Sapura Industrial Bhd	37	26%	21%	20%	22%	15%	15%	21%	17%	n/m	17%	n/a	n/a	n/a
IST Limited	15	n/a	n/a	n/a	11%	9%	2%	10%	11%	24%	20%	n/a	n/a	n/a
Porwal Auto Components Limited	4	n/a	n/a	n/a	n/a	13%	11%	10%	9%	8%	n/a	n/a	n/a	n/a
Average		**22%**	**19%**	**20%**	**17%**	**15%**	**12%**	**15%**	**12%**	**16%**	**17%**	**8%**	**9%**	**10%**
Europe														
Continental AG	27,572	11%	11%	7%	13%	13%	19%	21%	21%	18%	14%	10%	12%	13%
Faurecia	4,128	6%	6%	6%	6%	6%	8%	7%	5%	5%	5%	3%	5%	5%
Tomkins Plc	3,476	17%	17%	14%	n/a	12%	12%	12%	13%	14%	5%	9%	11%	13%
Valeo SA	3,463	10%	10%	9%	11%	11%	9%	9%	7%	9%	8%	7%	10%	9%
Trelleborg AB	3,293	10%	10%	10%	9%	10%	12%	11%	10%	11%	9%	7%	9%	10%
GKN PLC	3,119	14%	14%	11%	11%	10%	15%	14%	14%	13%	10%	7%	9%	11%
Brembo SpA	930	18%	18%	15%	16%	16%	16%	16%	15%	15%	13%	12%	12%	12%
Kendrion NV	179	7%	7%	7%	6%	5%	4%	7%	7%	6%	9%	7%	11%	12%
Automotive Components Europe SA	50	n/a	n/a	n/a	n/a	n/a	22%	22%	19%	17%	11%	n/a	n/a	n/a
Average		**12%**	**12%**	**10%**	**10%**	**10%**	**13%**	**13%**	**12%**	**12%**	**9%**	**8%**	**10%**	**11%**
Overall average		**14%**	**13%**	**12%**	**13%**	**12%**	**11%**	**12%**	**10%**	**11%**	**7%**	**6%**	**9%**	**10%**
Overall median		**11%**	**11%**	**10%**	**12%**	**11%**	**12%**	**11%**	**10%**	**9%**	**9%**	**7%**	**9%**	**10%**

Source: Bloomberg

Note: 1. Enterprise values as at 24 June 2009

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Deloitte: Independent expert's report for Pacifica Group Limited

Table 24: Historical and forecast EBIT margins

Company	Enterprise value[1] ($'m)	Historical 1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Forecast 2009	2010	2011
Australia														
CMI Limited	15	5%	5%	4%	8%	8%	7%	8%	7%	0%	(8)%	n/a	n/a	n/a
Berklee Limited	6	8%	8%	6%	9%	8%	11%	6%	2%	2%	0%	n/a	n/a	n/a
Average		**6%**	**6%**	**5%**	**8%**	**8%**	**9%**	**7%**	**5%**	**1%**	**(4)%**	**n/a**	**n/a**	**n/a**
US and Canada														
TRW Automotive Holdings Corporation	4,635	n/a	n/a	n/a	n/a	3%	5%	4%	5%	4%	(3)%	(2)%	2%	4%
Tenneco Inc	2,678	4%	4%	3%	5%	5%	4%	5%	4%	4%	0%	1%	3%	n/a
ArvinMeritor Inc	2,348	7%	7%	4%	5%	4%	4%	4%	3%	1%	3%	1%	3%	n/a
American Axle & Manufacturing Holdings Inc	1,552	8%	8%	8%	9%	9%	8%	3%	(10)%	2%	(50)%	(1)%	6%	n/a
Linamar Corporation	1,208	9%	10%	8%	7%	7%	8%	8%	7%	7%	5%	1%	4%	5%
Hayes Lemmerz International Inc	993	n/a	n/a	n/a	n/a	3%	1%	(12)%	0%	(4)%	(15)%	n/a	n/a	n/a
Superior Industries International Inc	218	19%	19%	13%	15%	12%	8%	2%	(3)%	0%	(5)%	(12)%	0%	n/a
Average		**9%**	**10%**	**7%**	**8%**	**6%**	**5%**	**2%**	**1%**	**2%**	**(9)%**	**(2)%**	**3%**	**5%**
Asia														
Akebono Brake Industry Co Ltd	1,393	4%	5%	4%	7%	7%	7%	7%	8%	8%	8%	n/a	n/a	n/a
Pricol Limited	116	n/a	n/a	n/a	11%	12%	16%	15%	11%	12%	8%	n/a	n/a	n/a
Selamat Sempurna Tbk PT	95	22%	18%	19%	14%	14%	14%	14%	13%	14%	16%	n/a	n/a	n/a
Sapura Industrial Bhd	37	12%	8%	11%	13%	4%	4%	13%	9%	n/m	9%	n/a	n/a	n/a

Company	Enterprise value[1] ($'m)	Historical										Forecast		
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
IST Limited	15	n/a	n/a	n/a	8%	6%	0%	8%	10%	22%	17%	n/a	n/a	n/a
Porwal Auto Components Limited	4	n/a	n/a	n/a	n/a	7%	7%	7%	5%	5%	n/a	n/a	n/a	n/a
Average		**13%**	**10%**	**11%**	**10%**	**8%**	**8%**	**11%**	**9%**	**12%**	**12%**	**n/a**	**n/a**	**n/a**
Europe														
Continental AG	27,572	4%	4%	(1)%	7%	8%	12%	14%	14%	12%	(1)%	2%	4%	6%
Faurecia	4,128	2%	2%	2%	1%	2%	4%	2%	1%	1%	1%	(2)%	0%	0%
Tomkins Plc	3,476	11%	11%	9%	7%	8%	8%	8%	9%	10%	1%	3%	6%	8%
Valeo SA	3,463	5%	5%	3%	4%	4%	4%	3%	3%	3%	(1)%	(1)%	2%	2%
Trelleborg AB	3,293	6%	6%	5%	4%	5%	8%	7%	7%	7%	6%	3%	5%	6%
GKN PLC	3,119	9%	9%	5%	5%	4%	8%	8%	9%	9%	5%	2%	5%	7%
Brembo SpA	930	11%	11%	8%	8%	9%	10%	10%	10%	10%	7%	5%	5%	6%
Kendrion NV	179	4%	4%	4%	3%	2%	0%	4%	4%	4%	5%	(1)%	6%	7%
Automotive Components Europe SA	50	n/a	n/a	n/a	n/a	n/a	15%	2%	13%	12%	5%	n/a	n/a	n/a
Average		**7%**	**7%**	**4%**	**5%**	**5%**	**8%**	**7%**	**8%**	**8%**	**3%**	**1%**	**4%**	**5%**
Overall average		**8%**	**8%**	**6%**	**8%**	**6%**	**7%**	**6%**	**6%**	**6%**	**1%**	**0%**	**4%**	**5%**
Overall median		**7%**	**7%**	**5%**	**7%**	**7%**	**7%**	**7%**	**7%**	**5%**	**3%**	**1%**	**4%**	**6%**

Source: Bloomberg

Note: 1. Enterprise values as at 24 June 2009

EBITDA multiples for comparable entities

We have compiled share market trading multiples for companies comparable to Pacifica, as summarised in the following table.

Table 25: EBITDA multiples (times)

Company	Enterprise value[1] ($'m)	Historical[2] 1999	2000	2001	2002	2003	2004	2005	2006	2007	Historical[3] 2008	Current[4] 2009	Forecast[5] 2010
Australia													
CMI Limited	15	n/a	n/a	n/a	5.86	5.51	n/a	3.19	2.74	14.18	n/a	n/a	n/a
Berklee Limited	6	n/a	n/a	n/a	n/a	n/a	n/a	5.83	5.32	6.07	7.48	n/a	n/a
Average		**n/a**	**n/a**	**n/a**	**5.86**	**5.51**	**n/a**	**4.51**	**4.03**	**10.13**	**7.48**	**n/a**	**n/a**
US and Canada													
TRW Automotive Holdings Corporation	4,635	n/a	n/a	n/a	n/a	n/a	6.07	5.89	7.98	10.15	n/a	10.55	5.55
Tenneco Inc	2,678	27.92	6.35	7.18	5.41	4.71	5.07	4.78	6.34	5.75	11.08	8.97	5.92
ArvinMeritor Inc	2,348	n/a	n/a	5.56	5.99	5.50	4.79	8.33	7.94	13.39	5.31	n/m	8.27
American Axle & Manufacturing Holdings Inc	1,552	2.53	3.69	3.91	5.09	3.80	5.21	6.08	n/a	7.25	n/a	9.02	4.79
Linamar Corporation	1,208	9.96	3.95	5.80	5.60	4.04	4.42	4.28	4.71	4.14	4.68	5.45	4.05
Hayes Lemmerz International Inc	993	n/a	n/a	n/a	n/a	n/a	8.36	9.10	7.67	n/m	12.67	n/a	n/a
Superior Industries International Inc	218	3.29	4.70	7.39	7.86	6.62	7.31	8.89	n/m	11.02	n/m	n/a	9.38
Average		**10.93**	**4.67**	**5.97**	**5.99**	**4.93**	**5.89**	**6.76**	**6.93**	**8.61**	**8.43**	**8.50**	**6.33**
Asia													
Akebono Brake Industry Co Ltd	1,393	n/a	n/a	6.78	5.04	5.35	5.61	5.60	9.32	6.64	4.52	10.87	8.92
Pricol Limited	116	n/a	n/a	n/a	3.67	n/a	n/a	6.52	7.41	5.85	6.35	n/a	n/a

Company	Enterprise value[1] ($'m)	Historical[2]									Historical[3]	Current[4]	Forecast[5]
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Selamat Sempurna Tbk PT	95	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.05	n/a	0.01	n/a	n/a
Sapura Industrial Bhd	37	n/a	n/a	n/a	n/a	8.26	9.50	2.98	4.63	n/a	2.89	n/a	n/a
IST Limited	15	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/m	n/m	n/m	n/a	n/a
Porwal Auto Components Limited	4	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Average		**n/a**	**n/a**	**6.78**	**4.36**	**6.81**	**7.56**	**5.03**	**5.35**	**6.25**	**3.44**	**10.87**	**8.92**
Europe													
Continental AG	27,572	n/a	4.16	6.02	3.21	2.67	2.46	3.48	4.72	5.31	6.63	7.38	6.02
Faurecia	4,128	3.63	4.20	3.03	5.54	4.58	3.28	4.16	4.76	5.06	4.80	8.02	5.13
Tomkins Plc	3,476	n/a	n/a	4.69	n/a	6.47	7.86	6.79	7.10	6.61	12.45	6.93	5.59
Valeo SA	3,463	n/a	n/a	n/a	n/a	3.40	3.89	3.94	5.03	4.22	4.23	3.81	2.80
Trelleborg AB	3,293	8.71	4.58	5.05	7.29	5.14	7.62	7.54	9.22	8.05	7.66	10.98	8.38
GKN PLC	3,119	n/a	n/a	n/a	7.98	7.60	5.02	3.51	5.06	4.98	5.97	4.90	4.00
Brembo SpA	930	n/a	n/a	n/a	n/a	n/a	n/a	5.60	5.77	5.96	5.69	5.11	4.74
Kendrion NV	179	n/a	n/a	n/a	n/a	7.50	11.04	n/a	7.17	9.76	13.97	9.96	5.82
Automotive Components Europe SA	50	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	7.38	n/a	n/a
Average		**6.17**	**4.31**	**4.70**	**6.00**	**5.34**	**5.88**	**5.00**	**6.10**	**6.24**	**7.64**	**7.14**	**5.31**
Overall average		**9.34**	**4.52**	**5.54**	**5.71**	**5.41**	**6.10**	**5.60**	**7.52**	**10.37**	**11.20**	**8.43**	**5.96**
Overall median		**6.17**	**4.20**	**5.68**	**5.57**	**5.35**	**5.41**	**5.60**	**6.34**	**6.63**	**6.49**	**8.49**	**5.59**

Source: Bloomberg

Notes:
1. Enterprise values as at 24 June 2009
2. Calculated based on historical enterprise value in each year divided by EBITDA in that year
3. Calculated based on current EV divided by 2008 EBITDA
4. Calculated based on current EV divided by forecast EBITDA for 2009
5. Calculated based on current EV divided by forecast EBITDA for 2010

Revenue to capital expenditure for comparable entities

We have compiled revenue to capital expenditure analysis for companies comparable to Pacifica, as summarised in the following table.

Table 26: Revenue to capital expenditure (%)

Company	Enterprise value[1] ($'m)	2002	2003	2004	2005	2006	2007	2008
Australia								
CMI Limited	15	3%	2%	1%	2%	1%	3%	2%
Berklee Limited	6	4%	11%	7%	13%	1%	1%	5%
Average		**4%**	**7%**	**4%**	**7%**	**1%**	**2%**	**3%**
US and Canada								
TRW Automotive Holdings Corporation	4,635	4%	4%	4%	4%	4%	3%	3%
Tenneco Inc	2,678	4%	3%	3%	3%	4%	3%	4%
ArvinMeritor Inc	2,348	2%	3%	2%	1%	2%	2%	2%
American Axle & Manufacturing Holdings Inc	1,552	7%	6%	7%	9%	11%	6%	7%
Linamar Corporation	1,208	10%	11%	14%	9%	8%	8%	8%
Hayes Lemmerz International Inc	993	5%	8%	7%	5%	4%	5%	4%
Superior Industries International Inc	218	6%	13%	13%	9%	4%	4%	2%
Average		**6%**	**7%**	**7%**	**6%**	**5%**	**4%**	**4%**
Asia								
Akebono Brake Industry Co Ltd	1,393	5%	4%	4%	4%	4%	8%	11%
Pricol Limited	116	n/a	8%	18%	21%	14%	11%	0%

Company	Enterprise value[1] ($'m)	2002	2003	2004	2005	2006	2007	2008
Selamat Sempurna Tbk PT	95	n/a	0%	0%	0%	0%	31%	13%
Sapura Industrial Bhd	37	32%	11%	7%	37%	2%	1%	6%
IST Limited	15	n/a	n/a	n/a	n/a	n/a	34%	4%
Porwal Auto Components Limited	4	n/a	n/a	n/a	n/a	n/a	n/a	0%
Average		**19%**	**7%**	**10%**	**20%**	**7%**	**17%**	**7%**
Europe								
Continental AG	27,572	5%	5%	6%	6%	5%	5%	7%
Faurecia	4,128	4%	3%	4%	4%	3%	2%	3%
Tomkins Plc	3,476	5%	4%	5%	4%	3%	4%	3%
Valeo SA	3,463	6%	5%	5%	5%	5%	5%	5%
Trelleborg AB	3,293	4%	4%	4%	3%	4%	4%	4%
GKN PLC	3,119	5%	5%	6%	6%	6%	4%	4%
Brembo SpA	930	9%	7%	11%	11%	9%	7%	6%
Kendrion NV	179	2%	3%	4%	2%	2%	8%	9%
Automotive Components Europe SA	50	n/a	n/a	n/a	n/a	3%	3%	6%
Average		**5%**	**4%**	**5%**	**5%**	**5%**	**5%**	**5%**
Overall average		**7%**	**6%**	**6%**	**8%**	**5%**	**7%**	**5%**
Overall median		**5%**	**5%**	**5%**	**5%**	**4%**	**4%**	**4%**

Source: Bloomberg

Note: 1. Enterprise values as at 24 June 2009

Appendix 3: Comparable transactions

Below are the details of comparable market transactions, listed by target company.

Table 27: Earnings multiples

Target entity	Country	Acquired by	Effective date	Interest acquired (%)	Enterprise value ($m)[1]	Historical EBITDA multiple	Historical EBIT multiple
Continental AG	Germany	Schaeffler KG	19 Dec 2008	50%	37,550.9	9.1	13.5
Daewoo Life Company Limited	South Korea	Namsun Aluminium Co Limited	10 Nov 2008	100%	171.8	n/a	15.7
Daesung Electric Co Limited	South Korea	LS Mtron Co Limited	5 Nov 2008	51%	158.5	55.2	57.5
WABCO-TVS (India) Limited	India	Sundaram-Clayton Limited	1 Oct 2008	100%	174.6	5.2	5.7
Bosch Chassis Systems India Limited	India	Robert Bosch GmbH	1 Oct 2008	20%	353.2	13.7	3.7
Dongwoo Co Limited	South Korea	Mann + Hummell GmbH	29 Aug 2008	87%	68.4	5.1	5.8
Bosch Corporation	Japan	Robert Bosch GmbH	19 Jun 2008	40%	2,550.6	6.6	8.9
Global Motion Systems	US	Kongsberg Automotive Holding ASA	2 Jan 2008	100%	623.1	6.8	10.8
Aisan Industry Co Limited	Japan	Denso Corp	6 Nov 2007	10%	720.5	4.4	9.2
WABCO Holdings Inc	India	WABCO Holdings Inc.	31 Jul 2007	100%	97.4	9.7	12.8
Motor Industries Co Limited	India	Robert Bosch GmbH	09 Jul 2007	9%	4,247.4	18.3	27.6
Pacifica Group Limited	Australia	Robert Bosch GmbH	4 Mar 2007	75%	560.4	6.2	18.1
Average						**12.8**	**15.8**
Average (excluding outliers)[2]						**8.5**	**12.0**
Median						**6.8**	**11.8**

Source: CapitalIQ, Bloomberg, Mergermarket

Notes: 1. Enterprise value converted to AUD as at the date of acquisition

2. Average (excluding outliers) does not include the Daesung Electric Co Limited transaction

Descriptions of comparable transactions

Set out below are descriptions of the comparable transactions we have selected.

Continental AG

Schaeffler KG, the privately owned German manufacturer of precision products, acquired a 50% interest in Continental AG, for EUR 75 per share in cash, valuing the entire share capital of Continental AG at EUR 12,130 million. Continental AG is a German manufacturer of automotive components including brake systems, chassis components, vehicle electronics, tyres and technical elastomers.

Daewoo Life Company Limited

Namsun Aluminium Co Limited, the listed South Korean manufacturer of aluminium products, acquired Daewoo Life Company Limited for approximately KRW 155.9 billion. Daewoo Life Company Limited is a South Korean automobile bumper manufacturer.

Wabco-TVS (India) Limited

Sundaram-Clayton Limited completed the spin-off of WABCO-TVS Limited on 1 October 2008, for INR 6.1 billion. Wabco-TVS (India) Limited engages in the manufacture and sale of air-assisted and air brake systems for commercial vehicles in India. It exports its products to Australia, Malaysia, the United Kingdom, Singapore, Venezuela, South Asia, North America and the Middle East.

Bosch Chassis Systems India Limited

Robert Bosch GmbH completed the acquisition of the remaining 20% stake in Bosch Chassis Systems India Limited, which it did not already own on 10 September 2008. Robert Bosch GmbH received 3.3 million shares under the tender offer, representing approximately 15.87% stake in Bosch Chassis Systems India Limited. Bosch Chassis Systems India Limited engages in the manufacture and sale of automotive brake systems and components in India and internationally. Its products include hydraulic, air and air over hydraulic brake components, including rear brake assemblies, tandem master cylinders, front caliper assemblies, rotors (discs) and two wheeler brakes and brake fluid.

Dongwoo Co Limited

Mann + Hummel Gmbh, the Germany based automotive components producer, acquire the remaining of 86.9% stake it does not already own in Dongwoo Co Limited, for KRW 69 billion. Dongwoo Co Limited is a South Korean based automotive components producer.

Bosch Corporation

Robert Bosch GmbH acquired the remaining 40.3% in Bosch Corporation, which it did not already own, for approximately ¥105.3 billion. Bosch Corporation became a wholly owned subsidiary of Robert Bosch GmbH and was delisted from the Tokyo Stock Exchange. Bosch Corporation engages in the development, manufacture and sale of automotive systems and components in Japan. It offered automotive original equipment products, such as diesel systems, gasoline systems, chassis systems, automotive electronics, transmission control, sensors, energy and body systems, car multimedia and others for automobile manufacturers, as well as provides car parts and accessories for drivers.

Global Motion Systems

Kongsberg Automotive Holding ASA, the Norway based automotive company, acquired Global Motion Systems, for a cash consideration of USD 560 million. Global Motion Systems is a US based automotive components manufacturer.

Aisan Industry Co Limited

Denso Corporation acquired a 9.95% stake in Aisan Industry Co Limited for approximately ¥7.43 billion. Aisan Industry Co Limited operates in the automobile industry. It engages in the manufacture and sale of automotive parts primarily in Japan, the US, Korea, Belgium and France. Its products include carburettors, engine valves, LPG carburettors, resin canisters, throttle bodies, electric fuel pumps, fuel injectors, intake modules and LPG and CNG products.

Wabco Holdings Inc

American Standard Companies Inc completed the spin-off of its vehicle control systems business into a new publicly traded company, Wabco Holdings Inc, for USD3.4 billion on 31 July 2007. Wabco Holdings Inc develops, manufactures and sells braking, stability, suspension and transmission control systems primarily for commercial vehicles. It produces pneumatic anti-lock braking systems, electronic braking systems, automated manual transmission systems, air disk brakes, and an array of conventional mechanical products. In addition, it provides replacement parts, diagnostic tools, training and other services to commercial vehicle aftermarket distributors, repair shops and fleet operators.

Motor Industries Co Limited

Robert Bosch GmbH completed the acquisition of an additional 9.18% stake in Motor Industries Co Limited for approximately INR13.54 billion in cash on 9 July 2007. This acquisition increased Robert Bosch GmbH's shareholding to 69.73%. Motor Industries Co Limited manufactures auto components in India. Its products include diesel fuel injection equipment, cylinders and distributor pumps, gasoline systems, car multimedia products, car radios, cockpit electronics, human machine interface, and navigation and driver information systems and chassis systems brakes.

Pacifica Group Limited

Robert Bosch GmbH completed the acquisition of a 75.33% stake in Pacifica Group Limited for $224.86 million on 4 March 2007.

Appendix 4: Sources of information

In preparing this report we have had access to the following principal sources of information:

- Bidder's Statement released by Bosch Investment, dated 24 June 2009
- Supplementary Bidder's Statement released by Bosch Investment, dated 13 July 2009
- audited financial statements for Pacifica for the years ended 31 December 2004 to 2008
- unaudited financial statements for Pacifica for the five months ending 31 May 2009
- audited financial statements for FMP Australia Pty Limited for the years ended 31 December 2006 to 2008
- Pacifica Group Limited company overview, prepared by Pacifica
- East Bentleigh, Columbia and Knoxville property valuations, prepared by CB Richard Ellis
- management accounts for the years ended 31 December 2004 to 2008
- annual report for the Bosch Group for the year ended 31 December 2008
- annual reports for comparable companies
- company websites for Pacifica, Bosch Investment and comparable companies
- publicly available information on comparable companies and market transactions published by ASIC, Bloomberg Financial markets, SDC Platinum, Mergermarket and CapitalIQ
- IBIS company and industry reports
- other publicly available information and media releases on Pacifica, the Bosch Group, comparable companies and the automotive industry.

In addition, we have had discussions and correspondence with certain directors and executives, including Patrick Burroughs, Independent Director of Pacifica; Peter Delhay, Chairman of Pacifica; Philipp Rose, Chief Financial Officer and Company Secretary of Pacifica; Kwong Yap, Senior Legal Counsel of Pacifica; David Roden, Corporate Financial Controller of Pacifica; Michael Kopka, Director of Pacifica; Peter Slaski, Managing Director of Bosch Chassis Systems Asia-Pacific Limited; Maximilane Straub, President Bosch Chassis Systems US and Markus Bube, General Manager for Bosch Chassis Systems Brakes in China in relation to the above information and to current operations and prospects.

Appendix 5: Qualifications, declarations and consents

The report has been prepared at the request of the Independent Director of Pacifica and is to be included in the Target's Statement to be given to the Non-associated Shareholders to assist them in their decision whether to accept or reject the Takeover Offer in accordance with Section 640. Accordingly, it has been prepared only for the benefit of the Independent Director and those persons entitled to receive the Target's Statement in their assessment of the Takeover Offer outlined in the report and should not be used for any other purpose. We are not responsible to you, or anyone else, whether for our negligence or otherwise, if the report is used by any other person for any other purpose. Further, recipients of this report should be aware that it has been prepared without taking account of their individual objectives, financial situation or needs. Accordingly, each recipient should consider these factors before acting on the Takeover Offer. This engagement has been conducted in accordance with professional standard APES 225 Valuation Services issued by the APESB.

The report represents solely the expression by Deloitte Corporate Finance of its opinion as to whether the Takeover Offer is fair and reasonable in relation to Section 640. Deloitte Corporate Finance consents to this report being included in the Target's Statement.

Statements and opinions contained in this report are given in good faith but, in the preparation of this report, Deloitte Corporate Finance has relied upon, among other things, the information provided by Pacifica and its officers, employees, agents or advisors, as well as other publicly available information which Deloitte Corporate Finance believes, on reasonable grounds, to be reliable, complete and not misleading. Deloitte Corporate Finance does not imply, nor should it be construed, that it has carried out any form of audit or verification on the information and records supplied to us. Drafts of our report were issued to Pacifica management for confirmation of factual accuracy.

In recognition that Deloitte Corporate Finance may rely on information provided by Pacifica and its officers, employees, agents or advisors, Pacifica has agreed that it will not make any claim against Deloitte Corporate Finance to recover any loss or damage which Pacifica may suffer as a result of that reliance and that it will indemnify Deloitte Corporate Finance against any liability that arises out of either Deloitte Corporate Finance's reliance on the information provided by Pacifica and its officers, employees, agents or advisors specifically for this matter or the failure by Pacifica and its officers, employees, agents or advisors to provide Deloitte Corporate Finance with any material information relating to the Takeover Offer.

To the extent that this report refers to prospective financial information we have considered the prospective financial information and the basis of the underlying assumptions. The procedures involved in Deloitte Corporate Finance's consideration of this information consisted of enquiries of Pacifica personnel and analytical procedures applied to the financial data. These procedures and enquiries did not include verification work nor constitute an audit or a review engagement in accordance with standards issued by the Auditing and Assurance Standards Board.

Based on these procedures and enquiries, Deloitte Corporate Finance considers that there are reasonable grounds to believe that the prospective financial information for Pacifica included in this report has been prepared on a reasonable basis. In relation to the prospective financial information, actual results may be different from the prospective financial information of Pacifica referred to in this report since anticipated events frequently do not occur as expected and the variation may be material. The achievement of the prospective financial information is dependent on the outcome of the assumptions. Accordingly, we express no opinion as to whether the prospective financial information will be achieved.

Deloitte Corporate Finance holds the appropriate Australian Financial Services licence to issue this report and is owned by the Australian Partnership Deloitte Touche Tohmatsu. The employees of Deloitte Corporate Finance principally involved in the preparation of this report were Stephen Reid, M App. Fin. Inv., B.Ec, F Fin, CA, Tapan Parekh , B.Bus, MCom, CA, F Fin and Mary Beth Adam, M App. Fin. Inv., B Com, LLB (Hons), F Fin. Stephen and Tapan are Directors and Mary Beth is an Associate Director. Each have many years experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports.

Neither Deloitte Corporate Finance, Deloitte Touche Tohmatsu, nor any partner or executive or employee thereof has any financial interest in the outcome of the proposed transaction which could be considered to affect our ability to render an unbiased opinion in this report. Deloitte Corporate Finance will receive a fee of $100,000 exclusive of GST in relation to the preparation of this report. This fee is based upon time spent at our normal hourly rates and is not contingent upon the success or otherwise of the Takeover Offer.

Consent to being named in disclosure document

Deloitte Corporate Finance Pty Limited (ACN 003 833 127) of 550 Bourke Street, Melbourne VIC 3000 acknowledges that:

- Pacifica proposes to issue a Target's Statement in respect of the Takeover Offer by Bosch Investment for all of the shares in Pacifica that it does not own (the Target's Statement)
- the Target's Statement will be issued in hard copy and be available in electronic format
- it has previously received a copy of the draft Target's Statement (draft Target's Statement) for review
- it is named in the Target's Statement as the 'independent expert' and the Target's Statement includes its independent expert's report in Attachment 1 of the Target's Statement.

On the basis that the Target's Statement is consistent in all material respects with the draft Target's Statement received, Deloitte Corporate Finance Pty Limited consents to it being named in the Target's Statement in the form and context in which it is so named, to the inclusion of its independent expert's report in Attachment 1 of the Target's Statement and to all references to its independent expert's report in the form and context in which they are included, whether the Target's Statement is issued in hard copy or electronic format or both.

Deloitte Corporate Finance Pty Limited has not authorised or caused the issue of the Target's Statement and takes no responsibility for any part of the Target's Statement, other than any references to its name and the independent expert's report as referred to above

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Notes

Pacifica