ARB Corporation Ltd
4X4 ACCESSORIES

Head Office: ARB Corporation Ltd
Postal Address: PO Box 105, Kilsyth 3137 Australia
Street Address: 42 - 44 Garden Street
Kilsyth, Victoria 3137 Australia

Tel: +61 3 9761 6622 • Fax: +61 3 9761 6807
www.arb.com.au
ABN 31 006 708 756

16 August 2017

ASX Limited
ASX Market Announcements Office
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

ARB Corporation Limited hereby lodges:

1. Appendix 4E for the financial year ended 30 June 2017; and

2. Annual Report and Financial Statements for the financial year ended 30 June 2017, incorporating the Chairman's Statement.

Yours faithfully,

John Forsyth
Company Secretary

APPENDIX 4E

FOR THE YEAR ENDED 30 JUNE 2017

1. The reporting period is the year ended 30 June 2017.
The previous corresponding period is the year ended 30 June 2016.

2. Results for announcement to the market

	Year ended	Jun 2017 $'000	REPORTED Jun 2016 $'000	% Change	UNDERLYING (i) Jun 2016 $'000	% Change
	Sales Revenue	382,599	356,905	Up 7.2%	356,905	Up 7.2%
2.1	Revenues from ordinary activities	384,919	361,224	Up 6.6%	359,239	Up 7.1%
	Profit from ordinary activities before tax attributable to members	67,501	64,379	Up 4.8%	62,394	Up 8.2%
2.2	Profit from ordinary activities after tax attributable to members	49,152	47,439	Up 3.6%	46,228	Up 6.3%
2.3	Net profit for the period attributable to members	49,152	47,439	Up 3.6%	46,228	Up 6.3%

(i) Underlying results are non-IFRS measures. Refer to 2.6 below.

2.4	Dividends in respect of current financial year	Jun 2017	Jun 2016	% Change
	Interim Dividend per Ordinary Share (fully franked)	16.0 cents	14.5 cents	Up 10.3%
	Final Dividend per Ordinary Share (fully franked)	18.0 cents	17.0 cents	Up 5.9%

2.5 Refer to section 7 below.

2.6 The Reported results in the prior year included Revenues from Ordinary Activities and Profit before tax of $1,985,000 (profit after tax of $1,211,000) associated with the sale of the company's warehousing facility in Seattle, Washington, USA. The Underlying results adjust for the impact of this non-operational transaction on revenues and profit to reflect more accurately the company's underlying performance from ordinary activities.

Further explanation of the results is included in the attached Chairman's Statement.

3. Refer to the attached Annual Report for the Consolidated Statement of Comprehensive Income together with notes to the statement.

4. Refer to the attached Annual Report for the Consolidated Statement of Financial Position together with notes to the statement.

5. Refer to the attached Annual Report for the Consolidated Statement of Cash Flows together with notes to the statement.

6. Refer to the attached Annual Report for the Consolidated Statement of Changes in Equity.

7.	**Dividends paid during current financial year**	**Amount per Security**	**Franked Amount per Security**	**Total $'000**	**Record date**	**Payment date**
	Interim dividend - year ending 30 June 2017	16.0 cents	16.0 cents	12,670	7 Apr 2017	21 Apr 2017
	Final dividend - year ended 30 June 2016	17.0 cents	17.0 cents	13,459	7 Oct 2016	21 Oct 2016

8. The Dividend Reinvestment Plan and Bonus Share Plan are suspended and will not operate for the final dividend.

APPENDIX 4E

FOR THE YEAR ENDED 30 JUNE 2017

		Jun 2017	Jun 2016
9.	**Net tangible assets per security**	**Jun 2017**	**Jun 2016**
	Net tangible assets per security	$3.13	$2.85

10. There were no changes to controlled entities during the year ended 30 June 2017.

11. Details of associates or joint venture entities are not applicable.

12. All significant information is disclosed in this Appendix 4E and the attached Annual Report.

13. Accounting standards used by foreign entities are not applicable.

14. Refer to the attached Chairman's Statement and Annual Report for commentary on the results for the period.

15. The financial report has been independently audited.

16. The independent audit has been completed.

17. The financial report has been independently audited and is not subject to a modified opinion or emphasis of matter paragraph.

ANNUAL REPORT 2017

ARB Corporation Limited
ABN: 31 006 708 756

ARB
4X4 ACCESSORIES

THE YEAR IN REVIEW

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1. A new addition to ARB's fridge freezer range, the revolutionary Elements Weatherproof fridge freezer was released.

2. The release of the Tango sport lid - an innovative alternative to a mounted canopy was developed for a host of new dual cab 4x4s.

3. ARB's first ever national, metro TV campaign 'Just Gotta Ask' was rolled out across the country.

4. ARB rolls out a new retail store direction, aiming to improve customers' in-store experience.

5. Grand opening of ARB Middle East FZE to enhance supply to the region and strengthen our existing distribution network. For the past 20 years the Middle East has been a growing export market for ARB.

6. ARB Air Locker equipped vehicles took home multiple wins in high speed, desert driving races at the 2017 King of the Hammers event in Johnson Valley, California. ARB sponsored legend, Shannon Campbell, won the main event with a prototype 40-spline Ford 9" Competition Edition model ARB Air Locker fitted in the rear axle.

7. ARB introduced a complete package of accessories for the newly released third generation USA manufactured vehicle, the Toyota Tacoma 2016 on.

8. Adding to the Intensity LED driving light range, the AR40 light bar was introduced, offering customers another innovative option for vehicle lighting.

9. In conjunction with SmartBar, the new StealthBar has been released passing the European directive (EC No 78/2009) regarding the protection of pedestrians and road users.

TABLE OF CONTENTS

CORPORATE INFORMATION

COMPANY ABN
31 006 708 756

DIRECTORS

Roger G Brown B.E., M.B.A.
Andrew H Brown
Adrian R Fitzpatrick B.Com., FCA, CPA, MAICD
John R Forsyth B.E., M.B.A.
Robert D Fraser B.Ec., LLB (Hons)
Andrew P Stott

COMPANY SECRETARY

John R Forsyth B.E., M.B.A.

PRINCIPAL REGISTERED OFFICE

42-44 Garden Street
Kilsyth Victoria 3137 Australia
Tel: +61 3 9761 6622
Fax: +61 3 9761 6807

AUDITORS

Pitcher Partners
Level 19
15 William Street
Melbourne Victoria 3000

LOCATION OF REGISTER OF SECURITIES

Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street
Abbotsford Victoria 3067
Tel: 1300 850 505 (within Australia)
Tel: +61 3 9415 4000 (from overseas)
Fax: +61 3 9473 2500

STOCK EXCHANGE

Australian Securities Exchange
Level 4, North Tower
Rialto, 525 Collins Street
Melbourne Victoria 3000

CHAIRMAN'S STATEMENT

RESULTS

The Directors of ARB Corporation Limited ("**ARB**" or the "**Company**") are pleased to report that the Company achieved a net profit after tax of $49.2 million for the year ended 30 June 2017. After adjusting for a property sale in the previous corresponding period, underlying profit before tax for the period increased by 8.2% compared with the year to 30 June 2016. The effective Group tax rate increased as a greater proportion of Company profits were generated in higher taxing jurisdictions.

Sales for the year were $383 million, an increase of 7.2% over the prior corresponding period.

The full year results are summarised below:

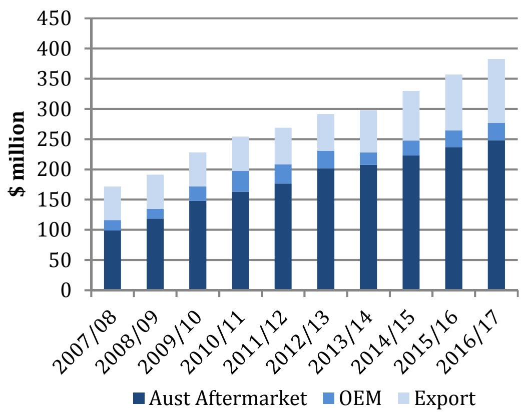
Year ended	**30 Jun 17** $'000 Statutory	**30 Jun 16** $'000 Statutory	**Change**	**30 Jun 16** $'000 Underlying[1]	**Change**
Sales	**382,599**	**356,905**	**7.2%**	**356,905**	**7.2%**
Other Revenue	2,320	4,319		2,334	
Total Revenue	**384,919**	**361,224**		**359,239**	
Profit before Tax	**67,501**	**64,379**	**4.8%**	**62,394**	**8.2%**
Tax	(18,349)	(16,940)		(16,166)	
Profit after Tax	**49,152**	**47,439**	**3.6%**	**46,228**	**6.3%**
Basic EPS - cents	62.10	59.90		58.40	
DPS - cents					
Interim	16.0	14.5		14.5	
Final	18.0	17.0		17.0	
Total	34.0	31.5	7.9%	31.5	7.9%
Franking	100%	100%		100%	

[1] Excludes Other Revenue and Profit before Tax of $1.98 million (Profit after Tax of $1.21 million) associated with the sale of the Company's warehousing facility in Seattle, USA

The Company intends to pay a final fully franked dividend of 18 cents per share on the 20th October 2017. This brings total dividends for the year to 34 cents per share fully franked. The Record Date for the final dividend will be the 6th October 2017.

10 YEAR HISTORICAL PERFORMANCE

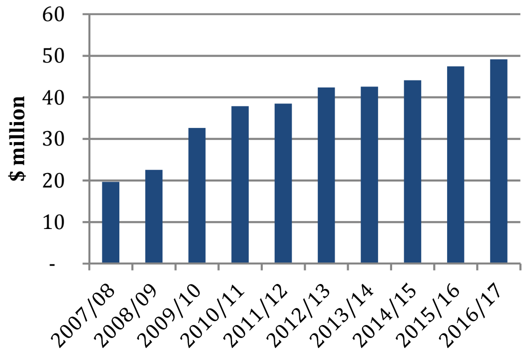
The sales, profits and dividends per share performance of the Company over the past 10 years are illustrated in the graphs below:



SALES REVENUE

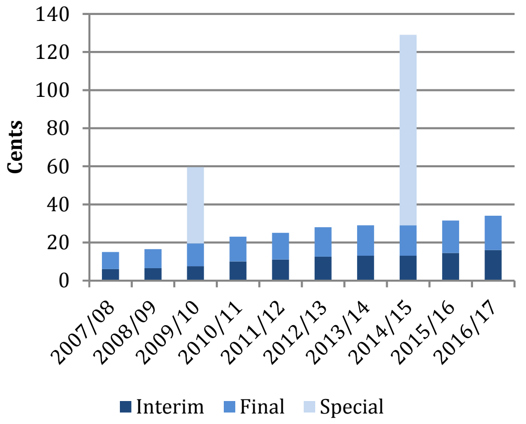
Annual sales revenue has grown at an average compound rate of 9.3% over the past 10 years.

CHAIRMAN'S STATEMENT



NET PROFIT AFTER TAX

Net profit after tax has grown at an average compound rate of 10.7% over the past 10 years.



DIVIDENDS PER SHARE

Dividends per share have grown steadily over the past 10 years with special dividends paid in 2009/10 and 2014/15. All dividends have been fully franked.

HIGHLIGHTS OF THE 2016/17 YEAR

Sales and Distribution

Sales revenue increased by 7.2% in 2016/17 over the previous corresponding period. Sales growth was achieved in all categories of the business. As can be seen from the table below, ARB's sales growth in the Australian aftermarket was 4.6%, while sales to export and original equipment customers grew by 14.3% and 5.3% respectively.

Customer Category	Percentage of Total Sales		Sales Growth
	12 months to June 2017	12 months to June 2016	
Australian Aftermarket	64.8%	66.3%	+4.6%
Exports	27.6%	25.9%	+14.3%
Original Equipment	7.6%	7.8%	+5.3%
	100.0%	100.0%	+7.2%

In the Australian aftermarket the Company distributes through the ARB store network, to ARB stockists, to new vehicle dealers and to various fleet operators. Contributions from Go Active Outdoors, Kingsley Enterprises and SmartBar are included in Australian aftermarket sales.

ARB's market leading store network is vitally important to the Company's strength in the Australian aftermarket. Currently there are 61 ARB stores in Australia, of which 25 are Company owned. At this time last year, 56 ARB stores were operating in Australia. It should be noted that three of the current stores opened during the past two months and therefore made no contribution to the 2016/17 result.

The most recently established ARB stores include new livery, technology and custom joinery. This design includes product category signage on the building, pylon signs and modern industrial interior styling. This new concept will be gradually rolled out to existing ARB stores over the next few years.

In late August 2017, Victoria's new main warehouse at Keysborough will be completed. This warehouse is expected to become fully operational by the end of this calendar year. The 16,000 square metre facility is being purpose built and will provide the Company with essential additional warehouse space.

CHAIRMAN'S STATEMENT

In Perth, WA, a new Company owned retail store with a large fitting capacity will open at Canning Vale in the December 2017 quarter. This will free up much needed space at the Canning Vale main WA warehouse.

Excellent growth of 14.3% in total was achieved in export sales made from Australia, the USA, Europe, Thailand and from the recently established sales and warehousing operation in Dubai in the Middle East. The relatively high Australian Dollar against the US dollar limited the impact of excellent growth in the USA. Exports now represent a healthy 27.6% of ARB's total sales.

Sales to original equipment manufacturers started to grow again in the second half of the 2017 financial year after a slight decline in the first half. The Company has new contracts with OEM customers that should provide for continued growth into the current financial year.

Products and Production

ARB regards product development as a key element in maintaining the Company's long term competitive advantage. Research and development expenditure is continuing to increase in line with Company growth. During the year, more new vehicle releases have occurred both in Australia and overseas and new products for these vehicles are being released into the Company's factories on a weekly basis.

Work is also continuing on a number of long term development projects that will provide growth opportunities for the Company in the future. For shareholders to get a better idea of ARB's new product releases, the Company's website at www.arb.com.au is a great source of information.

As noted in the Chairman's statement for the first half, annual bonus negotiations with staff in Thailand disrupted production in the months of November and December 2016. Although difficult to quantify, this affected both sales and profit growth across the Company at the end of the first half and at the beginning of the second half. Apart from this interruption, production was at near full capacity in both the Australian and Thai production facilities for the entire year.

In the first half of 2017/18, construction will begin on the Company's previously purchased land in Thailand in the estate that houses ARB's existing manufacturing and warehousing facilities to provide capacity for further expansion.

Financial

Growth in underlying profit before tax of 8.2% during 2016/17 was higher than the corresponding growth in sales of 7.2%. Sales margins were maintained during the year and costs were well controlled despite volatility in the key Thai Baht and US Dollar currencies. Infrastructural and resource investments in recent years across the Company have facilitated cost effective sales growth.

Cash flows from operations increased to $62.2 million from $44.9 million last year, reflecting effective working capital management.

ARB invested $20.4 million during the year in additional property, plant and equipment, including manufacturing equipment to increase capacity and capital expenditure across the selling networks, particularly for new and upgraded stores in Australia.

ARB is in a strong financial position with cash of $27.6 million and no debt at 30 June 2017 enabling the Company to react quickly to appropriate opportunities, including further capital projects or suitable acquisitions.

THE FUTURE

The Company's growth in 2016/17 was achieved in an uncertain global environment. The current economic conditions still remain uncertain. However, the outlook for the Company is positive and the Board is optimistic about the future.

Demand for the Company's products currently remains healthy in many countries around the world. ARB has long term growth plans in place, both in Australia and in export markets, which include new products and improved distribution.

With strong brands around the world, capable senior management and staff, a strong balance sheet and growth strategies in place, the Board believes ARB is well positioned to achieve on-going success.

A first quarter trading update will be provided to shareholders at the AGM in October 2017.

Roger Brown
Chairman
16th August 2017

DIRECTORS' REPORT

The Directors present their report together with the financial report of the consolidated entity of ARB Corporation Limited, being the Company and its controlled entities, for the financial year ended 30 June 2017 and the auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Principal Activities

The principal activities of the consolidated entity during the course of the financial year remained unchanged and were the design, manufacture, distribution and sale of motor vehicle accessories and light metal engineering works.

Results

The consolidated profit attributable to members of the parent entity after income tax expense for the year was $49,152,000 (2016: $47,439,000).

Review of Operations

A review of the consolidated entity's operations is included in the Chairman's Statement on pages 3 to 5.

Significant Changes in the State of Affairs

There have been no significant changes in the consolidated entity's state of affairs during the financial year.

Subsequent Events

With the exception of the declaration of a final dividend detailed in Note 6, no other matters or circumstances have arisen since the end of the financial year, that have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Likely Developments

The Company will continue to pursue its operating and financial strategies to create shareholder value. Further information is included in the Chairman's Statement.

Environmental Regulation

The consolidated entity's operations are not significantly impacted by any environmental regulations or laws.

Dividends Paid, Recommended and Declared

Dividends paid or proposed by the Company since the end of the previous financial year were:

In respect of the prior financial year:	**$'000**
- A final fully franked ordinary dividend of 17 cents per share was paid on 21 October 2016	13,459
In respect of the current financial year:	
- An interim fully franked dividend of 16 cents per share fully franked was paid on 21 April 2017	12,670
- The final dividend proposed by the Directors of the Company to be paid on 20 October 2017 is a fully franked dividend of 18 cents per share	14,253
Total dividends in respect of the year ended 30 June 2017	26,923

The final dividend proposed by the Directors of the Company has not been provided for in the Consolidated Statement of Financial Position as at 30 June 2017 as it was declared subsequent to 30 June 2017.

DIRECTORS' REPORT (continued)

Information on Directors and Company Secretary

The qualifications, experience and special responsibilities of each person who has been a Director of ARB Corporation Limited at any time during or since the end of the financial year are provided below, together with details of the Company Secretary as at the financial year end.

NAME & QUALIFICATIONS	EXPERIENCE AND SPECIAL RESPONSIBILITIES
Mr. Roger G Brown B.E., M.B.A. Chairman Non-executive Director	Wide range of experience within the automotive industry in Australia and overseas. Non-executive Director of Amcil Limited. Executive Chairman of ARB Corporation Limited from 1987 to 2016. Managing Director of ARB Corporation Limited from 1987 to 2012. Member of the Risk Management Committee.
Mr. Andrew H Brown Managing Director	Wide range of experience in automotive engineering and marketing. Managing Director of ARB Corporation Limited since 2012. Executive Director of ARB Corporation Limited from 1987 to 2012. Member of the Risk Management Committee.
Mr. Adrian R Fitzpatrick B.Com., FCA, CPA, MAICD Independent Non-executive Director	Former partner of Pitcher Partners. Non-executive Director of Contango Microcap Limited (appointed 2017). Non-executive Director of ARB Corporation Limited since July 2016. Member of the Remuneration and Nomination Committee and the Audit Committee.
Mr. John R Forsyth B.E., M.B.A. Non-executive Director Company Secretary	Director of ARB Corporation Limited since 1987. Executive Director of ARB Corporation Limited from 1989 to 2016. Chairman of the Risk Management Committee. Company Secretary of ARB Corporation Limited since 2004.
Mr. Robert D Fraser B.Ec., LLB (Hons) Independent Non-executive Director	Company Director and corporate adviser. Director of Taylor Collison Limited and Non-executive Director of F.F.I. Holdings Limited and Magellan Financial Group Limited. Previously a Non-executive Director of Gowing Bros Limited from 2012 to 2016. Non-executive Director of ARB Corporation Limited since 2004. Chairman of the Audit Committee and the Remuneration and Nomination Committee.
Mr. Andrew P Stott Independent Non-executive Director	Wide 4WD industry experience. Non-executive Director of ARB Corporation Limited since 2006. Member of the Remuneration and Nomination Committee and the Audit Committee.

Share Options

No options over unissued shares or interests in the consolidated entity were granted during or since the end of the financial year and there were no options outstanding at the end of the financial year.

Indemnification and Insurance of Directors, Officers and Auditors

The Company has, during the financial year, in respect of any person who is or has been an officer of the Company or a related body corporate, paid a premium in respect of Directors' and Officers' Liability insurance which indemnifies the Directors and Officers of the Company for any claims made against the Directors and Officers of the Company, subject to conditions contained in the insurance policy. Further disclosures required under Section 300(1)(g) of the Corporations Act 2001 are prohibited under the terms of the contract.

No indemnities have been given or insurance premiums paid during or since the end of the financial year, for the auditors of the consolidated entity.

DIRECTORS' REPORT (continued)

Directors' Meetings

The number of Board of Directors and Board Committee meetings held during the financial year, and each director's attendance at these meetings were:

	Board	Audit Committee	Remuneration & Nomination Committee
Number of meetings held	11	4	3
Mr. Roger G Brown	11	*	*
Mr. Andrew H Brown	11	*	*
Mr. Adrian R Fitzpatrick	11	4	3
Mr. John R Forsyth	11	*	*
Mr. Robert D Fraser	11	4	3
Mr. Andrew P Stott	11	4	3

* Not a member of the Committee

The Risk Management Committee meetings occur in conjunction with the management meetings. There were 26 Risk Management Committee meetings during the year. These were attended by the Directors with representation by Mr R Brown on 20 occasions, Mr A Brown on 25 occasions and Mr J Forsyth on 23 occasions.

In addition to scheduled meetings, the Board has informal discussions on a regular basis to consider relevant issues. It also discusses strategic, operational and risk matters with senior management and undertakes site visits.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 in relation to the audit for the financial year is included at page 39 of this report.

Non-Audit Services

Non-audit services are approved by resolution of the Audit Committee. Non-audit services provided during the year by the auditors of the consolidated entity, Pitcher Partners, are detailed below. The Directors are satisfied that the provision of the non-audit services during the year by the auditors is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Amounts paid or payable to auditors for non-audit services provided during the year by the auditors to any entity that is part of the consolidated entity for:	**2017 $**	2016 $
Taxation services	**62,770**	43,465

Proceedings on Behalf of the Consolidated Entity

No person has applied for leave of Court to bring proceedings on behalf of the consolidated entity.

Comparatives

Where necessary, comparative information has been reclassified for consistency with current year disclosures.

DIRECTORS' REPORT (continued)

Remuneration Report - Audited

Key Management Personnel

'Key Management Personnel' are those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity. Being a working Board, strategic direction and decision making is exercised by the Directors.

Remuneration Policies

The Board's policy for determining the nature and amount of remuneration of Key Management Personnel is agreed by the Board of Directors as a whole based on the recommendations of the Remuneration and Nomination Committee. The Board obtains professional advice where necessary to ensure that the Company attracts and retains talented and motivated Key Management Personnel who can enhance Company performance through their contributions and leadership.

For the Executive Director and Key Management Personnel, the Company provides a remuneration package that incorporates both cash-based and non cash-based remuneration. The contracts for service between the Company and specified Key Management Personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. The remuneration policy is based on providing a fair and competitive annual remuneration package to Key Management Personnel based on market related data and the overall continued performance of the Group. The Company has not provided financial incentives directly in connection with the performance of the Group as the Board considers a remuneration policy based on short-term returns may not be beneficial to the long-term creation of wealth by the Company for shareholders.

The Company determines the total amount of remuneration for Directors by resolution.

The Group has reimbursed or borne expenses incurred by the Non-executive Directors in the discharge of their duties of $nil (2016: $nil).

Details of the nature and amount of each major element of the remuneration of each Director of the Company and each of the Key Management Personnel of the Company and the consolidated entity for the financial year are:

2017	Salary & Fees $	Non-cash Benefits $	Super contributions $	Total $
Directors				
Roger G. Brown	205,175	9,426	19,492	234,093
Andrew H. Brown (Executive)	324,189	27,951	30,349	382,489
Adrian R. Fitzpatrick (appointed 1 July 2016)	54,200	-	5,149	59,349
John R. Forsyth	205,175	-	19,492	224,667
Robert D. Fraser	79,653	-	7,567	87,220
Andrew P. Stott	54,200	-	5,149	59,349
Total	**922,592**	**37,377**	**87,198**	**1,047,167**
2016				
Directors				
Roger G. Brown	203,682	28,579	19,350	251,611
Andrew H. Brown (Executive)	321,372	26,679	30,530	378,581
John R. Forsyth	203,682	4,186	19,350	227,218
Robert D. Fraser	77,332	-	7,347	84,679
Ernest E. Kulmar (retired 1 July 2016)	64,772	-	6,153	70,925
Andrew P. Stott	52,620	-	4,999	57,619
Total	**923,460**	**59,444**	**87,729**	**1,070,633**

Key Management Personnel do not receive any short term or long term incentive arrangements.

Since the end of the previous financial year no Director of the Company, other than as disclosed in Note 27, has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors shown in the consolidated financial report) because of a contract made by the Company, its controlled entities or a related body corporate with a Director or with a firm of which a Director is a member, or with an entity in which the Director has a substantial interest.

DIRECTORS' REPORT (continued)

The following table summarises the Company's performance and key performance indicators:

	2017	2016	2015	2014	2013
Revenue ($'000)	384,919	361,224	333,356	299,947	294,509
Increase in revenue (%)	6.6%	8.4%	11.1%	1.8%	8.3%
Profit before tax ($'000)	67,501	64,379	60,016	57,291	57,965
Increase/(decrease) in profit before tax (%)	4.8%	7.3%	4.8%	(1.2%)	9.8%
Change in share price (%)	(6.2%)	28.5%	6.5%	7.4%	25.3%
Dividend paid to Shareholders ($'000)	26,129	24,144	82,255	20,659	19,207
Total remuneration of Key Management Personnel	1,047,167	1,070,633	1,258,409	1,230,949	1,215,474

Key Management Personnel Shareholdings

The ordinary shares of ARB Corporation Limited held by each Director, either directly or indirectly, were:

	2017 Number	2016 Number	
R.G. Brown	**7,926,427**	7,926,427	(a)
A.H. Brown (Executive)	**7,932,968**	7,932,968	(a)
J.R. Forsyth	**2,117,845**	2,117,845	
R.D. Fraser	**27,376**	27,376	

(a) Common to each of R.G. Brown and A.H. Brown are 7,879,272 shares held indirectly.

R.G. Brown holds 9,759 (2016: 9,759) shares directly and 7,916,668 (2016: 7,916,668) shares indirectly of which 7,879,272 (2016: 7,879,272) are common to R.G. Brown and A. H. Brown.

A.H. Brown holds 8,939 (2016: 8,939) shares directly and 7,924,029 (2016: 7,924,029) shares indirectly of which 7,879,272 (2016: 7,879,272) are common to R.G. Brown and A. H. Brown.

J.R. Forsyth holds 10,277 (2016: 10,277) shares directly and 2,107,568 (2016: 2,107,568) shares indirectly.

R.D. Fraser holds 6,758 (2016: 6,758) shares directly and 20,618 (2016: 20,618) shares indirectly.

***** End of the Remuneration Report *****

Corporate Governance Statement

The Company's Corporate Governance Statement is available on its website at http://www.arb.com.au/about/investor-relations/.

Rounding of Amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report and in the financial statements have been rounded to the nearest $1,000, or in certain cases, to the nearest $1 (where indicated).

Signed in accordance with a resolution of the Directors.

Roger G Brown
Director

John R Forsyth
Director

Melbourne, 16 August, 2017

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $'000	2016 $'000
Sales revenue		**382,599**	356,905
Other income		**2,320**	4,319
Total revenue and other income	3	**384,919**	361,224
Materials and consumables used		**(173,600)**	(161,857)
Employee expenses		**(89,776)**	(84,172)
Depreciation and amortisation expense	4	**(11,552)**	(10,187)
Advertising expense		**(6,794)**	(6,015)
Distribution expense		**(8,559)**	(8,260)
Finance expense		**(11)**	(170)
Occupancy expense		**(13,201)**	(12,863)
Other expenses		**(13,925)**	(13,321)
Profit before income tax expense		**67,501**	64,379
Income tax expense	5	**(18,349)**	(16,940)
Profit attributable to members of the parent entity		**49,152**	47,439
Basic and Diluted Earnings per share (cents)	23	**62.1**	59.9

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $'000	2016 $'000
Profit attributable to members of the parent entity		**49,152**	47,439
Other comprehensive income			
Items that may be reclassified subsequently to Profit/(Loss)			
Movement in fair value of cash flow hedges	17	**(253)**	(38)
Exchange differences on translation of foreign operations	17	**(320)**	(161)
Other comprehensive income for the year		**(573)**	(199)
Total comprehensive income for the year attributable to members of the parent entity		**48,579**	**47,240**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Note	2017 $'000	2016 $'000
Current assets			
Cash and cash equivalents	20	**27,643**	13,776
Receivables	7	**50,840**	44,425
Derivative financial instruments	13	**49**	336
Inventories	8	**88,020**	86,941
Other assets	9	**2,625**	2,988
Total current assets		**169,177**	148,466
Non-current assets			
Property, plant and equipment	10	**126,989**	116,977
Deferred tax assets	5	**2,527**	2,666
Intangible assets	11	**24,550**	23,699
Total non-current assets		**154,066**	143,342
Total assets		**323,243**	291,808
Current liabilities			
Payables	12	**35,279**	27,754
Derivative financial instruments	13	**1**	35
Borrowings	14	**-**	-
Current tax liabilities		**2,810**	2,482
Provisions	15	**11,695**	10,673
Total current liabilities		**49,785**	40,944
Non-current liabilities			
Provisions	15	**1,117**	1,256
Total non-current liabilities		**1,117**	1,256
Total liabilities		**50,902**	42,200
NET ASSETS		**272,341**	249,608
Equity			
Contributed equity	16	**107,221**	106,938
Reserves	17	**8,006**	8,579
Retained earnings	18	**157,114**	134,091
TOTAL EQUITY		**272,341**	249,608

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
Balance as at 1 July 2015	106,774	8,778	110,796	226,348
Profit for the year	-	-	47,439	47,439
Movement in fair value of cash flow hedges, net of tax	-	(38)	-	(38)
Exchange differences on translation of foreign operations, net of tax	-	(161)	-	(161)
Total comprehensive income for the year	-	(199)	47,439	47,240
Transactions with owners in their capacity as owners:				
Employee share issue	164	-	-	164
Dividends paid	-	-	(24,144)	(24,144)
Total transactions with owners in their capacity as owners	164	-	(24,144)	(23,980)
Balance as at 30 June 2016	106,938	8,579	134,091	249,608
Balance as at 1 July 2016	**106,938**	**8,579**	**134,091**	**249,608**
Profit for the year	**-**	**-**	**49,152**	**49,152**
Movement in fair value of cash flow hedges, net of tax	**-**	**(253)**	**-**	**(253)**
Exchange differences on translation of foreign operations, net of tax	**-**	**(320)**	**-**	**(320)**
Total comprehensive income for the year	**-**	**(573)**	**49,152**	**48,579**
Transactions with owners in their capacity as owners:				
Employee share issue	**283**	**-**	**-**	**283**
Dividends paid	**-**	**-**	**(26,129)**	**(26,129)**
Total transactions with owners in their capacity as owners	**283**	**-**	**(26,129)**	**(25,846)**
Balance as at 30 June 2017	**107,221**	**8,006**	**157,114**	**272,341**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	Note	**2017 $'000**	2016 $'000
Cash Flows From Operating Activities			
Receipts from customers		**404,494**	382,004
Payments to suppliers and employees		**(324,448)**	(321,179)
Interest received		**54**	33
Finance costs		**(11)**	(170)
Income tax paid		**(17,882)**	(15,744)
Net cash provided by Operating activities	20	**62,207**	44,944
Cash Flows From Investing Activities			
Payments for property, plant and equipment		**(20,392)**	(15,958)
Payments for development costs		**(2,389)**	(2,802)
Payments for investments & goodwill	21	**-**	(2,264)
Proceeds from sales of property, plant & equipment		**579**	5,858
Net cash used in Investing activities		**(22,202)**	(15,166)
Cash Flows From Financing Activities			
Dividends paid		**(26,129)**	(24,144)
Repayment of borrowings		**-**	(2,000)
Net cash used in Financing activities		**(26,129)**	(26,144)
Foreign exchange differences		**(9)**	88
Net increase/(decrease) in cash held		**13,867**	3,722
Cash at the beginning of the financial year		**13,776**	10,054
Cash at the end of the financial year	20	**27,643**	13,776

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies adopted by the consolidated entity ("the Group") in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The consolidated entity is a for-profit entity for the purpose of preparing the financial statements.

The financial report covers ARB Corporation Limited and its controlled entities as a consolidated entity. ARB Corporation Limited is a company limited by shares, incorporated and domiciled in Australia.

The financial report was authorised for issue by the Directors as at the date of the Directors' report.

Compliance with IFRS
The consolidated financial statements of ARB Corporation Limited also comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical Cost Convention
The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

(b) Going concern

The financial report has been prepared on a going concern basis.

(c) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities which the parent entity controls. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are fully consolidated from the date on which control is established.

(d) Revenue recognition

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at transfer of ownership of the goods to the customer.

Revenue from rendering services to customers is recognised upon delivery of the service to the customer.

Interest revenue is recognised when it becomes receivable on a proportional basis taking into account the interest rates applicable to the financial assets.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials and consumables: purchase cost on a first-in-first-out basis;
- Finished goods and work in progress: cost of direct material and labour and a proportion of manufacturing overheads based on normal operating capacity.

(f) Property, plant and equipment

Cost and valuation
Freehold land and buildings are shown at cost less accumulated depreciation for buildings and accumulated impairment losses.

All other classes of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation
Land is not depreciated. The depreciable amounts of all other fixed assets are depreciated over their estimated useful lives commencing from the time the asset is held ready for use.

The useful lives for each class of assets are:	2017	2016
- Buildings:	40 years	40 years
- Plant and equipment:	3 to 10 years	3 to 10 years

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of six months or less held at call with financial institutions, and bank overdrafts.

(h) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating Leases
Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the term of the lease.

(i) Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of the assets and liabilities acquired. Business combinations are accounted for by applying the acquisition method.

The consideration transferred is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control. Deferred consideration payable is discounted to present value using the Group's incremental borrowing rate.

Goodwill is recognised initially at the excess over the aggregate of the consideration transferred, the fair value of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition), less the fair value of the identifiable assets acquired and liabilities assumed.

Acquisition related costs are expensed as incurred.

(j) Intangibles

Goodwill
Goodwill is initially measured as described in Note 1 (i).

Goodwill is not amortised but is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses.

Research and Development
Expenditure on research activities is recognised as an expense when incurred.

Expenditure on motor vehicle accessories design and development activities is capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using a straight-line method to allocate the cost of the intangible assets over their estimated useful lives, which range from 3 to 5 years. Amortisation commences when the intangible asset is available for use.

Other development expenditure is recognised as an expense when incurred.

Distribution Rights
Distribution rights are recorded at cost.

Amortisation is calculated using a straight-line method to allocate the cost over the period of the distribution rights.

(k) Taxes

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. No deferred tax asset or liability is recognised in relation to temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only when it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax Consolidation
The parent entity and its controlled Australian entities have formed an income tax consolidated group under the tax consolidation legislation. The parent entity is responsible for recognising the current tax liabilities and deferred tax assets arising in respect of tax losses, for the tax consolidated group. The tax consolidated group has also entered into a tax funding agreement whereby each company in the Group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Impairment of non-financial assets

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

(m) Employee benefits

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within 12 months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

(n) Financial instruments

Loans and Receivables
Loans and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method. Loans and receivables are tested for impairment. Any impairment loss is recognised in the profit and loss.

Financial Liabilities
Financial liabilities include trade payables, other creditors and loans from third parties.

Hedge Accounting
Certain derivatives are designated as hedging instruments and are classified as cash flow hedges.

At the inception of each hedging transaction the Group documents the relationship between the hedging instruments and hedged items, its risk management objective and its strategy for undertaking the hedge transaction. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items.

Cash flow hedge
To qualify as a cash flow hedge the underlying transactions generating the cash flows must be highly probable.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity in the cash flow hedging reserve. The gain or loss is released to profit or loss in the same period when the forecast transactions occur, thereby mitigating any exchange fluctuations that would have transpired in the absence of the hedge.

(o) Foreign currency

Functional and presentation currency
The financial statements of each Group entity are measured using its functional currency, which is the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances
Transactions in foreign currencies of entities within the consolidated entity are translated into their functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

Except for certain foreign currency hedges, all resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses for the financial year.

Entities that have a functional currency different to the presentation currency are translated as follows:
- Assets and liabilities are translated at the closing rate prevailing on reporting date;
- Income and expenses are translated at actual exchange rates or average exchange rates for the period, where appropriate; and
- All resulting exchange differences are recognised as Other Comprehensive Income.

(p) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Consolidated Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Consolidated Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(r) Significant accounting estimates and judgements

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

Inventories

Management has assessed the value of inventory that is likely to be sold below cost using past experience and judgement on the likely sell through rates of various items of inventory, and booked a provision for this amount.

Impairment of goodwill

Goodwill is allocated to cash generating units (CGU) according to management's expectations regarding which assets will be expected to benefit from the synergies arising from the business combination that gave rise to the goodwill. The recoverable amount of a CGU is based on value in use calculations. These calculations are based on projected cash flows approved by management. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future. The present value of future cash flows has been calculated as disclosed in Note 11 of the financial statements.

Impairment of non-financial assets other than goodwill

All assets are assessed for impairment at each reporting date by evaluating whether indicators of impairment exist in relation to the continued use of the asset by the consolidated entity. Impairment triggers include declining product or manufacturing performance, technology changes, adverse changes in the economic or political environment or future product expectations. If an indicator of impairment exists the recoverable amount of the asset is determined. The recoverable amount of a CGU is based on value in use calculations.

(s) Rounding amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report and in the financial statements have been rounded to the nearest $1,000, or in certain cases, to the nearest $1 (where indicated).

(t) New accounting standards and interpretations issued but not operative at 30 June 2017

AASB 9 *Financial Instruments* , simplifies the approach for classification and measurement of financial assets and financial liabilities, when compared with AASB 139. When adopted, the standard could change the classification and measurement of financial assets. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income for equity investments that are not held for trading. The new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss. Therefore, there will be no impact on the consolidated entity's accounting for financial liabilities.

In December 2013, new general hedge accounting requirements are also incorporated in AASB 9. The new model aligns hedge accounting more closely with risk management, and will be easier to apply and reduce the costs of implementation. However, the new model requires extended disclosure. The standard is not applicable until 1 January 2018 but is available for early adoption. The consolidated entity has yet to assess the impact of new general hedge accounting model on its hedge arrangements. The consolidated entity has decided not to early adopt AASB 9 at 30 June 2017.

AASB 15 Revenue from contracts with customers introduces a five step process for revenue recognition with the core principle being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements.

The changes in revenue recognition requirements in AASB 15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. The impact of AASB 15 has not yet been quantified. The effective date is annual reporting periods beginning on or after 1 January 2018. The consolidated entity has decided not to early adopt AASB 15 at 30 June 2017.

AASB 16 Leases requires a lessee to recognise right-of-use assets and lease liabilities for all leases with a term greater than 12 months. Right-of-use assets are initially measured at their cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

- right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for in accordance with a cost model; and
- lease liabilities are accounted for on a similar basis as other financial liabilities, whereby interest expense is recognised in respect of the liability and the carrying amount of the liability.

The effective date is annual reporting periods beginning on or after 1 January 2019.

A number of other accounting standards and interpretations have been issued at the reporting date but are not yet effective. The Directors have not yet assessed the impact of these standards or interpretations.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2017

2. FINANCIAL RISK MANAGEMENT

The consolidated entity is exposed to a variety of financial risks comprising:
(a) Currency risk
(b) Interest rate risk
(c) Credit risk
(d) Liquidity risk
(e) Fair values

The Board of Directors has overall responsibility for ensuring that the risk mitigation actions recommended by the Risk Management Committee are implemented. The Board's policy with respect to the Group's exposure to financial risks is to seek to minimise potential adverse effects on the financial performance as a result of risks arising from financial instruments.

(a) Currency risk

Derivative financial instruments are used by the Group to hedge exposure to exchange rate risk associated with foreign currency transactions. Transactions for hedging purposes are undertaken without the use of collateral as the Group only deals with reputable institutions with sound financial positions.

The Group enters into forward exchange contracts to buy and sell specified amounts of foreign currencies in the future at stipulated exchange rates. The objective in entering the forward exchange contracts is to protect the consolidated entity against unfavourable exchange rate movements for both the contracted and anticipated future sales and purchases undertaken in foreign currencies.

Forward exchange contracts as at 30 June were:

			Forward Exchange Rate	
	2017	2016	**2017**	2016
	A$'000	A$'000	**$**	$
Settlement - less than 6 months				
Sell EUR / Buy AUD	**1,041**	-	**0.6726**	-
Sell AUD / Buy JPY	**-**	539	**-**	83.48
Sell AUD / Buy NZD	**-**	888	**-**	1.1261
Sell AUD / Buy SEK	**-**	2,418	**-**	6.2038
Sell AUD / Buy THB	**4,218**	11,994	**26.0807**	26.2634

The Group trades in various foreign currencies for both sales and purchases.

The Group purchases some equipment and products in New Zealand Dollars (NZD), Euro (EUR), Japanese Yen (JPY), Thai Baht (THB) and Swedish Krona (SEK). To minimise the risk on the exposure to these currencies, the Group may take out hedge contracts.

There is a net deficit of United States Dollars (USD) received over the Group's USD payments. Accordingly, the Group monitors the foreign currency exchange rates and may take out hedge contracts to stabilise the Group's purchase of USD.

There is a net surplus of Euro received over the Group's Euro payments. Accordingly, the Group monitors the foreign currency exchange rates and may take out hedge contracts to stabilise the Group's sale of Euro.

If the Group considers its exposure in a foreign currency to be significant it will consider the use of hedging contracts.

Sensitivity

No reasonable movement in the Australian dollar (AUD) rates used to determine the fair value of the consolidated entity's financial instruments would result in a significant impact on profit or equity.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2017

2. FINANCIAL RISK MANAGEMENT (continued)

(b) Interest rate risk

The Group monitors its cash flow on a daily basis. Borrowings as at the year ended 30 June 2017 were $nil (2016: $nil). Finance facilities available and used as at the reporting date are disclosed in Note 14.

The consolidated entity's exposure to interest rate risks and the effective interest rates of financial assets and liabilities, both recognised and unrecognised at the balance date, are as follows:

	Note	Weighted Average Interest rate %	Floating Interest rate $'000	Fixed interest maturing in: 1 year or less $'000	More than 1 year $'000	Non Interest Bearing $'000	Total $'000
2017							
Financial assets							
Cash	20	0.95%	27,643	-	-	-	27,643
Receivables	7	-	-	-	-	50,840	50,840
Derivative financial instruments	13	-	-	-	-	49	49
Financial liabilities							
Payables	12	-	-	-	-	35,279	35,279
Derivative financial instruments	13	-	-	-	-	1	1
2016							
Financial assets							
Cash	20	1.45%	13,776	-	-	-	13,776
Receivables	7	-	-	-	-	44,425	44,425
Derivative financial instruments	13	-	-	-	-	336	336
Financial liabilities							
Payables	12	-	-	-	-	27,754	27,754
Derivative financial instruments	13	-	-	-	-	35	35

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date of recognised financial assets is the carrying amount of those assets, net of any provisions for impairment of those assets, as disclosed in the Consolidated Statement of Financial Position and Notes to the Financial Statements.

Credit risk for derivative financial instruments arises from the potential failure by counterparties to the contract to meet their obligations. The credit risk exposure to forward exchange contracts is the net fair value of these contracts.

The consolidated entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the consolidated entity.

Concentrations of credit risk
The consolidated entity minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a large number of customers. The majority of cash holdings are held on deposit with Australian banks.

(d) Liquidity risk

The Group monitors its cash flow on a daily basis to ensure it can meet its obligations associated with financial liabilities.

Maturity analysis
All financial liabilities are due to be settled within the next six months in accordance with their contractual terms.

(e) Fair values

The net fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in the Consolidated Statement of Financial Position and Notes to the Financial Statements.

The fair values of derivative hedging instruments have been determined based on observable inputs including foreign currency forward exchange rates. Derivative hedging instruments are classified as Level 2 in the fair value measurement hierarchy. These foreign currency forward contracts are valued on a discounted cash flow basis using forward exchange rates. All other financial assets and liabilities carrying amounts are a reasonable approximation of fair values as they are short term trade receivables and payables.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2017

3. REVENUES FROM CONTINUING OPERATIONS

	2017 $'000	2016 $'000
Sales revenue		
Revenue from sale of goods	**382,599**	356,905
Other income:		
- Interest	**54**	33
- Net gain on disposal of property, plant and equipment	**130**	2,115
- Foreign exchange gains	**51**	202
- Other	**2,085**	1,969
Total other income	**2,320**	4,319
Total income from continuing operations	**384,919**	361,224

4. PROFIT FROM CONTINUING OPERATIONS

Profit from continuing operations before income tax has been determined after the following specific expenses:

	2017 $'000	2016 $'000
Cost of goods sold	**222,088**	207,013
Depreciation of non-current assets:		
Buildings	**1,635**	1,558
Plant and equipment	**8,379**	7,464
	10,014	9,022
Amortisation of non-current assets:		
Development costs capitalised	**1,538**	1,165
	1,538	1,165
Total depreciation and amortisation	**11,552**	10,187
Other expense items:		
- Trade receivables written off / (recovered)	**31**	(248)
- Provision for inventory obsolescence	**338**	458
- Research and development expenditure	**7,277**	6,756
- Operating lease rentals	**5,419**	5,406

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2017

5. INCOME TAX

	2017 $'000	2016 $'000
(a) The components of tax expense:		
Current tax	**17,973**	16,573
Deferred tax	**144**	383
Under/(over) provision prior year	**232**	(16)
Total income tax expense	**18,349**	16,940
(b) Income tax expense		
Prima facie income tax expense at 30% (2016: 30%) on the operating profit	**20,250**	19,314
Increase/(decrease) in income tax expense due to:		
Differences in overseas tax rates	**(1,951)**	(2,189)
Research & development & building allowance deductions	**(120)**	(277)
Other	**(62)**	108
Income tax expense on operating profit	**18,117**	16,956
Under/(over) provision prior year	**232**	(16)
Total income tax expense	**18,349**	16,940

(c) Deferred tax

Deferred tax assets

	2017 $'000	2016 $'000
Deferred tax asset comprises the estimated future benefit at applicable income tax rates of the following items:		
Provisions, accruals and accrued employee benefits	**3,868**	3,454
Doubtful debt impairment	**122**	314
Inventory write-down	**677**	583
Income tax expense on group unrealised profit	**1,907**	1,940
Other	**233**	247
	6,807	6,538
Deferred tax liabilities		
Provision for deferred income tax comprises the estimated expenses at applicable income tax rates for the following items:		
Difference in depreciation and amortisation of property, plant and equipment for accounting and income tax purposes	**1,792**	1,672
Development costs capitalised	**2,275**	2,011
Other income not yet assessable	**213**	189
	4,280	3,872
Net deferred tax assets	**2,527**	2,666

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2017

6. DIVIDENDS

	Note	2017 $'000	2016 $'000
Dividends recommended or paid by the Company are:			
Recognised Amounts			
(i) a final fully franked ordinary dividend of 17 cents per share (2016: 16 cents fully franked) was paid on 21 October 2016		**13,459**	12,665
(ii) an interim fully franked ordinary dividend of 16 cents per share (2016: 14.5 cents fully franked) paid on 21 April 2017		**12,670**	11,479
	18	**26,129**	24,144
Unrecognised Amounts			
(iv) a final fully franked ordinary dividend is proposed of 18 cents per share (2016: 17 cents fully franked) to be paid on 20 October 2017		**14,253**	13,459

The final dividend proposed was declared subsequent to the financial year end and has therefore not been recognised as a liability.

The dividends paid by the Company were fully franked at the tax rate of 30% (2016: 30%) and the recommended final dividend will be fully franked at the tax rate of 30%.

Dividend franking account
The balance of the franking account at year end that could be distributed as franked dividends using franking credits already in existence or which will arise from the payment of income tax provided for in the financial statements and after deducting franking credits to be used in payment of the above dividends:

	2017	2016
Franking Credits (measured on a tax paid basis under Australian Legislation)	**32,295**	27,837

7. RECEIVABLES

	2017	2016
Current		
Trade receivables	**49,766**	43,436
Other receivables	**1,481**	2,036
	51,247	45,472
Less: provision for impairment	**(407)**	(1,047)
	50,840	44,425

Provision for impairment

Receivables ageing analysis at 30 June is:	**Receivable 2017 $'000**	**Impairment 2017 $'000**	Receivable 2016 $'000	Impairment 2016 $'000
Not past due	**47,233**	**-**	41,894	(24)
Past due 0 - 30 days	**2,862**	**(58)**	1,684	(67)
Past due 31 - 90 days	**604**	**(55)**	678	(53)
Past due more than 91 days	**548**	**(294)**	1,216	(903)
	51,247	**(407)**	45,472	(1,047)

Trade receivables are non interest bearing with 30 day terms. An impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. The impairment losses have been included within Other expenses in the Consolidated Income Statement. All trade receivables that are not impaired are expected to be received.

	2017 $'000	2016 $'000
Movements in the provision for impairment were:		
Opening balance at 1 July	**(1,047)**	(1,324)
(Charge) / writeback for the year	**(31)**	248
Amounts written off	**670**	32
Foreign exchange translation	**1**	(3)
Closing balance at 30 June	**(407)**	(1,047)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2017

8. INVENTORIES

	2017 **$'000**	2016 $'000
Current		
Raw materials and work in progress	**21,842**	21,756
Finished goods	**54,114**	55,887
Goods in transit, at cost	**14,387**	11,283
Less: Provision for stock obsolescence	**(2,323)**	(1,985)
	88,020	86,941

9. OTHER ASSETS

Current		
Prepayments	**2,625**	2,988

10. PROPERTY, PLANT AND EQUIPMENT

Land and buildings, at cost (i)	**96,508**	85,861
Less: accumulated depreciation	**(9,212)**	(7,576)
	87,296	78,285
Plant and equipment, at cost	**100,071**	91,733
Less: accumulated depreciation	**(60,378)**	(53,041)
	39,693	38,692
Total property, plant and equipment	**126,989**	116,977

(i) Land and buildings include deposits paid of $2,135,000 in relation to a property in Keysborough, Victoria currently under construction.

(a) Movements in the carrying amounts

	Land & Buildings $'000	**Plant & Equipment $'000**	**TOTAL $'000**
2017			
Balance at the beginning of financial year	**78,285**	**38,692**	**116,977**
Additions	**10,644**	**9,748**	**20,392**
Disposals	**-**	**(341)**	**(341)**
Depreciation	**(1,635)**	**(8,379)**	**(10,014)**
Foreign exchange impact	**2**	**(27)**	**(25)**
Balance at the end of financial year	**87,296**	**39,693**	**126,989**
2016			
Balance at the beginning of financial year	79,845	34,123	113,968
Additions	3,237	12,721	15,958
Disposals	(3,119)	(624)	(3,743)
Depreciation	(1,558)	(7,464)	(9,022)
Foreign exchange impact	(120)	(64)	(184)
Balance at the end of financial year	78,285	38,692	116,977

(b) Property, plant and equipment have been granted as security over bank facilities. Refer to Note 14 for details.

(c) Fair value of freehold land and buildings – The Group obtains independent property valuations of freehold land and buildings on a 3 year rotational basis. The total current valuations for freehold land and buildings are $94.8 million, compared with the collective carrying value of $87.3 million. The fair value measurements have been determined as level 3 in the fair value measurement hierarchy. The valuations are based on the expected vacant possession sales price with consideration of comparable sales information and prevailing rental capitalisation rates.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2017

11. INTANGIBLE ASSETS

	2017 $'000	2016 $'000
Goodwill	**16,917**	16,917
Development costs	**20,493**	18,104
Less: accumulated amortisation	**(12,860)**	(11,322)
	7,633	6,782
	24,550	23,699

Movements in the carrying amounts	**Goodwill $'000**	**Development Costs $'000**	**TOTAL $'000**
2017			
Balance at the beginning of financial year	**16,917**	**6,782**	**23,699**
Additions	**-**	**2,389**	**2,389**
Amortisation	**-**	**(1,538)**	**(1,538)**
Balance at the end of financial year	**16,917**	**7,633**	**24,550**
2016			
Balance at the beginning of financial year	14,653	5,145	19,798
Additions	2,264	2,802	5,066
Amortisation	-	(1,165)	(1,165)
Balance at the end of financial year	16,917	6,782	23,699

Impairment

Goodwill is allocated to the following cash-generating units. The impairment test for each of these units has been prepared using a value in use calculation with a calculation for year 1 cash flows approved by management and years 2 to 5 projected using the growth rate below. Growth rates are based upon Directors' assumptions and consideration of historical averages.

2017	**Goodwill $'000**	**Growth rate**	**Discount Rate (post tax)**	**Period of projection**
GoActive Outdoors (formerly Thule Car Rack systems)	2,008	5.0%	10.0%	5 years
Kingsley Enterprises	3,226	4.5%	10.0%	5 years
SmartBar	1,648	5.0%	10.0%	5 years
ARB Corporation (Australia)	10,035	6.5%	10.0%	5 years
2016				
Thule Car Rack systems	2,008	5.0%	10.0%	5 years
Kingsley Enterprises	3,226	4.5%	10.0%	5 years
SmartBar	1,648	5.0%	10.0%	5 years
ARB Corporation (Australia)	10,035	6.5%	10.0%	5 years

No reasonable change in any of the key assumptions would result in an impairment.

12. PAYABLES

	2017 $'000	2016 $'000
Current		
Trade payables	**21,703**	21,028
Other payables	**13,576**	6,726
	35,279	27,754

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2017

13. DERIVATIVE FINANCIAL INSTRUMENTS

	2017 $'000	2016 $'000
Derivatives that are designated and effective as hedging instruments carried at fair value:		
Current assets		
Forward exchange contracts	**49**	336
Current liabilities		
Forward exchange contracts	**1**	35

14. BORROWINGS

Current

	2017 $'000	2016 $'000
Secured Borrowings	**-**	-

Financing arrangements

The consolidated entity has access to the following lines of credit:

	2017 $'000	2016 $'000
Total facilities available:		
Bank overdraft	**10,000**	7,250
Online facility	**2,000**	2,000
Lease guarantees	**750**	750
	12,750	10,000
Facilities utilised at balance date:		
Lease guarantees	**564**	643
	564	643
Facilities not utilised at balance date:		
Bank overdraft	**10,000**	7,250
Online facility	**2,000**	2,000
Lease guarantees	**186**	107
	12,186	9,357

(i) Bank overdraft
The bank overdraft is subject to annual review. Following such review, the bank retains the right at its discretion to review all of the terms and conditions of the facilities including without limitation all facility limits, fees, pricing, security and facility conditions. This facility was unused at 30 June 2017.

(ii) Interchangeable facility
The interchangeable facility is subject to annual review.

(iii) Online facility
This facility is used for the clearance of wages and was unused at 30 June 2017.

(iv) Security & Conditions
The above facilities are secured by a First Registered Company Charge over all assets and undertakings of the Company and its Australian controlled entities.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2017

15. PROVISIONS

	2017 $'000	2016 $'000
Current		
Employee benefits	**11,695**	10,673
Non-current		
Employee benefits	**1,117**	1,256
Total employee benefits	**12,812**	11,929

16. CONTRIBUTED EQUITY

Issued and paid up capital

	2017 $'000	2016 $'000
79,184,214 ordinary shares (2016: 79,168,214)	**107,221**	106,938

Fully paid ordinary shares carry one vote and carry the right to dividends.

Movements during the year	2017 No. of shares	2016 No. of shares	2017 $'000	2016 $'000
Balance at the beginning of the financial year	**79,168,214**	79,156,214	**106,938**	106,774
Other shares issued	**16,000**	12,000	**283**	164
Balance at the end of the financial year	**79,184,214**	79,168,214	**107,221**	106,938

Capital management
When managing capital, the Board monitors, with consideration of the domestic and international economic climates, the Group's debt and liquidity levels. The capital management objective is to maintain the dividend payment ratio, whilst generating cash for future growth. It is the Board's current intention to maintain a dividend payout ratio of between 40% to 60% of Net Profit after Tax, excluding any special dividends.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2017

17. RESERVES

	Note	2017 $'000	2016 $'000
Capital profits reserve		**4,090**	4,090
Foreign currency translation reserve		**3,868**	4,188
Cash flow hedge reserve		**48**	301
		8,006	8,579

Capital profits reserve

Balance at the beginning and end of the financial year	**4,090**	4,090

Capital profits reserve reflects previously realised profits on sale of capital assets.

Foreign currency translation reserve

Balance at the beginning of the financial year	**4,188**	4,349
Amount recognised in other comprehensive income	**(320)**	(161)
Balance at the end of the financial year	**3,868**	4,188

Foreign currency translation reserve reflects exchange differences on translation of foreign operations into Australian dollars.

Cash flow hedge reserve

Balance at the beginning of the financial year	**301**	339
Amount recognised in other comprehensive income	**(253)**	(38)
Balance at the end of the financial year	**48**	301

Cash flow hedge reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges.

18. RETAINED EARNINGS

	Note	2017 $'000	2016 $'000
Retained earnings		**157,114**	134,091

Retained earnings

	Note		
Balance at the beginning of the financial year		**134,091**	110,796
Net profit attributable to members of the parent entity		**49,152**	47,439
Dividends paid	6	**(26,129)**	(24,144)
Balance at the end of the financial year		**157,114**	134,091

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2017

19. PARENT ENTITY INFORMATION

	Note	2017 $'000	2016 $'000
Profit before income tax expense		**53,803**	52,483
Income tax expense		**(16,553)**	(15,661)
Profit attributable to members of the parent entity		**37,250**	36,822
Total comprehensive income for the year attributable to members of the parent entity		**36,998**	36,784
Current assets		**132,955**	120,082
Non-current assets		**137,460**	132,108
Total assets		**270,415**	252,190
Current liabilities		**40,788**	33,392
Non-current liabilities		**1,116**	1,256
Total liabilities		**41,904**	34,648
Net assets		**228,511**	217,542
Equity			
Contributed equity		**107,221**	106,938
Reserves		**3,980**	4,292
Retained earnings		**117,310**	106,312
Total equity		**228,511**	217,542
Capital expenditure commitments			
Contracted, but not provided for and payable within one year	22	**18,526**	504

20. CASH FLOW INFORMATION

(i) Reconciliation of Cash

	2017	2016
Cash	**27,643**	13,776

(ii) Reconciliations of the net profit after tax to the net cash flows from operations:

	2017	2016
Net profit	**49,152**	47,439
Add/(less) items classified as Investing/financing activities:		
(Profit)/loss on disposal of non-current assets	**(130)**	(2,115)
Add/(less) non-cash items		
Depreciation and amortisation	**11,552**	10,187
Provision for impairment of receivables	**31**	(277)
Provision for inventory obsolescence	**338**	458
Impact of foreign exchange	**(394)**	(65)
Employee share issue	**283**	164
Net cash provided by operating activities before change in assets and liabilities	**60,832**	55,791
Change in assets and liabilities		
(Increase)/decrease in trade receivables	**(7,001)**	(1,738)
(Increase)/decrease in other receivables	**555**	(194)
(Increase)/decrease in inventories	**(1,417)**	(9,578)
(Increase)/decrease in other assets	**363**	392
(Increase)/decrease in deferred tax asset	**139**	(383)
(Decrease)/increase in payables	**7,525**	(1,120)
(Decrease)/increase in income tax payable	**328**	1,580
(Decrease)/increase in provisions	**883**	194
Net cash flow from operating activities	**62,207**	44,944

(iii) Credit stand-by arrangements and loan facilities are identified at Note 14.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2017

21. BUSINESS COMBINATIONS

Current year

There were no changes to Business Combinations during the current year.

Prior year

During the prior year the consolidated entity purchased a retail store in Dandenong, Victoria (July 2015), a manufacturing business, AutoXtras (September 2015) and distribution rights for Thule Chariot products (May 2016).

A summary of these aggregated transactions is:

	$'000
Total consideration paid	2,431
Fair value at acquisition of Assets and liabilities acquired:	
Inventory	417
Plant and equipment	245
Deferred tax asset	22
Employee entitlements	(92)
Other assets / (liabilities)	(425)
Net assets acquired	167
Goodwill	2,264

The goodwill on acquisition arises as a result of the reputations, employees and profitability of the businesses.

Goodwill is not deductible for tax purposes.

Contribution since acquisition to prior financial year end

For the year ended 30 June 2016, the acquired businesses contributed combined revenue of $6,883,000 and combined profit after tax of $1,433,000 which is included within the consolidated profit for that period.

Acquisitions were for the business assets only and accordingly appropriate accounting records are not available to ascertain what the contribution to revenue and profits would have been if the acquisitions had been at the beginning of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2017

22. COMMITMENTS AND CONTINGENCIES

	2017 $'000	2016 $'000
Operating lease commitments		
All operating leases are property leases		
Minimum lease payments		
Future operating lease rentals of property, not provided for and payable as follows:		
Not later than one year	**5,341**	4,356
Later than one year but not later than five years	**11,280**	10,342
Later than five years	**678**	1,118
	17,299	15,816
Capital expenditure commitments		
Contracted, but not provided for and payable within one year		
Land & Buildings	**18,526**	404
Plant & equipment	**201**	5,993
	18,727	6,397

23. EARNINGS PER SHARE

	2017 cents	2016 cents
Earnings per share (cents)	**62.1**	59.9
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**79,179,480**	79,164,247

Diluted earnings per share do not differ from basic earnings per share and are therefore not separately disclosed.

24. AUDITORS' REMUNERATION

	2017 $	2016 $
Remuneration of Pitcher Partners, the auditors of the parent entity for:		
- Auditing or reviewing the financial report	**178,693**	176,249
- Taxation services	**62,770**	43,465
Auditing or reviewing the financial report of subsidiaries		
- Remuneration of network firms of Pitcher Partners	**26,762**	34,458
- Remuneration of other non-related auditors	**53,756**	33,665
Total auditors' remuneration	**321,981**	287,837

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2017

25. CONTROLLED ENTITIES

The consolidated financial statements include the financial statements of ARB Corporation Limited and its controlled entities listed below:

	Country of Incorporation	2017	2016
Parent entity			
ARB Corporation Limited	Australia	**%**	%
Controlled entities			
Air Locker, Inc.	United States of America	**100**	100
Kingsley Enterprises Pty Ltd	Australia	**100**	100
Off Road Accessories Ltd	Thailand	**100**	100
ARB Off Road Ltd	Thailand	**100**	100
ARB Europe s.r.o	Czech Republic	**100**	100
ARB Middle East FZE	United Arab Emirates	**100**	100

26. DIRECTORS AND EXECUTIVES

Details of Key Management Personnel

R.G. Brown	Non-executive Director and Chairman
A.H. Brown	Managing Director
A.R. Fitzpatrick	Non-executive Director
J.R. Forsyth	Non-executive Director and Company Secretary
R.D. Fraser	Non-executive Director
A.P. Stott	Non-executive Director

Key Management Personnel remuneration by category	2017	2016
	$	$
Short term employment benefits	**959,969**	982,904
Post employment benefits	**87,198**	87,729
	1,047,167	1,070,633

27. RELATED PARTY TRANSACTIONS

Directors

The name of each person holding the position of Director of ARB Corporation Limited during the financial year is R.G. Brown, A.H. Brown, A.R. Fitzpatrick, J.R. Forsyth, R.D. Fraser and A.P. Stott.

No Director has entered into a material contract with the Company or the economic entity since the end of the previous financial year and there were no material contracts involving Directors' interests subsisting at year end.

Controlled entities

Details of interests in the controlled entities, being wholly-owned subsidiary companies, are set out at Note 25. All transactions between the Company and its controlled entities have been eliminated on consolidation.

Ultimate parent entity

The immediate parent entity and ultimate parent entity is ARB Corporation Limited.

Loans

Loans from the Company to its overseas controlled entities are charged interest monthly at arm's length rates on the outstanding balance.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2017

28. SEGMENT INFORMATION

The major products/services from which the economic entity derived revenue during the year remained unchanged and were the design, manufacture, distribution and sale of motor vehicle accessories and light metal engineering works.

The reportable segments of the consolidated entity are based on geographical locations comprising operations in Australia, USA, Thailand and Middle East & Europe.

(a) Income Statement

	Australia $'000	USA $'000	Thailand $'000	Middle East & Europe $'000	Eliminations $'000	Consolidated $'000
2017						
Segment revenue						
Total segment revenue	**367,050**	**50,704**	**56,926**	**15,304**	**(105,065)**	**384,919**
Intersegmental revenues	**(52,936)**	**-**	**(52,129)**	**-**	**105,065**	**-**
Segment revenue from external source	**314,114**	**50,704**	**4,797**	**15,304**	**-**	**384,919**
Total segment result	**37,464**	**859**	**9,460**	**1,293**	**76**	**49,152**
Intersegmental eliminations	**8,739**	**-**	**(8,663)**	**-**	**(76)**	**-**
Segment result from external source	**46,203**	**859**	**797**	**1,293**	**-**	**49,152**
Items included within the segment result:						
Net interest income (expense)	**30**	**-**	**13**	**-**	**-**	**43**
Depreciation and amortisation expense	**8,684**	**173**	**2,610**	**85**	**-**	**11,552**
Income tax expense	**16,677**	**374**	**1,014**	**284**	**-**	**18,349**
2016						
Segment revenue						
Total segment revenue	342,708	47,344	52,127	10,849	(91,804)	361,224
Intersegmental revenues	(43,897)	-	(47,907)	-	91,804	-
Segment revenue from external source	298,811	47,344	4,220	10,849	-	361,224
Total segment result	37,130	1,255	10,125	988	(2,059)	47,439
Intersegmental eliminations	7,246	-	(9,305)	-	2,059	-
Segment result from external source	44,376	1,255	820	988	-	47,439
Items included within the segment result:						
Net interest income (expense)	(145)	-	8	-	-	(137)
Depreciation and amortisation expense	7,598	143	2,391	55	-	10,187
Income tax expense	14,924	689	1,139	188	-	16,940

(b) Statement of Financial Position

	Australia $'000	USA $'000	Thailand $'000	Middle East & Europe $'000	Eliminations $'000	Consolidated $'000
2017						
Segment assets	**295,867**	**22,271**	**57,841**	**10,884**	**(63,620)**	**323,243**
Segment liabilities	**64,456**	**11,077**	**8,210**	**7,400**	**(40,241)**	**50,902**
Segment acquisition of property, plant, equipment and intangibles	**14,168**	**385**	**8,030**	**198**	**-**	**22,781**
2016						
Segment assets	273,149	21,816	47,592	8,311	(59,060)	291,808
Segment liabilities	53,043	11,094	7,437	6,681	(36,055)	42,200
Segment acquisition of property, plant, equipment and intangibles	16,150	678	3,938	258	-	21,024

29. SUBSEQUENT EVENTS

There has been no matter or circumstance, which has arisen since 30 June 2017 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 30 June 2017 of the consolidated entity,
(b) the results of those operations, or
(c) the state of affairs, in financial years subsequent to 30 June 2017 of the consolidated entity.

DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 11 to 35 are in accordance with the Corporations Act 2001:

(a) Complying with Accounting Standards, and the Corporations Regulations 2001, and other mandatory professional reporting requirements;

(b) Complying with International Financial Reporting Standards as indicated in Note 1; and

(c) Give a true and fair view of the financial position of the consolidated entity as at 30 June 2017 and of its performance for the year ended on that date.

In the Directors' opinion there are reasonable grounds to believe that ARB Corporation Limited will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2017.

This declaration is made in accordance with a resolution of the Directors.

Roger G Brown Director	John R Forsyth Director

Melbourne, 16 August, 2017

ARB CORPORATION LIMITED AND ITS CONTROLLED ENTITIES
31 006 708 756

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ARB CORPORATION LIMITED AND ITS CONTROLLED ENTITIES

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of ARB Corporation Limited "the Company" and its controlled entities "the Group", which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ARB CORPORATION LIMITED AND ITS CONTROLLED ENTITIES

Key Audit Matter	How our audit addressed the key audit matter
Revenue Recognition Refer to note 1(d) and Note 3	
The Groups' sales revenue, $383M (2016: $357M) is primarily derived from the sale of product through retail and wholesale channels, domestically and internationally. We focused on the existence and appropriate recognition of revenue as a key audit matter as these flows are a key contributor to determination of profit.	Our testing of revenue transactions focused on evidencing that the underlying transactions had occurred in the period. Our procedures included: • Review of Group's terms and conditions of sale. • Understanding the Group's controls and processes for recognising and recording revenue transactions. • Test of detail to confirm the existence of revenue by reconciliation to funds receipted for the year. • Agree a sample of revenue transactions to supporting documentation. • Testing of general journals impacting revenue and analysis to identify transactions considered to be outside ordinary transaction cycles.
Inventory valuation Note 1 (e) and Note 8	
As at 30 June 2017, the Group held inventories of $88.0m (2016: $86.9m). The value of inventories has increased consistently in recent years as the Group has increased its warehousing and retail presence in numerous geographic locations and the product range. The Group must make subjective judgements to identify and quantify inventory that is valued in excess of its recoverable value. The Group undertakes this by reference to historic sales volumes, levels of inventory held and market conditions.	Our testing of inventory valuation focused on assessing the appropriateness of management's judgements when determining recoverable value of inventory and the completeness of the assessment. Our procedures included: • Assessing the inventory provisioning policy and methodology for determination of the provision. • Review of the Groups' provisioning assessment for completeness and accuracy, including challenging inventory items not provided for and potentially at risk of overstatement.

We focused on the value of inventory as a key audit matter as it involved judgement as to the recoverable value of inventory.	• For a sample of inventory items agreed that it is held at the lower of cost and net realisable value, through comparison to recent purchase invoices and sales prices.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ARB CORPORATION LIMITED AND ITS CONTROLLED ENTITIES

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

ARB CORPORATION LIMITED AND ITS CONTROLLED ENTITIES
31 006 708 756

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ARB CORPORATION LIMITED AND ITS CONTROLLED ENTITIES

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 9 to 10 of the directors' report for the year ended 30 June 2017. In our opinion, the Remuneration Report of ARB Corporation Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

MHarri

Pitcher Partners

M J HARRISON
Partner
16 August 2017

PITCHER PARTNERS
Melbourne

PITCHER PARTNERS

ARB CORPORATION LIMITED AND ITS CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF ARB CORPORATION LIMITED

In relation to the independent audit for the year ended 30 June 2017, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) No contraventions of any applicable code of professional conduct.

This declaration is in respect of ARB Corporation Limited and the entities it controlled during the year.

M Harrison

Pitcher Partners

M J HARRISON
Partner
16 August 2017

PITCHER PARTNERS
Melbourne

ASX ADDITIONAL INFORMATION

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report.

SHAREHOLDINGS

Substantial Shareholders

The number of shares to which substantial shareholders were entitled as listed in the Company's register of substantial shareholders at 25 July 2017 was:

Shareholder	**Ordinary**
Rogand Pty Ltd	7,935,366
Bennelong Funds Management Group Pty Ltd	6,147,551
Hyperion Asset Management Limited	6,054,985
Aberdeen Asset Management Asia Limited	4,921,794

Class of Shares and Voting Rights

At 30 June 2017, there were 6,022 holders of ordinary shares of the Company. The voting rights attaching to the ordinary shares are set out in the Company's Constitution.

Distribution of shareholders (as at 30 June 2017):

	Holders	%	Shares Held	%
1 - 1,000	2,901	48.18	1,300,586	1.64
1,001 - 5,000	2,200	36.53	5,260,543	6.64
5,001 - 10,000	504	8.37	3,681,236	4.65
10,001 - 100,000	388	6.44	8,923,695	11.27
100,001 or more	29	0.48	60,018,154	75.80
	6,022	100.00	79,184,214	100.00

The number of shareholders holding less than a marketable parcel at 25 July 2017 was 166.

Twenty largest shareholders (as at 25 July 2017)

Name of Holder	Number of ordinary shares held	% of issued ordinary shares held
HSBC Custody Nominees (Australia) Limited	20,160,335	25.46
Rogand Pty Ltd	7,851,183	9.92
Citicorp Nominees Pty Ltd	5,664,037	7.15
J P Morgan Nominees Australia Limited	5,524,196	6.98
BNP Paribas Noms Pty Ltd <DRP>	3,660,844	4.62
National Nominees Limited	3,636,036	4.59
BNP Paribas Noms Pty Ltd <Agency Lending DRP A/C>	2,556,350	3.23
Formax Pty Ltd (Reparar Account)	2,086,723	2.64
Australian Foundation Investment Company Limited	1,198,068	1.51
Netwealth Investments Limited <Wrap Services Account>	1,086,515	1.37
BKI Investment Company Limited	945,447	1.19
Milton Corporation Limited	911,065	1.15
Citicorp Nominees Pty Ltd <Colonial First State Inv Account>	810,960	1.02
Ms Judith Caroline Carpenter + Ms Gillian Clare Carpenter <Est Late P Carpenter A/C>	653,831	0.83
Mirrabooka Investments Limited	420,000	0.53
Mr Gerard James Van Paassen (The Van Paassen Fam Account)	405,834	0.51
Illabarook Pty Ltd	350,000	0.44
Mr Ronald Ernest Binks	292,657	0.37
Mr Philip Alan Kenneth Naylor + Mr Malcolm Kennedy Shore <Est Agnes Vivien Shore A/C>	272,935	0.34
Sccasp Holdings Pty Ltd <H & R Super Fund A/C>	187,836	0.24

The 20 largest shareholders hold 74.1% of the ordinary shares of the Company.

There is no current on market buy back of shares.

THE YEAR AHEAD

ARB continues to grow as the industry leader in design, innovation and engineering. ARB is expecting another successful year ahead with new product releases, the roll-out of new ARB stores across Australia and continued growth in the Export and OE markets.


ARB
4X4 ACCESSORIES