ARB Corporation Ltd
4X4 ACCESSORIES

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www.arb.com.au
ABN 31 006 708 756

17 August 2016

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 2016

ARB Corporation Limited hereby lodges:

1. Appendix 4E for the financial year ended 30 June 2016; and

2. Annual Report and Financial Statements for the financial year ended 30 June 2016, incorporating the Chairman’s Statement.

Yours Sincerely,

John Forsyth
Company Secretary

Rule 4.3A

Appendix 4E Preliminary Final Report

Name of entity

ARB CORPORATION LIMITED

ABN or equivalent company reference:	ABN 31 006 708 756

1. Reporting period

Report for the financial year ended	30 JUNE 2016
Previous corresponding period is the financial year ended	30 JUNE 2015

2. Results for announcement to the market

Revenues from ordinary activities *(item 2.1)*	up	**8.4%**	to	**361,224 ('000)**
Net profit (loss) from ordinary activities after tax attributable to members *(item 2.2)*	up	**7.6%**	to	**47,439 ('000)**
Net profit (loss) for the period attributable to members *(item 2.3)*	up	**7.6%**	to	**47,439 ('000)**

Dividends *(item 2.4)*	Amount per security	Franked amount per security
Interim dividend	14.5¢	14.5¢
Final dividend	17.0¢	17.0¢
Record date for determining entitlements to the dividend *(item 2.5)*	7th October 2016	

Brief explanation of any of the figures reported above necessary to enable the figures to be understood *(item 2.6)*

An explanation of the results is included in the Chairman's Statement included in the attached Annual Report.

3. Statement of Comprehensive Income *(item 3)* Refer to the attached statement

4. Statement of Financial Position *(item 4)* Refer to the attached statement

5. Statement of Cash Flows *(item 5)* Refer to the attached statement

6. Dividends *(item 6)*

	Date of payment	**Total amount of dividend**
Interim dividend – year ended 30 June 2016	22 APRIL 2016	$11,479 ('000)
Final dividend – year ended 30 June 2015	23 OCTOBER 2015	$12,665 ('000)

Amount per security

		Amount per security	Franked amount per security at 30% tax
Total dividend:	Current year	30.5¢	30.5¢
	Previous year	129.0¢	129.0¢

Total dividend on all securities

	Current period $A'000	Previous corresponding Period - $A'000
Ordinary securities	24,144	82,255
Total	**24,144**	**82,255**

7. The dividend reinvestment plan and bonus share plan remain suspended *(item 7)*

8. Statement of changes in equity *(item 8)*

	Consolidated Entity	
	2016	**2015**
	$'000	**$'000**
Balance at the beginning of year	226,348	197,814
Hedge and exchange differences	(199)	6,680
Net profit attributable to members of the Parent entity	47,439	44,093
Total available for appropriation	273,588	248,587
Contributions	-	59,865
Employee share issue	164	151
Dividends paid	(24,144)	(82,255)
Balance at end of the year	249,608	226,348

9. Net tangible assets per security *(item 9)*

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	$2.85	$2.61

10. Details of entities over which control has been gained or lost during the period *(item 10)*

N/A

11. Details of associates and joint venture entities *(item 11)*

N/A

12. Significant information relating to the entity's financial performance and financial position *(item 12)*

All significant information is disclosed in this appendix and its attachments.

13. The financial information provided in the Appendix 4E is based on the annual financial report (attached), which has been prepared in accordance with the Australian Accounting Standards *(item 13)*

14. Commentary on the results for the period *(item 14)*

See Chairman's Statement included in the attached Annual Report.

15. Audit of the financial report *(item 15)*

The financial report has been audited.

16. The audit has been completed *(item 16)*

Annual Report 2016

ARB Corporation Limited
ABN: 31 006 708 756

ARB
4X4 ACCESSORIES

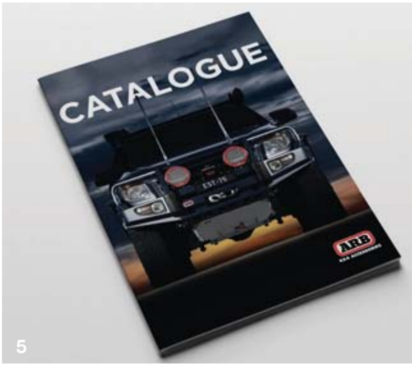
The year in review


1


2


3


4



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1. Light commercial 4x4 vehicle sales continue to grow creating strong demand for ARB products.

2. The development of the Frontier tank - Australia's first polymer long range diesel fuel tank revolutionised the long range tank market. ARB went to great lengths to test the Frontier tank, using a 52 tonne Army tank.

3. This year proved to be a big year with a raft of new vehicle models hitting the market. The ARB development team was busy developing a range of accessories to suit a number of new vehicles.

4. ARB's 40 anniversary Icons project sees several classic model 4WDs prepared for a major desert trip with media from around the world participating.

5. ARB's pristine catalogue was voted 'Catalogue of the Year' in the hotly contested 'Automotive Vehicles & Parts' category at the Australasian Catalogue Awards.

6. Engineered from the ground up, ARB released the innovative, one of a kind, five piece designed Sportguard ute liner.

7. ARB sponsored Dakar legend Toby Price, who completed the 2016 Finke desert race in his ARB trophy truck faster than he could ride his Dakar bike.

8. Adding to the cleverly engineered Summit range, the Summit Sahara bar was introduced, offering customers another innovative option for frontal protection.

9. ARB opened its 56th branded store in Australia. New locations include Brookvale, Echuca and Jindalee.

In addition

For the past 20 years the Middle East has been a strong export market for ARB and to enhance the supply to the region, ARB Middle East was established in the United Arab Emirates.

Table of Contents

Corporate Information

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: (03) 9761 6622
Fax: (03) 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: (03) 9473 2500

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

RESULTS

The Directors of ARB Corporation Limited ("**ARB**" or the "**Company**") report that the Company achieved a net profit after tax of $47.4 million for the year ended 30th June 2016. This represented a 7.6% increase over the previous corresponding period. The Company's profit was achieved on an 8.2% increase in sales to $356.9 million from $329.8 million last year.

A summary of the 2015/16 result is presented below:

Year to 30 June	2016 $'000	2015 $'000	Change
Sales Revenue	**356,905**	**329,755**	**+8.2 %**
Total Revenue	361,224	333,356	+8.4 %
Profit Before Tax	**64,379**	**60,016**	**+7.3 %**
Less Tax	16,940	15,923	
Net Profit After Tax	**47,439**	**44,093**	**+7.6 %**
Basic EPS – cents	59.9	57.8	
DPS – cents			
Interim	14.5	13.0	
Final	17.0	16.0	
Total	31.5	29.0*	+8.6 %
Franked Amount	100%	100%	

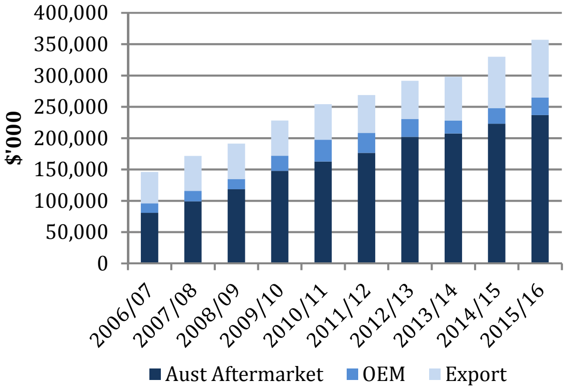
* A special fully franked dividend of $1.00 per share was also paid in the 2014/15 year.

The 2015/16 profit includes the profit on sale of a property in the USA. Excluding the profit on the sale of the property, the net profit after tax for the 2015/16 year is $46.2 million.

The Company intends to pay a final fully franked dividend of 17.0 cents per share on the 21st October 2016. This brings total dividends for the year to 31.5 cents per share fully franked. The Record Date for the final dividend will be the 7th October 2016.

10 YEAR HISTORICAL PERFORMANCE

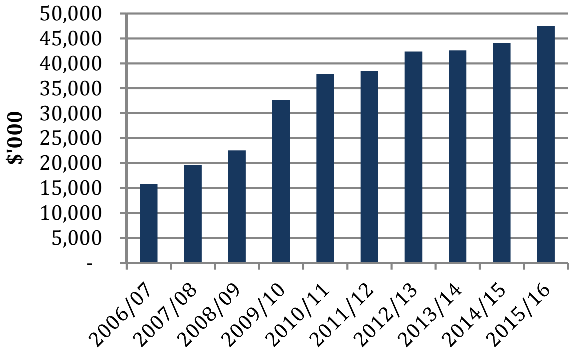
The sales, profits and dividends per share performance of the Company over the past 10 years are illustrated in the graphs below:



SALES REVENUE

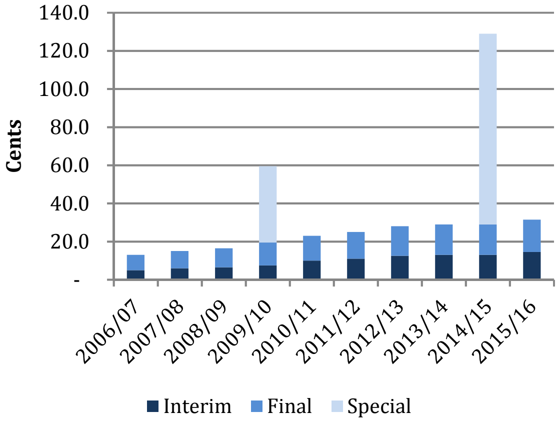
Annual sales revenue has grown at an average compound rate of 10.4% over the past 10 years.

Chairman's Statement



NET PROFIT AFTER TAX

Net profit after tax has grown at an average compound rate of 13.0% 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 2015/16 YEAR

Sales and Distribution

Sales revenue increased by 8.2% in 2015/16 over the previous corresponding period. Sales growth was achieved in all categories of the business despite demand from mining industry customers around the world continuing to be weak. As can be seen from the table below, ARB's sales growth in the Australian aftermarket was 6.2%, while sales to export and original equipment customers grew by 12.6% and 12.2% respectively.

Customer Category	Percentage of Total Sales		Sales Growth
	12 months to June 2016	12 months to June 2015	
Australian Aftermarket	66.3%	67.6%	+6.2%
Exports	25.9%	24.9%	+12.6%
Original Equipment	7.8%	7.5%	+12.2%
	100.0%	100.0%	+8.2%

In the Australian aftermarket the Company distributes through an ARB store network, to ARB stockists, to new vehicle dealers and to various fleet operators. ARB's market-leading store network is pivotal to the Company's strength in the Australian aftermarket. Currently there are 56 ARB stores in Australia, of which 24 are Company owned. At this time last year, 52 ARB stores were operating in Australia. It is expected that 3 or 4 new ARB stores will be established over the 2016/17 financial year.

In the 2015/16 financial year ARB established new state warehouses at Adelaide in South Australia, Liverpool in New South Wales and Brendale in Queensland. Currently the Company is actively addressing warehousing capacity in Victoria and Western Australia.

One of the limiting factors in Australian aftermarket growth over the past 12 months has been the lack of fitting capacity in many areas. Increased fitting capacity is being established to enable sales growth in the Australian market.

Export sales in the second half of 2015/16 grew at a slightly slower pace than in the first half. This was due to a slightly stronger dollar during the period and lower export orders received from customers operating in economies dependent on oil and gas exports. To enable further expansion of export sales, ARB is establishing a sales and distribution centre in Dubai to service the Middle Eastern region. This project commenced in June 2016 and a warehouse and office have been leased and staff have been appointed.

Sales to original equipment manufacturers grew well during the year despite the conclusion of some contracts with OEM customers.

Products and Production

As noted at the end of the first half, sales growth was hampered by the unusually high number of new vehicle releases that occurred almost simultaneously in Australia and around the world. The releases of all these vehicles over a short period made it impractical for the Company to supply a full range of accessories to its customers in a timely manner. ARB's product development and manufacturing teams have made good progress in the second half although many new products are still being completed for new vehicles released in 2015/16.

New product development remains an essential part of ARB's strategy and it is a key element in maintaining the Company's long-term competitive advantage. Expenditure on R&D was increased over the period.
ARB is pleased to advise that work is continuing on a number of long term product development projects that will provide promising opportunities for the Company in the future.

The Australian and Thai manufacturing plants have both operated efficiently for the full year. The Board expects these plants will be busy with new product implementation for the foreseeable future.

To provide for future production and warehousing capacity in Thailand, ARB has recently agreed to purchase a further 55,000 square metres of land in the estate that houses the Company's existing manufacturing and warehousing facilities in Thailand.

Financial

The increase in profit during 2015/16 was achieved in the face of a number of significant operational challenges. Although increases in product development and manufacturing costs were above average, the Board is pleased that ARB successfully addressed these challenges and responded well to the unusually high number of new vehicle models released during the year.

Cash flows from operating activities increased to $44.9 million from $40.4 million last year.

ARB invested $16 million in additional property, plant and equipment during the year which has significantly expanded the Company's future capacity in local and overseas markets. Notwithstanding this major capital investment programme, ARB has maintained its strong balance sheet. As at 30 June 2016, the Company had a net cash balance of $13.8 million.

The strong financial position of the Company ensures that ARB can react quickly to appropriate opportunities, including further capital projects or suitable acquisitions.

THE FUTURE

The Company's growth in 2015/16 was achieved despite difficult local and global market conditions. The current economic environment still remains 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 2016.

Roger Brown
Chairman
17th August 2016

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 2016 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 $47,439,000 (2015: $44,093,000).

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 subject to any significant Commonwealth or State 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:	**$'000s**
- A final fully franked ordinary dividend of 16 cents per share was paid on 23 October 2015	12,665
In respect of the current financial year:	
- An interim dividend of 14.5 cents per share fully franked was paid on 22 April 2016	11,479
- The final dividend proposed by the Directors of the Company to be paid on 21 October 2016 is a fully franked dividend of 17 cents per share	13,459
Total dividends in respect of the year ended 30 June 2016	24,938

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 2016 as it was declared subsequent to 30 June 2016.

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.

The Directors listed below each held office as a Director of the Company at all times during or since the end of the financial year, except for:

- Mr. Adrian R Fitzpatrick: appointed 1 July 2016
- Mr. Ernest E Kulmar: retired 1 July 2016

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 Non-executive Director	Former partner of Pitcher Partners. 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, Gowing Bros Limited and Magellan Financial Group Limited. Non-executive Director of ARB Corporation Limited since 2004. Chairman of the Audit Committee and the Remuneration and Nomination Committee.
Mr. Ernest E Kulmar B Com., FCPA, FAICD Independent Non-executive Director	Business consultant with experience in a range of industries. Non-executive Director of ARB Corporation Limited from 2006 to July 2016. Member of the Remuneration and Nomination Committee and the Audit 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' 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:

	Directors'	Audit Committee	Remuneration & Nomination Committee
Number of meetings held	11	4	2
Mr. Roger G Brown	11	*	*
Mr. Andrew H Brown	11	*	*
Mr. John R Forsyth	11	*	*
Mr. Robert D Fraser	11	4	2
Mr. Ernest E Kulmar	9	4	2
Mr. Andrew P Stott	11	4	2

* Not a member of the Committee

Mr. Adrian R Fitzpatrick became a Director of the Board after the end of the financial year and therefore was not required to attend any of the above meetings.

The Risk Management Committee meetings occur in conjunction with the management meetings. There were 48 Risk Management Committee meetings during the year. These were attended by the Executive Directors with representation by Mr. R Brown on 44 occasions, Mr A Brown on 45 occasions and Mr J Forsyth on 41 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:	**2016 ($'000s)**	2015 ($'000s)
Taxation services	**43**	31
Other compliance and advisory services	**-**	18

Directors' Interests and Contracts

As at the date of this report, the number of ordinary shares of ARB Corporation Limited held by each Director, either directly or indirectly were:

Roger G. Brown	7,898,790	(a)
Andrew H. Brown	7,897,150	(a)
John R. Forsyth	2,117,845	
Robert D. Fraser	27,376	
Ernest E. Kulmar	17,345	

(a) Common to each Director are shares held in associated entities of Rogand Unit Trust, a trust that holds 7,851,183 ordinary shares and Rogand Superannuation Fund that holds 28,089 ordinary shares. In addition, R.G. Brown holds 9,759 shares directly and A.H. Brown holds 8,939 shares directly.

R.G. Brown is a Director and member of Saharaton Pty Ltd., the holder of 9,759 (2015: 9,759) ordinary shares.

A.H. Brown is a Director and member of Thirty Third Jabot Nominees Pty Ltd., the holder of 8,939 (2015: 8,939) ordinary shares.

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.

Proceedings on Behalf of the Consolidated Entity

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

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 Executive Directors 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 (2015: $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:

2016	Salary & Fees $	Non-cash Benefits $	Super contributions $	Total $
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**
2015				
Directors				
Roger G. Brown (Executive)	272,935	28,035	35,000	335,970
Andrew H. Brown (Executive)	319,651	29,437	30,367	379,455
John R. Forsyth (Executive)	272,935	28,035	35,000	335,970
Robert D. Fraser	75,080	-	7,133	82,213
Ernest E. Kulmar	62,886	-	5,974	68,860
Andrew P. Stott	51,088	-	4,853	55,941
Total	**1,054,575**	**85,507**	**118,327**	**1,258,409**

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

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

	2016	**2015**	**2014**	**2013**	**2012**
Revenue ($'000)	361,224	333,356	299,947	294,509	271,843
Increase in revenue (%)	8.4%	11.1%	1.8%	8.3%	6.0%
Profit before tax ($'000)	64,379	60,016	57,291	57,965	52,788
Increase/(decrease) in profit before tax (%)	7.3%	4.8%	(1.2%)	9.8%	2.9%
Change in share price (%)	28.5%	6.5%	7.4%	25.3%	20.2%
Dividend paid to Shareholders ($'000)	24,144	82,255	20,659	19,207	17,396
Total remuneration of Key Management Personnel	1,070,633	1,258,409	1,230,949	1,215,474	1,185,375

Key Management Personnel Shareholdings

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

	JUN 2016	JUN 2015
R.G. Brown	**7,898,790**	7,898,790
A.H. Brown (Executive)	**7,897,150**	7,897,150
J.R. Forsyth	**2,117,845**	2,117,845
R.D. Fraser	**27,376**	27,376
E.E. Kulmar	**17,345**	17,345

Common to each of R.G. Brown and A.H. Brown, are shares held in associated entities of Rogand Unit Trust, a trust that holds 7,851,183 ordinary shares and Rogand Superannuation Fund that holds 28,089 ordinary shares. In addition, R.G. Brown holds 9,759 shares directly and A.H. Brown holds 8,939 shares directly.

R.G. Brown is a Director and member of Saharaton Pty Ltd., the holder of 9,759 (2015: 9,759) ordinary shares.

A.H. Brown is a Director and member of Thirty Third Jabot Nominees Pty Ltd., the holder of 8,939 (2015: 8,939) ordinary shares.

J.R. Forsyth, the holder of 10,277 (2015: 10,277) ordinary shares, is a Director and member of Formax Pty Ltd, the holder of 10,277 (2015: 9,414) ordinary shares, Formax Superannuation Pty Ltd, the holder of 10,568 (2015: 192,874) ordinary shares and Formax Pty Ltd (Reparar Account) the holder of 2,086,723 (2015: 1,905,280) ordinary shares.

R.D. Fraser, the holder of 6,758 (2015: 6,758) ordinary shares is a trustee and a member of the Fraser Family Superannuation Fund, the holder of 20,618 (2015: 20,618) ordinary shares.

E.E. Kulmar is a Director of Kulmar Pty Ltd which is the holder of 17,345 (2015:17,345) ordinary shares as trustee of the Kulmar Superannuation Fund of which he is a member.

***** 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 (where indicated).

Signed in accordance with a resolution of the Directors.

R.G. Brown
Director

J.R. Forsyth
Director

Melbourne, 17 August, 2016

Consolidated Income Statement
For the Year Ended 30 June 2016

	Note	CONSOLIDATED JUN 2016 ($'000s)	JUN 2015 ($'000s)
Sales revenue		**356,905**	329,755
Other income		**4,319**	3,601
Total revenue and other income	3	**361,224**	333,356
Materials and consumables used		**(159,876)**	(149,646)
Employee expenses		**(84,172)**	(77,012)
Depreciation and amortisation expense	4	**(10,187)**	(8,331)
Advertising expense		**(6,015)**	(5,394)
Distribution expense		**(8,260)**	(7,738)
Finance expense		**(170)**	(220)
Occupancy expense		**(12,863)**	(12,251)
Other expenses		**(15,302)**	(12,748)
Profit before income tax expense		**64,379**	60,016
Income tax expense	5	**(16,940)**	(15,923)
Profit attributable to members of the parent entity		**47,439**	44,093
Basic and Diluted Earnings per share (cents)	23	**59.9**	57.8

The accompanying notes form part of these financial statements.

Consolidated Statement of Comprehensive Income
For the Year Ended 30 June 2016

	Note	CONSOLIDATED JUN 2016 ($'000s)	JUN 2015 ($'000s)
Profit attributable to members of the parent entity		**47,439**	44,093
Other comprehensive income			
Items that may be reclassified subsequently to Profit/(Loss)			
Movement in fair value of cash flow hedges	17	**(38)**	647
Exchange differences on translation of foreign operations	17	**(161)**	6,033
Other comprehensive income for the year		**(199)**	6,680
Total comprehensive income for the year attributable to members of the parent entity		**47,240**	**50,773**

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position
As at 30 June 2016

	Note	CONSOLIDATED JUN 2016 ($'000s)	JUN 2015 ($'000s)
CURRENT ASSETS			
Cash and cash equivalents	20	**13,776**	10,054
Receivables	7	**44,425**	42,216
Derivative financial instruments	13	**336**	349
Inventories	8	**86,941**	77,821
Other assets	9	**2,988**	3,380
Total current assets		**148,466**	133,820
NON-CURRENT ASSETS			
Property, plant and equipment	10	**116,977**	113,968
Deferred tax assets	5	**2,666**	2,283
Intangible assets	11	**23,699**	19,798
Total non-current assets		**143,342**	136,049
Total assets		**291,808**	269,869
CURRENT LIABILITIES			
Payables	12	**27,754**	28,874
Derivative financial instruments	13	**35**	10
Borrowings	14	**-**	2,000
Current tax liabilities		**2,482**	902
Provisions	15	**10,673**	10,758
Total current liabilities		**40,944**	42,544
NON-CURRENT LIABILITIES			
Provisions	15	**1,256**	977
Total non-current liabilities		**1,256**	977
Total liabilities		**42,200**	43,521
Net assets		**249,608**	226,348
EQUITY			
Contributed equity	16	**106,938**	106,774
Reserves	17	**8,579**	8,778
Retained earnings	18	**134,091**	110,796
Total equity		**249,608**	226,348

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2016

Consolidated Entity	Contributed equity ($'000s)	Reserves ($'000s)	Retained earnings ($'000s)	Total equity ($'000s)
Balance as at 1 July 2014	46,758	2,098	148,958	197,814
Profit for the year	-	-	44,093	44,093
Movement in fair value of cash flow hedges, net of tax	-	647	-	647
Exchange differences on translation of foreign operations, net of tax	-	6,033	-	6,033
Total comprehensive income for the year	-	6,680	44,093	50,773
Transactions with owners in their capacity as owners:				
Contributions (net of underwriter's fee)	59,865	-	-	59,865
Employee share issue	151	-	-	151
Dividends paid	-	-	(82,255)	(82,255)
Total transactions with owners in their capacity as owners	60,016	-	(82,255)	(22,239)
Balance as at 30 June 2015	106,774	8,778	110,796	226,348
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**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2016

	Note	CONSOLIDATED JUN 2016 ($'000s)	CONSOLIDATED JUN 2015 ($'000s)
Cash Flows From Operating Activities			
Receipts from customers		**382,004**	352,697
Payments to suppliers and employees		**(321,179)**	(294,524)
Interest received		**33**	485
Finance costs		**(170)**	(220)
Income tax paid		**(15,744)**	(18,084)
Net cash provided by Operating activities	20	**44,944**	40,354
Cash Flows From Investing Activities			
Payments for property, plant and equipment		**(15,958)**	(46,492)
Payments for development costs		**(2,802)**	(1,994)
Payments for investments & goodwill	21	**(2,264)**	(1,648)
Proceeds from sales of property, plant & equipment		**5,858**	438
Net cash used in Investing activities		**(15,166)**	(49,696)
Cash Flows From Financing Activities			
Dividends paid		**(24,144)**	(21,889)
Proceeds from borrowings		**-**	16,000
Repayment of borrowings		**(2,000)**	(14,000)
Net cash used in Financing activities		**(26,144)**	(19,889)
Foreign exchange differences		**88**	450
Net increase/(decrease) in cash held		**3,722**	(28,781)
Cash at the beginning of the financial year		**10,054**	38,835
Cash at the end of the financial year	20	**13,776**	10,054

The accompanying notes form part of these financial statements.

NOTE CONTENTS

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) 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.

(f) 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.

(g) 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:	2016	2015
- Buildings:	40 years	40 years
- Plant and equipment:	3 to 10 years	3 to 10 years

1. Statement of significant accounting policies (continued)

(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) 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.

(l) 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.

1. Statement of significant accounting policies (continued)

(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.

(q) Comparatives

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

1. Statement of significant accounting policies (continued)

(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 (where indicated).

(t) New accounting standards and interpretations issued but not operative at 30 June 2016

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 2016.

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. The five step approach is as follows:
- Step 1: Identify the contracts with the customer;
- Step 2: Identify the separate performance obligations;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price; and
- Step 5: Recognise revenue when a performance obligation is satisfied.

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

The effective date is annual reporting periods beginning on or after 1 January 2018.

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 consolidated entity has decided not to early adopt AASB 15 at 30 June 2016.

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 consolidated entity has decided not to early adopt AASB 16 at 30 June 2016.

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.

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:

	JUN 2016 A($'000s)	JUN 2015 A($'000s)	**JUN 2016** Forward Exchange Rate **$**	JUN 2015 $
Settlement - less than 6 months				
Sell AUD/Buy JPY	**539**	316	**83.48**	90.88
Sell AUD/Buy NZD	**888**	-	**1.1261**	-
Sell AUD/Buy SEK	**2,418**	2,694	**6.2038**	6.4953
Sell AUD/Buy THB	**11,994**	10,854	**26.2634**	26.2572

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

The Group purchases some equipment and products in New Zealand Dollars (NZD), 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.

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 2016 were $nil (2015: $2.0 million). 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:

Consolidated Entity	Note	Weighted Average Interest rate	Floating Interest rate ($'000s)	Fixed interest maturing in: 1 year or less ($'000s)	More than 1 year ($'000s)	Non Interest Bearing ($'000s)	Total ($'000s)
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
Borrowings	14	2.90%	-	-	-	-	-
Derivative financial instruments	13	-	-	-	-	35	35
2015							
Financial assets							
Cash	20	1.20%	10,054	-	-	-	10,054
Receivables	7	-	-	-	-	42,216	42,216
Derivative financial instruments	13					349	349
Financial liabilities							
Payables	12	-	-	-	-	28,874	28,874
Borrowings	14	3.09%	2,000	-	-	-	2,000
Derivative financial instruments	13	-	-	-	-	10	10

(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.

	CONSOLIDATED	
3. Revenues from continuing operations	**JUN 2016 ($'000s)**	JUN 2015 ($'000s)
Sales revenue		
Revenue from sale of goods	**356,905**	329,755
Other income:		
- Interest	**33**	485
- Net gain on disposal of property, plant and equipment	**2,115**	177
- Foreign exchange gains/(losses)	**202**	1,263
- Other	**1,969**	1,676
Total other income	**4,319**	3,601
Total income from continuing operations	**361,224**	333,356

4. Profit from continuing operations

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

	JUN 2016 ($'000s)	JUN 2015 ($'000s)
Cost of goods sold	**207,013**	184,706
Depreciation of non-current assets:		
Buildings	**1,558**	1,147
Plant and equipment	**7,464**	6,306
	9,022	7,453
Amortisation of non-current assets:		
Development costs capitalised	**1,165**	878
	1,165	878
Total depreciation and amortisation	**10,187**	8,331
Other expense items:		
- Provision for impairment of receivables	**(248)**	(224)
- Research and development expenditure	**6,756**	5,596
- Operating lease rentals	**5,406**	5,567

5. Income tax

	CONSOLIDATED JUN 2016 ($'000s)	CONSOLIDATED JUN 2015 ($'000s)
(a) The components of tax expense:		
Current tax	**16,573**	15,885
Deferred tax	**383**	102
Under/(over) provision prior year	**(16)**	(64)
Total income tax expense	**16,940**	15,923
(b) Income tax expense		
Prima facie income tax expense at 30% (2015: 30%) on the operating profit	**19,314**	18,005
Increase/(decrease) in income tax expense due to:		
Differences in overseas tax rates	**(2,189)**	(1,880)
Research & development & building allowance deductions	**(277)**	(186)
Other	**108**	48
Income tax expense on operating profit	**16,956**	15,987
Under/(over) provision prior year	**(16)**	(64)
Total income tax expense	**16,940**	15,923

(c) Deferred tax

Deferred tax assets

Deferred tax asset comprises the estimated future benefit at applicable income tax rates of the following items:

	JUN 2016 ($'000s)	JUN 2015 ($'000s)
Provisions, accruals and accrued employee benefits	**3,454**	3,454
Doubtful debt impairment	**314**	400
Inventory write-down	**583**	458
Income tax expense on group unrealised profit	**1,940**	1,057
Other	**247**	335
	6,538	5,704

Deferred tax liabilities

Provision for deferred income tax comprises the estimated expenses at applicable income tax rates for the following items:

	JUN 2016 ($'000s)	JUN 2015 ($'000s)
Difference in depreciation and amortisation of property, plant and equipment for accounting and income tax purposes	**1,672**	1,513
Development costs capitalised	**2,011**	1,524
Other income not yet assessable	**189**	384
	3,872	3,421
Net deferred tax assets	**2,666**	2,283

6. Dividends

	Note	CONSOLIDATED JUN 2016 ($'000s)	JUN 2015 ($'000s)
Dividends recommended or paid by the Company are:			
Recognised Amounts			
(i) a final fully franked ordinary dividend of 16 cents per share (2015: 16 cents fully franked) was paid on 23 October 2015		**12,665**	11,599
(ii) A fully franked special dividend of $nil paid during the year (2015: $1.00 per share fully franked)		**-**	60,366
(iii) an interim fully franked ordinary dividend of 14.5 cents per share (2015: 13 cents fully franked) paid on 22 April 2016		**11,479**	10,290
	18	**24,144**	82,255
Unrecognised Amounts			
(iv) a final fully franked ordinary dividend is proposed of 17 cents per share (2015: 16 cents fully franked) to be paid on 21 October 2016		**13,459**	12,665

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% (2015: 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:

Franking Credits (measured on a tax paid basis under Australian Legislation)	**27,837**	24,430

7. Receivables

Current		
Trade receivables	**43,436**	41,698
Other receivables	**2,036**	1,842
	45,472	43,540
Less: provision for impairment	**(1,047)**	(1,324)
	44,425	42,216

Provision for impairment

Receivables ageing analysis at 30 June is:	**CONSOLIDATED Gross 2016 ($'000s)**	**Impairment 2016 ($'000s)**	CONSOLIDATED Gross 2015 ($'000s)	Impairment 2015 ($'000s)
Not past due	**42,538**	**(668)**	35,773	(801)
Past due 0 - 30 days	**1,684**	**(67)**	6,066	(122)
Past due 31 - 90 days	**678**	**(53)**	1,322	(76)
Past due more than 91 days	**572**	**(259)**	379	(325)
	45,472	**(1,047)**	43,540	(1,324)

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.

	CONSOLIDATED JUN 2016 ($'000s)	JUN 2015 ($'000s)
Movements in the provision for impairment were:		
Opening balance at 1 July	**(1,324)**	(1,637)
(Charge) / writeback for the year	**248**	224
Amounts written off	**32**	106
Foreign exchange translation	**(3)**	(17)
Closing balance at 30 June	**(1,047)**	(1,324)

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2016

8. Inventories

	CONSOLIDATED JUN 2016 ($'000s)	JUN 2015 ($'000s)
Current		
Raw materials and work in progress	**21,756**	17,993
Finished goods	**55,887**	50,943
Goods in transit, at cost	**11,283**	10,412
Less: Provision for stock obsolescence	**(1,985)**	(1,527)
	86,941	77,821

9. Other assets

Current		
Prepayments	**2,988**	3,380

10. Property, plant and equipment

Land and buildings, at cost	**85,861**	86,355
Less: accumulated depreciation	**(7,576)**	(6,510)
	78,285	79,845
Plant and equipment, at cost	**91,733**	81,413
Less: accumulated depreciation	**(53,041)**	(47,290)
	38,692	34,123
Total property, plant and equipment Net book value	**116,977**	113,968

(a) Movements in the carrying amounts

	Land & Buildings ($'000s)	**Plant & Equipment ($'000s)**	**TOTAL ($'000s)**
JUN 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**
JUN 2015			
Balance at the beginning of financial year	46,259	25,684	71,943
Additions	32,830	13,662	46,492
Disposals	(38)	(223)	(261)
Depreciation	(1,147)	(6,306)	(7,453)
Foreign exchange impact	1,941	1,306	3,247
Balance at the end of financial year	79,845	34,123	113,968

(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 $87.5 million, compared with the collective carrying value of $78.3 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.

11. Intangible assets

	CONSOLIDATED	
	JUN 2016 ($'000s)	JUN 2015 ($'000s)
Goodwill	**16,917**	14,653
Development, at cost	**18,104**	15,678
Less: accumulated amortisation	**(11,322)**	(10,533)
	6,782	5,145
	23,699	19,798

Movements in the carrying amounts

Goodwill		
Balance at the beginning of financial year	**14,653**	13,005
Additions	**2,264**	1,648
Balance at the end of financial year	**16,917**	14,653
Development costs		
Balance at the beginning of financial year	**5,145**	4,029
Additions	**2,802**	1,994
Amortisation	**(1,165)**	(878)
Balance at the end of financial year	**6,782**	5,145

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.

2016		**Goodwill ($'000s)**	**Growth rate**	**Discount Rate (post tax)**	**Period of projection**
	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
2015					
	Thule Car Rack systems	1,748	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)	8,031	6.5%	10.0%	5 years

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

12. Payables

	CONSOLIDATED	
	JUN 2016 ($'000s)	JUN 2015 ($'000s)
Current		
Trade payables	**21,028**	22,559
Other payables	**6,726**	6,315
	27,754	28,874

13. Derivative financial instruments

	Note	CONSOLIDATED JUN 2016 ($'000s)	JUN 2015 ($'000s)
Derivatives that are designated and effective as hedging instruments carried at fair value:			
Current assets			
Forward exchange contracts		**336**	349
Current liabilities			
Forward exchange contracts		**35**	10

14. Borrowings

Current

Secured Borrowings	**-**	2,000

(a) Financing arrangements

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

	JUN 2016	JUN 2015
Total facilities available:		
Bank overdraft	**7,250**	500
Interchangeable facility	**-**	15,000
Online facility	**2,000**	2,000
Lease guarantees	**750**	750
	10,000	18,250
Facilities utilised at balance date:		
Interchangeable facility	**-**	2,000
Lease guarantees	**643**	632
	643	2,632
Facilities not utilised at balance date:		
Bank overdraft	**7,250**	500
Interchangeable facility	**-**	13,000
Online facility	**2,000**	2,000
Lease guarantees	**107**	118
	9,357	15,618

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 2016.

Interchangeable facility
The interchangeable facility is subject to annual review.

Online facility
This facility is used for the clearance of wages and was unused at 30 June 2016.

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.

15. Provisions

	CONSOLIDATED	
	JUN 2016 ($'000s)	JUN 2015 ($'000s)
Current		
Employee benefits	**10,673**	10,758
Non-current		
Employee benefits	**1,256**	977
Total employee benefits	**11,929**	11,735

16. Contributed equity

Issued and paid up capital

	JUN 2016 ($'000s)	JUN 2015 ($'000s)
79,168,214 ordinary shares (2015: 79,156,214)	**106,938**	106,774

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

Movements during the year	CONSOLIDATED No. of shares		CONSOLIDATED	
	JUN 2016	JUN 2015	**JUN 2016 ($'000s)**	JUN 2015 ($'000s)
Balance at the beginning of the financial year	**79,156,214**	72,493,302	**106,774**	46,758
Dividend reinvestment plan, Bonus share plan and associated underwriting	**-**	6,650,912	**-**	60,366
Other shares issued	**12,000**	12,000	**164**	151
Transaction costs of share issue	**-**	-	**-**	(501)
Balance at the end of the financial year	**79,168,214**	79,156,214	**106,938**	106,774

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 2016

17. Reserves

	Note	CONSOLIDATED JUN 2016 ($'000s)	CONSOLIDATED JUN 2015 ($'000s)
Capital profits reserve		**4,090**	4,090
Foreign currency translation reserve		**4,188**	4,349
Cash flow hedge reserve		**301**	339
		8,579	8,778
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.

	Note	JUN 2016 ($'000s)	JUN 2015 ($'000s)
Foreign currency translation reserve			
Balance at the beginning of the financial year		**4,349**	(1,684)
Movement during the year		**(161)**	6,033
Balance at the end of the financial year		**4,188**	4,349

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

	Note	JUN 2016 ($'000s)	JUN 2015 ($'000s)
Cash flow hedge reserve			
Balance at the beginning of the financial year		**339**	(308)
Amount recognised in equity		**(38)**	647
Balance at the end of the financial year		**301**	339

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

18. Retained earnings

	Note	JUN 2016 ($'000s)	JUN 2015 ($'000s)
Retained earnings		**134,091**	110,796
Retained earnings			
Balance at the beginning of the financial year		**110,796**	148,958
Net profit attributable to members of the parent entity		**47,439**	44,093
Dividends paid	6	**(24,144)**	(82,255)
Balance at the end of the financial year		**134,091**	110,796

19. Parent entity information

	COMPANY JUN 2016 ($'000s)	COMPANY JUN 2015 ($'000s)
Profit before income tax expense	**52,483**	52,692
Income tax expense	**(15,661)**	(14,268)
Profit attributable to members of the parent entity	**36,822**	38,424
Total comprehensive income for the year attributable to members of the parent entity	**36,784**	38,742
Current assets	**120,082**	115,082
Total assets	**252,190**	242,565
Current liabilities	**33,392**	36,657
Total liabilities	**34,648**	37,633
Net assets	**217,542**	204,932
Equity		
Contributed equity	**106,938**	106,774
Reserves	**4,292**	4,330
Retained earnings	**106,312**	93,828
Total equity	**217,542**	204,932
Capital expenditure commitments		
Contracted, but not provided for and payable within one year	**504**	3,650

20. Cash flow information

(i) Reconciliation of Cash

	CONSOLIDATED JUN 2016 ($'000s)	CONSOLIDATED JUN 2015 ($'000s)
Cash	**13,776**	10,054

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

	CONSOLIDATED JUN 2016 ($'000s)	CONSOLIDATED JUN 2015 ($'000s)
Net profit	**47,439**	44,093
Add/(less) items classified as Investing/financing activities:		
(Profit)/loss on disposal of non-current assets	**(2,115)**	(177)
Add/(less) non-cash items		
Depreciation and amortisation	**10,187**	8,331
Provision for impairment of receivables	**(277)**	(313)
Impact of foreign exchange	**(65)**	2,633
Employee share issue	**164**	-
Net cash provided by operating activities before change in assets and liabilities	**55,333**	54,567
Change in assets and liabilities		
(Increase)/decrease in trade receivables	**(1,738)**	(2,221)
(Increase)/decrease in other receivables	**(194)**	80
(Increase)/decrease in inventories	**(9,120)**	(7,378)
(Increase)/decrease in other assets	**392**	(1,800)
(Increase)/decrease in deferred tax asset	**(383)**	(116)
(Decrease)/increase in payables	**(1,120)**	(1,328)
(Increase)/decrease in derivative financial instruments	**-**	(647)
(Decrease)/increase in income tax payable	**1,580**	(2,290)
(Decrease)/increase in provisions	**194**	1,487
Net cash flow from operating activities	**44,944**	40,354

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

21. Business combinations

Current year

During the 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:

	$'000s
Total consideration paid	2,431

Assets and liabilities acquired

	Fair value at acquisition $'000s
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

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.

Prior year

During the prior year the consolidated entity purchased a manufacturing business, SmartBar in South Australia (September 2014), and a retail store in Port Macquarie, New South Wales (February 2015).

A summary of these aggregated transactions is:

	$'000s
Total consideration paid	2,619

Assets and liabilities acquired

	Fair value at acquisition $'000s
Assets and liabilities acquired	
Inventory	355
Plant and equipment	705
Deferred tax asset	36
Employee entitlements	(121)
Other assets / (liabilities)	(4)
Net assets acquired	971
Goodwill	1,648

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

For the year ended 30 June 2015, the two businesses contributed combined revenue of $3,351,000 and combined profit after tax of $493,000 which is included within the consolidated profit for that period.

Acquisitions in both the current and prior financial years 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 2016

22. Commitments and contingencies	CONSOLIDATED JUN 2016 ($'000s)	CONSOLIDATED JUN 2015 ($'000s)
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	**4,356**	4,858
Later than one year but not later than five years	**10,342**	11,006
Later than five years	**1,118**	952
	15,816	16,816
Capital expenditure commitments		
Contracted, but not provided for and payable within one year	**6,397**	4,911

23. Earnings per share	CONSOLIDATED JUN 2016 cents	CONSOLIDATED JUN 2015 cents
Earnings per share (cents)	**59.9**	57.8
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**79,164,247**	76,291,663

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

24. Auditors' remuneration	CONSOLIDATED JUN 2016 ($'000s)	CONSOLIDATED JUN 2015 ($'000s)
Remuneration of Pitcher Partners, the auditors of the parent entity for:		
- Auditing or reviewing the financial report	**176**	209
- Taxation services	**43**	31
- Other compliance and advisory services	**-**	18
Auditing or reviewing the financial report of subsidiaries		
- Remuneration of network firms of Pitcher Partners	**34**	32
- Remuneration of other non-related auditors	**34**	31
Total auditors' remuneration	**287**	321

		CONSOLIDATED	
25. Controlled entities		**JUN 2016 ($'000s)**	JUN 2015 ($'000s)

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

	Country of Incorporation	**JUN 2016 %**	JUN 2015 %
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**	-

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 *(appointed 1 July 2016)*	Non-executive Director
J.R. Forsyth	Non-executive Director and Company Secretary
R.D. Fraser	Non-executive Director
E.E. Kulmar *(retired 1 July 2016)*	Non-executive Director
A.P. Stott	Non-executive Director

Key Management Personnel remuneration by category	**JUN 2016 $**	JUN 2015 $
Short term employment benefits	**982,904**	1,140,082
Post employment benefits	**87,729**	118,327
	1,070,633	1,258,409

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, J.R. Forsyth, R.D. Fraser, E.E. Kulmar and A.P. Stott. Subsequent to year end, E.E. Kulmar retired as a Non-executive Director of the Company and A.R. Fitzpatrick was appointed as a Non-executive Director.

Apart from the details disclosed in this note, 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.

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	USA	Thailand	Middle East & Europe	Eliminations	Consolidated
2016	**($'000s)**	**($'000s)**	**($'000s)**	**($'000s)**	**($'000s)**	**($'000s)**
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**
2015						
Segment revenue						
Total segment revenue	316,597	38,958	46,067	6,805	(75,071)	333,356
Intersegmental revenues	(32,550)	-	(42,521)	-	75,071	-
Segment revenue from external source	284,047	38,958	3,546	6,805	-	333,356
Total segment result	34,436	893	8,594	676	(506)	44,093
Intersegmental eliminations	7,426	-	(7,932)	-	506	-
Segment result from external source	41,862	893	662	676	-	44,093
Items included within the segment result:						
Net interest income (expense)	252	-	13	-	-	265
Depreciation and amortisation expense	6,296	112	1,893	30	-	8,331
Income tax expense	14,246	626	900	151	-	15,923

(b) Statement of Financial Position	Australia	USA	Thailand	Middle East & Europe	Eliminations	Consolidated
	($'000s)	**($'000s)**	**($'000s)**	**($'000s)**	**($'000s)**	**($'000s)**
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**
2015						
Segment assets	255,739	16,961	43,086	6,083	(52,000)	269,869
Segment liabilities	48,794	7,639	12,610	5,581	(31,103)	43,521
Segment acquisition of property, plant, equipment and intangibles	43,460	280	6,270	124	-	50,134

29. Subsequent events

There has been no matter or circumstance, which has arisen since 30 June 2016 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2016 of the consolidated entity,
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2016 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 2016 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 2016.

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

Roger G Brown
Director

John R Forsyth
Director

Melbourne, 17 August, 2016

ARB CORPORATION LIMITED AND ITS CONTROLLED ENTITIES
ABN 31 006 708 756

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

Report on the Financial Report

We have audited the accompanying financial report of ARB Corporation Limited and controlled entities, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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 Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements,* that the financial statements comply with *International Financial Reporting Standards.*

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

ARB CORPORATION LIMITED AND ITS CONTROLLED ENTITIES
ABN 31 006 708 756

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion:

(a) the financial report of ARB Corporation Limited and controlled entities is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

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

(b) the consolidated financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 9-10 of the directors' report for the year ended 30 June 2016. 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.

Opinion

In our opinion, the Remuneration Report of ARB Corporation Limited and controlled entities for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

M Harrison

M J HARRISON
Partner

17 August 2016

Pitcher Partners

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 2016, 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

M J HARRISON
Partner

17 August 2016

Pitcher Partners

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 2016 was:

Shareholder	Ordinary
Rogand Pty Ltd	**7,935,366**
Hyperion Asset Management Limited	**6,858,386**
Perpetual Limited	**6,213,298**
Bennelong Funds Management Group Pty Ltd	**6,147,551**

Class of Shares and Voting Rights

At 30 June 2016, there were 5,638 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 2016):

	Holders	%	Shares Held	%
1 - 1,000	2,591	45.96	1,197,138	1.51
1,001 - 5,000	2,107	37.37	5,145,416	6.50
5,001 - 10,000	514	9.12	3,751,723	4.74
10,001 - 100,000	395	7.00	9,478,532	11.97
100,001 or more	31	0.55	59,595,405	75.28
	5,638	100.00	79,168,214	100.00

The number of shareholders holding less than a marketable parcel at 25 July 2015 was 137.

Twenty largest shareholders (as at 25 July 2016)

Name of Holder	Number of ordinary shares held	% of issued ordinary shares held
HSBC Custody Nominees (Australia) Limited	9,055,732	11.44
Rogand Pty Ltd	7,851,183	9.92
J P Morgan Nominees Australia Limited	7,069,898	8.93
RBC Investor Services Australia Nominees Pty Limited <BKCust Account>	6,051,278	7.64
National Nominees Limited	5,072,277	6.41
BNP Paribas Noms Pty Ltd <DRP>	4,795,753	6.06
RBC Investor Services Australia Nominees Pty Limited <PI Pooled Account>	3,810,813	4.81
Citicorp Nominees Pty Ltd	3,713,365	4.69
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>	1,060,678	1.34
BKI Investment Company Limited	945,447	1.19
Milton Corporation Limited	877,065	1.11
Citicorp Nominees Pty Ltd <Colonial First State Inv Account>	860,863	1.09
BNP Paribas Noms Pty Ltd <Agency Lending DRP A/C>	706,666	0.89
Ms Judith Caroline Carpenter + Ms Gillian Clare Carpenter <Est Late P Carpenter A/C>	653,831	0.83
RBC Investor Services Australia Nominees Pty Limited <PIIC Account>	481,673	0.61
Mirrabooka Investments Limited	433,352	0.55
Mr Gerard James Van Paassen (The Van Paassen Fam Account)	409,834	0.52
Illabarook Pty Ltd	350,000	0.44

The 20 largest shareholders hold 72.62% of the ordinary shares of the Company.

There is no current on market buy back of shares.

The year ahead

ARB will continue to strive for innovation and engineering excellence in 2016/2017, using advanced technologies to bring new products to market. A host of exciting new products will be released in the coming 12 months, which will bring another big year for ARB.


ARB
4X4 ACCESSORIES