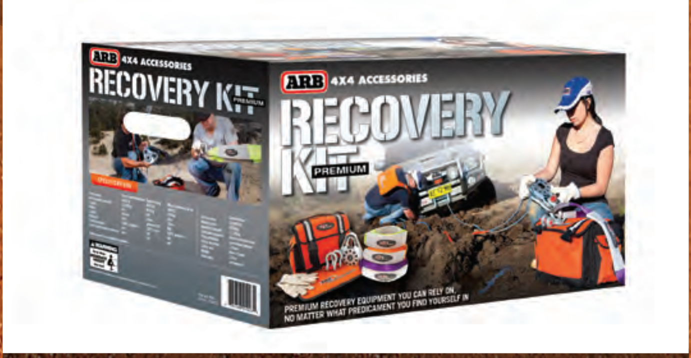
ARB 4X4 ACCESSORIES

ARB ANNUAL REPORT 2010

ARB CORPORATION LIMITED
ABN 31 006 708 756

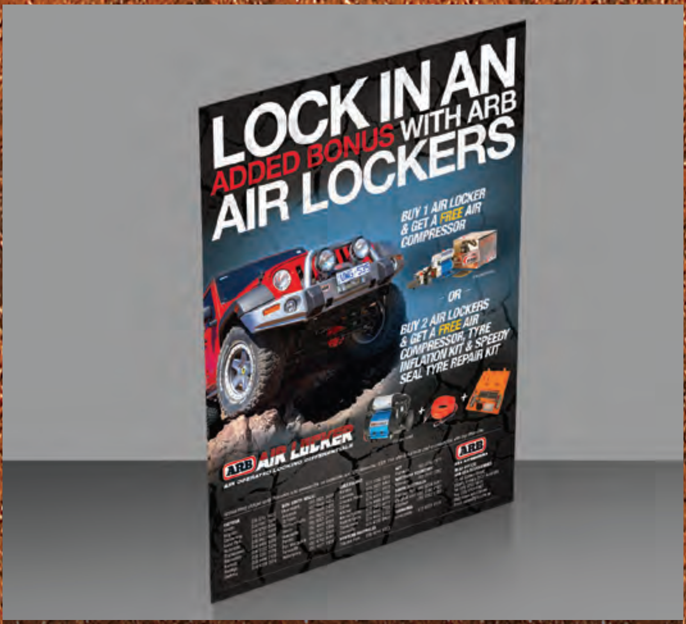
A YEAR AT ARB 2010

NEW ARB RETAIL STORES OPEN IN DUBBO, KEILOR PARK AND HOBART, WHILE CONTINUED GROWTH IN WESTERN AUSTRALIA LEADS TO THE ACQUISITION OF A NEW STATE OFFICE IN CANNING VALE.



AN ESSENTIAL PIECE OF EQUIPMENT FOR ANY OFF ROAD ENTHUSIAST, THE NEW ARB PREMIUM RECOVERY KIT IS A HUGE SUCCESS.

ARB CONTINUES TO SUPPORT A NUMBER OF WORTHY CAUSES, INCLUDING WILDLIFE REHABILITATION PROGRAMS FOLLOWING THE BLACK SATURDAY BUSHFIRES.



A MAJOR AIR LOCKER SALES CAMPAIGN IS PROMOTED IN SELECTED MARKETS AROUND THE WORLD, RESULTING IN A PHENOMENAL INCREASE IN SALES FOR THIS PRODUCT LINE.

TRAFFIC TO ARB'S WEBSITE REACHES UNPRECEDENTED LEVELS, WHILST NEW FEATURES AND CONTENT FURTHER BROADEN THE APPEAL OF THE SITE.

ARB CONTINUES TO THRIVE IN THE DEVELOPMENT AND MANUFACTURE OF LEADING 4X4 ACCESSORIES FOR NEW VEHICLES, INCLUDING THE HIGHLY ACCLAIMED TOYOTA PRADO 150 SERIES.

Table of Contents

CONTENTS	PAGE

Corporate Information

Directors
Roger G Brown B.E., M.B.A.
Andrew H Brown
John R Forsyth B.E., M.B.A.
Robert D Fraser B.Ec., LLB (Hons)
Ernest E Kulmar B.Com., FCPA
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: +61 (0)3 9415 4000 (investors)
Tel: 1300 850 505 (investors within Australia)
Fax: (03) 9473 2587

Stock Exchange
Australian Securities Exchange
Level 45, South Tower
Rialto, 525 Collins Street
Melbourne Victoria 3000

Managing Director's Statement

RESULTS

The directors of ARB Corporation Limited ("ARB" or the "Company") are pleased to report that the Company achieved a record net profit after tax of $32.6 million for the year ended 30th June 2010. This represented a very healthy 44.8% increase over the prior year of $22.5 million. The net profit after tax of $17.3 million earned by the Company in the second half of the financial year was also a record.

The Company's strong profit performance was achieved on a 19.3% increase in sales to $228 million from $191 million last year.

A summary of the 2009/10 result is presented below:

YEAR TO	**JUN 2010 ($'000s)**	JUN 2009 ($'000s)	**Change**
Sales Revenue	**228,001**	**191,154**	**+ 19.3%**
Total Revenue	230,313	192,367	
Net Profit Before Tax	**44,812**	**31,477**	**+ 42.4%**
Less Tax	12,184	8,938	
Net Profit After Tax	**32,628**	**22,539**	**+ 44.8%**
EPS – cents*	46.3	33.3	
DPS – cents			
Interim	7.5	6.5	
Final	12.0	10.0	
Special	40.0	-	
Total	59.5	16.5	
Franked Amount	100%	100%	

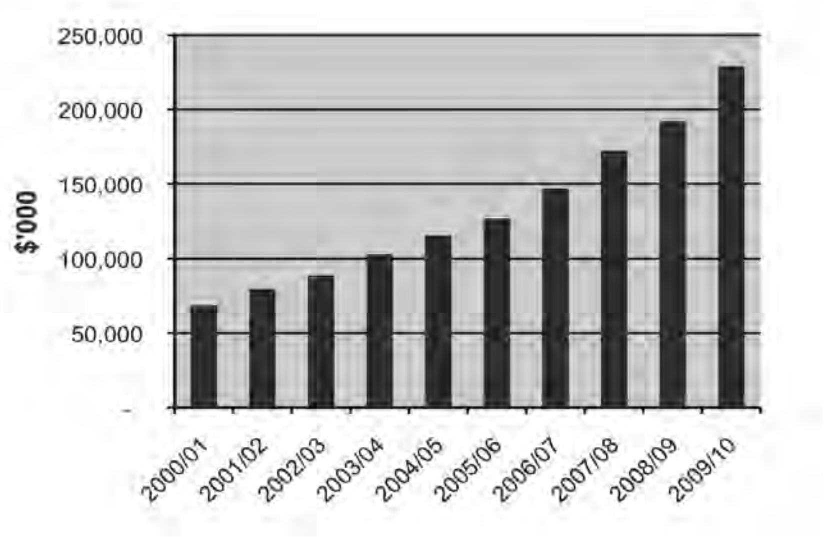
* EPS is based on the Company's weighted average issued capital of 70.5 million shares. ARB presently has 72.5 million shares on issue following payment of the Special Dividend.

The Company intends to pay an increased final fully franked dividend of 12.0 cents per share on the 22nd October 2010. This brings total ordinary dividends for the year to 19.5 cents per share fully franked, compared with 16.5 cents per share last year. The Record Date for the final dividend will be the 8th October 2010.

ARB also paid to shareholders a fully franked Special Dividend of 40.0 cents per share on the 1st December 2009. The Special Dividend was funded through an underwritten Bonus Share Plan and Dividend Reinvestment Plan (both now suspended following payment of the Special Dividend) and was effectively cash neutral to the Company, apart from the associated underwriting cost.

10 YEAR HISTORICAL PERFORMANCE

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

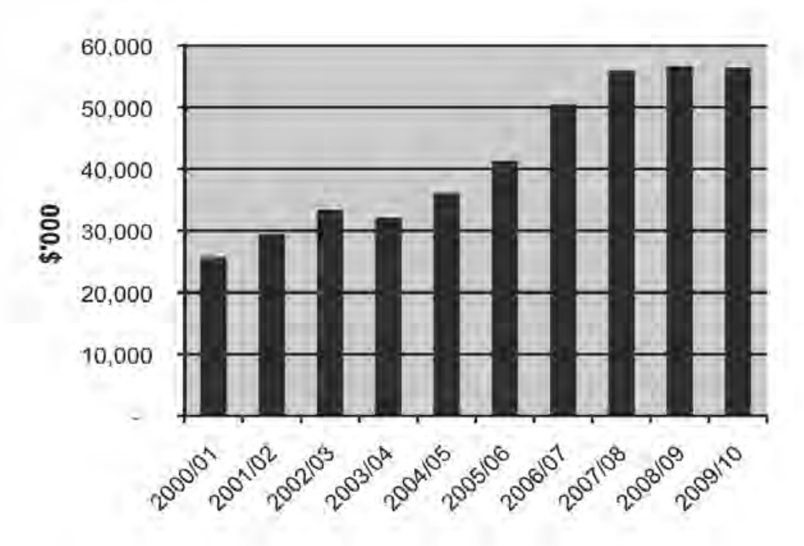


SALES REVENUE

Annual sales revenue has grown at an average compound rate of 14% over the past 10 years.

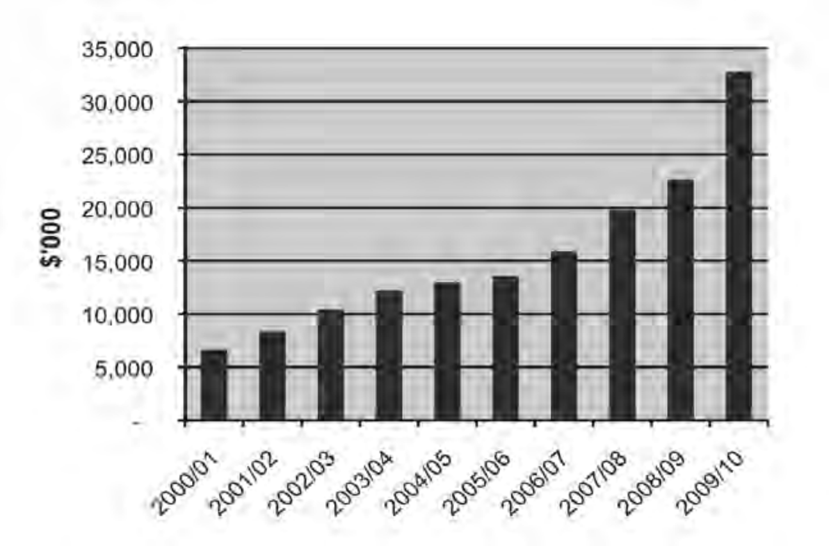
Managing Director's Statement (continued)

RESULTS



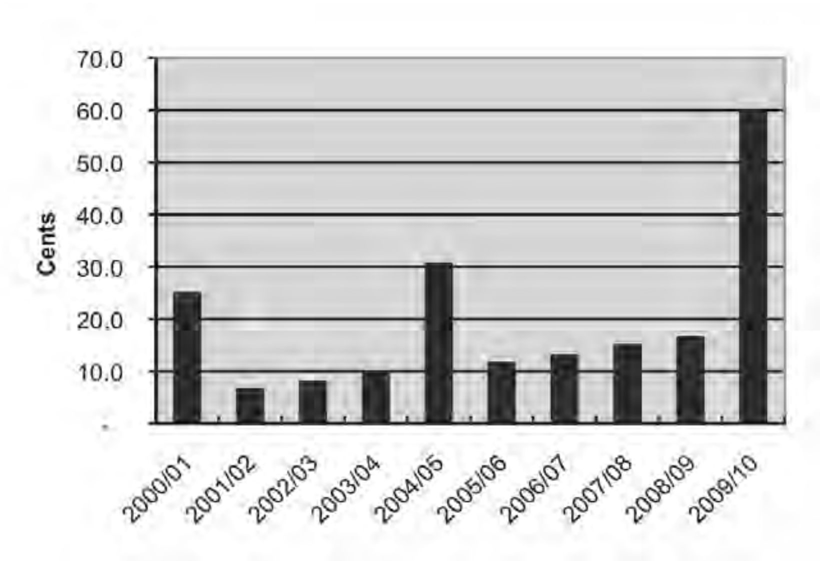
EXPORT SALES REVENUE

Export sales have grown at an average compound rate of 9% over the past 10 years.



NET PROFIT AFTER TAX (ex property sales)

Net profit after tax has grown at an average compound rate of 20% over the past 10 years (excluding profits from property sales in 2004/05 and 2005/06).



DIVIDENDS PER SHARE

Dividends per share have grown steadily over the past 10 years with special dividends paid in 2000/01, 2004/05 and 2009/10. All dividends have been fully franked.

HIGHLIGHTS OF THE 2009/10 YEAR

Sales

The Company's sales growth of 19.3% for the 2009/10 year over the previous year was very pleasing given the challenging economic environment that prevailed during this period. Of total group sales for the year, the Australian aftermarket accounted for 64.5%, whilst export sales represented 25% and sales to vehicle manufacturers (OEMs) were 10.5%.

In Australia, a sales increase of 29% was recorded and all of ARB's operations achieved strong growth. It should be noted that Australian sales include ARB sales to the aftermarket and OEMs and sales made by Kingsley Enterprises and Thule Car Rack Systems.

The Company's export sales, both direct to customers from Australia and Thailand and to customers via ARB's US subsidiary Air Locker Inc, were severely hampered by the strengthening Australian dollar. Nonetheless, it was notable that export volumes still experienced growth overall, despite being flat in Australian dollar terms. Non USA export sales were up 11.3% and USA sales were up by 6.3% in US dollar terms. However, in Australian dollar terms US sales declined by 12% terms due to the large exchange rate movement over the year.

ARB's market leading store network and warehousing operations throughout Australia facilitated the substantial expansion in the local market. The number of ARB branded stores increased to 39 (compared with 35 stores as at 30th June 2009) with the establishment of three additional independently owned stores, Dubbo in New South Wales, Hobart in Tasmania and Keilor Park in Melbourne, Victoria. In addition, a new company owned store was established in Canning Vale, a suburb of Perth, Western Australia, which is also ARB's new state warehousing and sales headquarters.

The Australian Government's economic stimulus package, including incentives provided to invest in new business assets such as four wheel drive vehicles (4WD) and accessories, had a positive impact on ARB's performance. The first full year of sales from the Thule business was also a contributing factor.

Sales of new 4WD vehicles in Australia continued to grow over the period. The table below outlines this growth.

Australian New Vehicle Sales
12 months to 30th June

	4WD Vehicle All Categories	4WD Utilities	Total Australian
2008/09	257,008	80,949	924,693
2009/10	308,918	92,662	1,011,565
	+ 20.2%	+ 14.5%	+ 9.4%

As can be seen from the figures in the table above, ARB's market in Australia remains extremely strong. Almost 1 in 3 vehicles sold in Australia is a 4WD and their proportion of the total new vehicle market continues to grow.

Products

ARB remains committed to product development as an essential element of maintaining the Company's long term competitive advantage. Expenditure on R&D has grown over the period and new products are regularly being released by ARB into its markets worldwide. A highlight of the year was the release of a new ARB branded fridge which has been well received.

The Company is pleased to report that it has a large number of both short and long term development projects underway in all of its major product groups.

Manufacturing

Demand for the Company's manufactured products was consistently high over the 2009/10 year. This meant that ARB's manufacturing plants in both Australia and Thailand were operating at close to full capacity. Consequently, the Company made further investments in new plant and equipment to increase production capacity as required.

The improvement in manufacturing efficiency was a major contributor to the uplift in ARB's profitability during the year and management efforts will continue to focus on this area in the future.

Managing Director's Statement (continued)

Financial

The Company generated very favourable net operating cash flows during the year of $38.8 million, up from $28.2 million last year. ARB strengthened its balance sheet during the period and had a net cash surplus of $20.9 million at the 30th June 2010. This compares with a net cash surplus of $1.3 million at the 30th June 2009.

The Company's strong financial position ensures that ARB can react quickly to appropriate opportunities which may arise such as further earnings accretive capital projects or suitable acquisitions.

Exchange rates have fluctuated significantly over the year as noted previously. The Company has some natural hedges through its operations in Australia, USA and Thailand and also through its purchasing and selling arrangements. However, changes in exchange rates affect costs in different geographic markets and management believes that more stable currency markets generally create a better business environment for the Company over the longer term.

THE FUTURE

Over the past six months, the Company committed to three significant investments to enable ARB to supply greater volumes of product to its Australian customers in the future. These initiatives were:

- In Perth, the Company leased a 4,000 square metre facility at Canning Vale which is the new Western Australian state headquarters. The building comprises a substantial warehouse, showroom and fitting facility. The existing facility at Osborne Park, Perth, continues as an important ARB store;
- In Melbourne, the Company leased an additional 5,000 square metre property near the Head Office at Kilsyth, Victoria. The property provides increased warehousing and canopy building facilities; and
- In Sydney, the Company leased 3,000 square metres of warehouse space adjacent to the NSW state headquarters at Moorebank. The new facility increases capacity and ensures that ARB's NSW customers can be supplied in a more timely manner.

Over the next 12 months, a priority for the Company will be to establish more warehousing space in Adelaide to service the South Australian market better and possibly to secure more manufacturing space in Thailand.

The Company's record 2009/10 result was achieved in the face of very difficult global market conditions. The current economic environment remains challenging and the Company's issued capital has expanded following the payment of the Special Dividend. However the outlook for the Company is positive and the Board is cautiously optimistic about the future. A first quarter trading update will be provided to shareholders at the AGM in October 2010.

ARB's main growth strategies remain focussed on achieving the following:

- Increasing output from the Company's manufacturing plants as demand requires;
- Further strengthening ARB's store network throughout Australia, particularly in areas where 4WD vehicle sales are strong;
- Fast tracking the development of new products to supply ARB's after market customers both locally and overseas and also to the OEM's in Australia;
- Developing the Thule Car Rack Systems and ARB Off Road businesses;
- Ensuring that Kingsley Enterprises has new products to supply its existing customers both locally and overseas; and
- Concentrating our sales efforts in areas of the world where oil extraction, mining, aid and relief and agriculture are creating high demand for 4WD vehicles.

With strong brands around the world, a very capable senior management team and staff, a strong balance sheet and growth strategies in place, ARB is well positioned to achieve on-going success despite the global economic challenges.

Roger Brown
Managing Director
18 August 2010

The Board of ARB Corporation Limited ("ARB" or the "Company") is committed to high standards of corporate governance and supports the principles of good corporate governance and best practice recommendations as published in the second edition Corporate Governance Guidelines of the ASX Corporate Governance Council in August 2007 and revised subsequently.

ASX Listing Rule 4.10 requires ARB to disclose the extent to which it has followed these best practice recommendations. This statement outlines the key corporate governance practices of ARB, as they relate to the recommendations of the ASX Corporate Governance Council.

The Board recognises that some practices are more relevant to larger companies. The Board has adopted those practices that it believes will maximise long term shareholder value given ARB's specific circumstances.

1. The Roles of the Board and Management

The Board of Directors is responsible for increasing shareholder value through leadership and direction of the Company. Matters reserved for the Board include:

- setting the strategic direction of the Company
- appointing and reviewing the performance of the Managing Director
- setting objectives for which the Managing Director is responsible
- approving major investment decisions and financial budgets
- monitoring financial and operating performance
- determining capital, funding and dividend policies
- planning Board and management succession
- defining the limits to management's responsibilities
- ensuring the Company complies with the law and conforms to the highest standards of financial and ethical behaviour

Board Meetings are held regularly and the Board meets on other occasions to deal with matters that require attention between scheduled meetings.

The responsibility for the operation and administration of the economic entity is delegated by the Board to the Managing Director, the Executive Directors and the Departmental Executives.

The Board of ARB and senior management monitor the performance of all Divisions through the preparation of weekly management reports and monthly management accounts.

The weekly management reports are circulated to all Board members to ensure that they are aware of key developments within the Company and in the industry and environment in which it operates.

The monthly management accounts are prepared using accrual accounting techniques and report each Division's results. These monthly management accounts are compared by management with monthly targets. Each Division has key performance indicators and reports to the Board monthly.

The monitoring of ARB's performance by the Board and management assists in identifying the areas where additional attention is required.

The Executive Directors evaluate the performance of the senior management team on an informal basis throughout the year and on a formal basis once per year.

2. The Structure of the Board

The composition of the Board is determined in accordance with ARB's constitution and the ASX Listing Rules.

The Board regards a Director as independent if he or she is free from any material interest in, or other material relationship with, the Company, other than as a Director, which could reasonably be perceived to materially interfere with the Director's ability to exercise independent judgement with respect to the matter being considered. Independence and materiality are considered by the Board in the context of all of the relevant circumstances.

The Board presently comprises three Executive Directors and three independent Non-executive Directors. The Board believes that, at present, this structure combines the skills, experience and efficiency of operation best suited to governing the Company.

The Executive Chairman currently carries out the roles of Chairman and Managing Director and has done so since the company listed on the ASX in 1987. The Board acknowledges the recommendation of the ASX Corporate Governance Council that these roles be carried out by different people and the Chairman be a Non-executive Director. However, the Board believes that the wealth of knowledge and expertise of the current Chairman and his interest in the Company as a substantial shareholder, make it appropriate for him to be the Chairman and Managing Director.

For the same reasons, the Board does not comprise a majority of independent Directors. The Board believes that all of its Directors exercise due care and skill with respect to the matters which they consider and bring objective judgement to bear in decision making.

Committees

The Board of Directors, as part of its responsibility to oversee the strategic direction of the Company, has established guidelines and committees to ensure that its businesses operate ethically and fairly and to ensure that the assets of the Company are properly protected. The committees which the Board has established are as follows:

- Audit Committee
- Risk Management Committee
- Remuneration and Nomination Committee

The Board, through the Remuneration and Nomination Committee, attempts to assess objectively its performance and that of its committees and individual members. The Board regularly undertakes performance reviews on an informal basis.

The requirement for membership of this committee is that the member must be able to make a contribution to this decision-making process. The Directors believe that the Board as a whole is best placed to determine the nomination and remuneration policies that are in the best interests of the Company.

For this reason all of the Directors of the Board are members of the Remuneration and Nomination Committee. Accordingly, this committee is not chaired by and does not comprise a majority of independent Directors. However, the Executive Directors are not directly involved in deciding their own remuneration.

Appointment of Directors

One of the roles and responsibilities of the Remuneration and Nomination Committee is to recommend to the Board the selection and appointment of suitable Directors to the Company.

The committee considers the size and composition of the Board and the selection and appointment of new Directors at each committee meeting based upon the existing expertise and experience of the Board and the future requirements of the Company and the desirability of increasing diversity as a means of enhancing shareholder value.

The Board’s objective is to achieve the mix of skills and diversity that is best suited to maximising long term shareholder value given the circumstances at any particular time. The Board believes that it is best placed to assess these requirements rather than using intermediaries.

The conditions relating to a Director's appointment are provided to the Director in writing prior to appointment. All Directors are subject to re-election by rotation in accordance with ARB’s constitution. Shareholders are encouraged to participate in the re-election of Directors.

Directors may obtain independent professional advice, at the Company's expense, on matters arising in the course of their Board duties after obtaining the Chairman's approval, which cannot be unreasonably withheld.

The other information with respect to the structure of the Board noted in the Guide to Reporting on Principle 2 has been provided in the Directors’ Report as the Board believes this is a more appropriate place at which to disclose such information.

3. Ethical Business Practices

ARB is committed to be being a socially responsible corporate citizen, using honest and fair business practices.

The Company does not have a formal Code of Conduct because the Company believes that a more effective means of enhancing investor confidence and actively promoting ethical and responsible decision-making is for the Board and the senior management team to foster, through their own actions, an ethical corporate culture.

Similarly, the Board believes that it has fostered and that the Company and its employees have a governance culture that encourages excellence and ethical business practices to enhance long term shareholder value. This includes the advancement of all employees in an ethical manner as appropriate irrespective of gender, age, ethnicity and cultural background.

Accordingly, the Board has not adopted a formal diversity policy or set measurable objectives based on diversity alone. The Board believes that this is consistent with its objective of generating long term shareholder value in an ethical manner.

The Board promotes open and honest disclosure and discussion, together with consideration and respect for the interests of all legitimate stakeholders, at all Board and weekly management meetings.

In addition, the Board and the senior management of the Company regularly consider relevant matters including conflicts of interest, corporate opportunities, business practices, confidentiality, fair dealing, complaints handling, protection and proper use of the Company's assets, compliance with laws and regulations and reporting unlawful and unethical behaviour.

The Board has ultimate responsibility for resolving all matters concerning ethical and responsible decision-making.

These procedures are designed to ensure that the integrity of the Company is maintained and that investor confidence is enhanced.

The Board encourages Non-executive Directors to own shares in the Company to further link their interests with the interests of all shareholders.

The Company is aware of its legal and other obligations to all legitimate stakeholders. The Board believes that appropriate recognition of these interests will enhance shareholder value in the long term.

The Board believes that the shareholders of the Company ultimately assess the performance of the Board, its committees, individual Directors and senior management based on the financial performance of the Company in the context of the commercial, legal and ethical framework within which the Company operates.

Directors' share trading

The Board of Directors has a formal policy for share dealing by Directors. This policy allows for the buying and selling of ARB shares only during the four-week periods following the annual and half yearly results announcements and the annual general meeting, unless approval is obtained from the Chairman to deal in the Company's shares outside these times.

4. Safeguard Integrity

ARB has an Audit Committee with a formal charter. The Audit Committee is composed of the three independent Non-executive Directors of ARB and is chaired by one of those independent Non-executive Directors.

The Board considers that the composition of the present Audit committee maintains integrity and is most operationally effective for a company of ARB's size and Board composition.

The primary function of the Audit Committee is to recommend to the Board the selection and appointment of the external auditors, based on the audit requirements of the Company and the independence and suitability of the auditors. The Audit Committee also acts as an interface between the Board and the external auditors to:

- ensure that the external auditors who are selected and appointed remain appropriate to the needs of the Company
- review the independence of the external auditors
- ensure the rotation of the external audit engagement partners in accordance with regulatory requirements
- review, with management and the auditors, the Company's periodic statutory accounts and reports
- review the systems and controls established by management to safeguard the assets of the Company
- monitor procedures in place aimed at ensuring compliance with the Corporations Act 2001 and the Australian Stock Exchange Listing Rules
- monitor the effective management of financial and other business risks

The Audit Committee has reviewed the external auditor's independence and is satisfied that they are not restricted in forming an independent view on the Group's financial report.

The provision of non-audit services by the external auditors to the Group has been restricted by the Board to ensure audit independence.

The other information with respect to safeguarding the integrity of financial reporting noted in Guide to Reporting on Principle 4 has been provided in the Directors' Report.

5. Timely Disclosure of Material Matters

The Company's aim is to ensure timely, balanced and continuous disclosure to the market of all material matters concerning the Company in accordance with the ASX continuous disclosure regime.

The policies and procedures designed to ensure compliance with ASX Listing Rules and Corporations Act 2001 disclosure requirements and to ensure accountability at a senior management level for that compliance are as follows:

- the Company must notify the market, via the ASX continuous disclosure regime, of any price sensitive information
- the Directors, Company Secretary and the Financial Controller are designated as Disclosure Officers who are responsible for reviewing potential disclosures and deciding what information should be disclosed
- only a Disclosure Officer may authorise communication with external parties on behalf of the Company thereby safeguarding confidentiality of corporate information
- the onus is on all executives to inform a Disclosure Officer of all potential disclosures as soon as they become aware of the information. The senior management team is responsible for ensuring staff understand and comply with this policy
- ASX and media releases must be approved by a Director who is a Disclosure Officer

6. Rights of Shareholders

The shareholders of ARB are responsible for voting on the election of Directors at the Annual General Meeting in accordance with the Company's constitution.

The Annual General Meeting also provides shareholders with the opportunity to express their views on matters concerning the Company and to vote on other items of business for resolution by shareholders. ARB's policy is to encourage effective shareholder participation at general meetings.

ARB requests that a senior partner of the firm of auditors attends the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

ARB has a policy of effective communication with shareholders through:

- the Annual Report which is distributed to all shareholders
- disclosures made to the ASX
- letters to shareholders after half year and full year results announcements
- notices and explanatory memoranda in relation to resolutions to be put to a vote
- AGMs at which shareholders are given an opportunity to participate

7. Risk Management

The Board has established a Risk Management Committee to oversee the management of business risks and internal control. This is a management committee composed of the Executive Directors and the Financial Controller.

The Risk Management Committee identifies, assesses, monitors and manages business risks and internal control procedures by considering such matters as part of the regular weekly meetings of the senior management team of the Company.

Minutes of every management meeting are circulated to the Board which has the ultimate responsibility of ensuring that the risk mitigation actions recommended at these meetings are implemented.

8 Fair and Responsible Remuneration

ARB has established a Remuneration and Nomination Committee. As noted previously, all of the Directors are members of this committee which is chaired by the Chairman of the Company.

The primary function of the Remuneration and Nomination Committee is to review senior executive remuneration structures, review senior management succession plans and monitor Directors' remuneration levels.

The committee may engage appropriately qualified consultants to provide it with advice and recommendations.

The independent Non-executive Directors are remunerated by way of fees and other than statutory superannuation, they do not receive any retirement benefits.

Additional information with respect to remuneration noted in Guide to Reporting on Principle 8 has been provided in the Directors' Report.

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 2010 and the auditor's report thereon. This financial report has been prepared in accordance with Australian equivalents of International Financial Reporting 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 for the year attributable to the members of the Company after income tax expense, was $32,628,000 (2009 - $22,539,000).

Review of Operations

A review of the Company's operations is included in the Managing Director's Statement on pages 3 to 6.

Significant Changes in the State of Affairs

During the period, the Company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

After Balance Date Events

No 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 strategy to create shareholder value. In the opinion of the directors, disclosure of any further information would be likely to result in unfavourable prejudice to the consolidated entity.

Environmental Regulation

The consolidated entity's operations are not subject to any significant environmental Commonwealth or State regulations or laws.

Dividend Paid, Recommended and Declared

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

	$'000s
* In respect of the prior financial year:	
- a final fully franked ordinary dividend of 10 cents per share was recommended by the Directors in the June 2009 Financial Report and subsequently paid on 23 October 2009	6,657
* In respect of the current financial year:	
- a fully franked special dividend of 40.0 cents per share was paid on 1 December 2009	26,626
- Less special dividend forgone for Bonus Share Plan	(5,403)
- An interim dividend of 7.5 cents per share fully franked was paid on 23 April 2010	5,436
- The final dividend proposed by the directors of the Company to be paid on 22 October 2010 is a fully franked dividend of 12 cents per share	8,698
Total dividends in respect of the year ended 30 June 2010	35,357

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 2010.

Directors' Report (continued)

Information on Directors and Company Secretary

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

NAME & QUALIFICATIONS	AGE	EXPERIENCE AND SPECIAL RESPONSIBILITIES
Mr. Roger G Brown B.E., M.B.A. Chairman Managing Director	59	Wide range of experience within the automotive industry in Australia and overseas. Managing Director of ARB Corporation Limited since 1987. Chairman of the Remuneration and Nomination Committee. Member of the Risk Management Committee.
Mr. Andrew H Brown Executive Director	52	Wide range of experience in automotive engineering and marketing. Executive Director of ARB Corporation Limited since 1987. Member of the Remuneration and Nomination Committee and the Risk Management Committee.
Mr. John R Forsyth B.E., M.B.A. Executive Director	62	Director of ARB Corporation Limited since 1987. Executive Director of ARB Corporation Limited since 1989. Chairman of the Risk Management Committee. Member of the Remuneration and Nomination Committee. Appointed Company Secretary on 1 October 2004.
Mr. Robert D Fraser B.Ec., LLB (Hons) Non-executive Director	44	Company Director and corporate adviser. Director of Taylor Collison Limited. Non-executive Director of Crane Group Limited. Non-executive Director of Concept Hire Limited between September 2004 and October 2007. Non-executive Director of HFA Holdings Limited between December 2007 and November 2008. Non-executive Director of ARB Corporation Limited since 2004. Chairman of the Audit Committee. Member of the Remuneration and Nomination Committee.
Mr. Ernest E Kulmar B Com., FCPA Non-executive Director	67	Business consultant with experience in a range of industries. Non-executive Director of Robson Civil Projects Pty. Ltd. Non-executive Director of Concept Hire Limited between September 2004 and October 2007. Non-executive Director of ARB Corporation Limited since 2006. Member of the Remuneration and Nomination Committee and the Audit Committee.
Mr. Andrew P Stott Non-executive Director	53	Wide 4WD industry experience. Managing Director of an importing and distribution company. 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 of $18,000 in respect of Directors' and Officers' Liability insurance which indemnifies the Directors and Officers of the Company for any claims made against the Directors and Officers of the Company, subject to conditions contained in the insurance policy. Further disclosures required under Section 300(1)(g) of the Corporations Act 2001 are prohibited under the terms of the contract.

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

Directors' Report (continued)

Directors' Meetings

The number of meetings of the Board of directors and of each Board committee held during the financial year and the numbers of Directors', Audit Committee and Remuneration & Nomination meetings attended by each director were:

	Directors' meetings	Audit Committee	Remuneration & Nomination
Number of Meetings held	12	4	1
Mr. Roger G Brown	12		1
Mr. Andrew H Brown	12		1
Mr. John R Forsyth	12		1
Mr. Robert D Fraser	12	4	1
Mr. Ernest E Kulmar	11	3	1
Mr. Andrew P Stott	11	4	1

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 provided with this report.

Non - Audit Services

Non-audit services are approved by resolution of the audit committee and approval is provided in writing to the Board of directors. Non-audit services provided by the auditors of the consolidated entity during the year, Pitcher Partners, are detailed below. The directors are satisfied that the provision of the non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Amount paid or payable to an auditor for non-audit services provided during the year by the auditor to any entity that is part of the consolidated entity for:	**2010 ($'000s)**	2009 ($'000s)
Taxation services	**38**	21
Other miscellaneous services	**48**	3

Remuneration Report

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. 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 specified executives, 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 not directly related to Company performance. 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 maximum amount for remuneration for directors by resolution.

Directors' Report (continued)

Details of the nature and amount of each major element of the emoluments of each director of the Company and each of the named officers of the Company and the consolidated entity for the financial year are:

2010	Salary & Fees $	Non-cash Benefits $	Super contributions $	Total $
Directors				
Roger G. Brown (Executive)	254,540	24,600	22,713	301,853
Andrew H. Brown (Executive)	254,540	24,600	22,713	301,853
John R. Forsyth (Executive)	254,540	24,600	22,713	301,853
Robert D. Fraser	54,852	-	4,937	59,789
Ernest E. Kulmar	53,126	-	4,781	57,907
Andrew P. Stott	43,157	-	3,884	47,041
Total	**914,755**	**73,800**	**81,741**	**1,070,296**
2009				
Directors				
Roger G. Brown (Executive)	248,000	22,500	22,320	292,820
Andrew H. Brown (Executive)	248,000	22,500	22,320	292,820
John R. Forsyth (Executive)	248,000	22,500	22,320	292,820
Robert D. Fraser	53,260	-	4,793	58,053
Ernest E. Kulmar	51,584	-	4,643	56,227
Andrew P. Stott	41,905	-	3,771	45,676
Total	**890,749**	**67,500**	**80,167**	**1,038,416**

Executives

The executives of ARB Corporation Limited during the year were:

J.W. Jackson	President - Air Locker, Inc. - appointed 1 November 1991
E. Black	Managing Director - Kingsley Enterprises Pty Ltd - appointed 11 July 2008
A. Van Bellen	General Manager - Thule Car Rack Systems - appointed 1 October 2008, retired 5 March 2010
L. Mc Cann	Managing Director - Off Road Accessories Ltd - appointed 5 January 2009 Managing Director - ARB Off Road Ltd - appointed 16 February 2009
J. Messemaker	General Manager - Thule Car Rack Systems - appointed 5 March 2010

		Remuneration			
2010		Salary & Fees $	Non-cash Benefits $	Super contributions $	Total $
J.W. Jackson	US$	163,116	31,549	4,893	199,558
E. Black		157,958	-	12,570	170,528
A. Van Bellen		135,336	13,400	10,314	159,050
L. Mc Cann		154,214	-	6,019	160,233
J. Messemaker *		47,757	-	3,910	51,667
2009					
J.W. Jackson	US$	227,531	11,152	6,826	245,509
J. Van Den Eynden		161,382	-	125	161,507
E. Black		133,904	10,352	12,324	156,580
A. Van Bellen		127,578	2,228	9,112	138,918
L. Mc Cann **		75,000	6,750	175	81,925
V.K. Williamson		71,274	2,855	425	74,554

"Executives" are those directly responsible for the operational management and strategic direction of the Company and the consolidated entity. Accordingly there are five employees in this category (2009: six). Being a working Board, strategic direction and decision making is exercised through the Board.

* Remuneration since date of appointment in 2010
** Remuneration since date of appointment in 2009

Directors' Report (continued)

Directors' Interests and Contracts

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

Roger G. Brown (Executive)	9,550,994	(a)
Andrew H. Brown (Executive)	9,550,994	(a)
John R. Forsyth (Executive)	2,814,667	
Robert D. Fraser	25,077	
Ernest E. Kulmar	15,888	

(a) Common to each director are shares held in associated entities of Rogand Unit Trust, a trust that holds 9,507,387 ordinary shares and Rogand Superannuation Fund that holds 25,729 ordinary shares. Each director also holds 8,939 shares directly.

Since the end of the previous financial year no director of the Company, other than disclosed in Note 26, 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.

Rounding of Amounts

The amounts contained in the report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the class order applies.

Signed in accordance with a resolution of the directors.

R.G. Brown	J.R. Forsyth
Director	Director

Melbourne, 18 August, 2010

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of ARB Corporation Limited

In relation to the independent audit for the year ended 30 June 2010, to the best of my knowledge and belief there have been:

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

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

A R FITZPATRICK
Partner
18 August 2010

PITCHER PARTNERS
Melbourne

Consolidated Income Statement
For the Year Ended 30 June 2010

	Note	CONSOLIDATED JUN 2010 ($'000s)	JUN 2009 ($'000s)
Sales Revenue		**228,001**	191,154
Other income		**2,312**	1,213
Total revenue	3	**230,313**	192,367
Materials and consumables used		**(109,322)**	(92,404)
Employee expenses		**(44,152)**	(38,281)
Depreciation and amortisation expense	4	**(5,682)**	(6,186)
Advertising expense		**(3,690)**	(3,196)
Distribution expense		**(5,393)**	(4,767)
Finance costs	4	**(4)**	(524)
Occupancy costs		**(7,128)**	(6,418)
Other expenses		**(10,130)**	(9,114)
Profit before income tax expense		**44,812**	31,477
Income tax expense	5	**(12,184)**	(8,938)
Profit attributable to members of the parent entity	17	**32,628**	22,539
Basic and Diluted Earnings per share (cents)	22	**46.28**	33.26

The Consolidated Income Statement is to be read in conjunction with the Notes to the Financial Statements set out on pages 23 to 43.

Consolidated Statement of Comprehensive Income

For the Year Ended 30 June 2010

		CONSOLIDATED	
	Note	**JUN 2010 ($'000s)**	JUN 2009 ($'000s)
Profit attributable to members of the parent entity		**32,628**	22,539
Other comprehensive income			
Movement in fair value of cash flow hedges, net of tax	17	**(454)**	175
Exchange differences on translation of foreign operations, net of tax	17	**(222)**	1,916
Other comprehensive income for the year		**(676)**	2,091
Total comprehensive income for the year attributable to members of the parent entity		**31,952**	24,630

The Consolidated Statement of Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements set out on pages 23 to 43.

Consolidated Statement of Financial Position
As at 30 June 2010

	Note	CONSOLIDATED JUN 2010 ($'000s)	JUN 2009 ($'000s)
CURRENT ASSETS			
Cash and cash equivalents	19	**20,903**	2,790
Receivables	7	**31,739**	27,815
Other financial assets	10	**56**	510
Inventories	8	**40,374**	35,638
Other assets	9	**223**	182
Total current assets		**93,295**	66,935
NON-CURRENT ASSETS			
Property, plant and equipment	11	**43,453**	42,141
Deferred tax assets	5	**2,188**	271
Intangible assets	12	**10,300**	10,781
Total non-current assets		**55,941**	53,193
Total assets		**149,236**	120,128
CURRENT LIABILITIES			
Payables	13	**25,508**	17,882
Borrowings	14	**-**	1,500
Current tax liabilities	5	**6,056**	3,452
Provisions	15	**5,705**	4,814
Total current liabilities		**37,269**	27,648
NON-CURRENT LIABILITIES			
Provisions	15	**561**	441
Total non-current liabilities		**561**	441
Total liabilities		**37,830**	28,089
Net assets		**111,406**	92,039
EQUITY			
Contributed equity	16	**46,618**	25,887
Reserves	17	**3,903**	4,579
Retained profits	17	**60,885**	61,573
Total equity		**111,406**	92,039

The Consolidated Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements set out on pages 23 to 43.

Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2010

Consolidated Entity	Contributed equity ($'000s)	Reserves ($'000s)	Retained earnings ($'000s)	Total Equity ($'000s)
Balance as at 1 July 2009	**25,887**	**4,579**	**61,573**	**92,039**
Profit for the year	**-**	**-**	**32,628**	**32,628**
Movement in fair value of cash flow hedges, net of tax	**-**	**(454)**	**-**	**(454)**
Exchange differences on translation of foreign operations, net of tax	**-**	**(222)**	**-**	**(222)**
Total comprehensive income for the year	**-**	**(676)**	**32,628**	**31,952**
Transactions with owners in their capacity as owners:				
Contributions	**20,731**	**-**	**-**	**20,731**
Dividends paid	**-**	**-**	**(33,316)**	**(33,316)**
Total transactions with owners in their capacity as owners	**20,731**	**-**	**(33,316)**	**(12,585)**
Balance as at 30 June 2010	**46,618**	**3,903**	**60,885**	**111,406**
Balance as at 1 July 2008	25,887	2,488	49,352	77,727
Profit for the year	-	-	22,539	22,539
Movement in fair value of cash flow hedges, net of tax	-	175	-	175
Exchange differences on translation of foreign operations, net of tax	-	1,916	-	1,916
Total comprehensive income for the year	-	2,091	22,539	24,630
Transactions with owners in their capacity as owners:				
Dividends paid	-	-	(10,318)	(10,318)
Total transactions with owners in their capacity as owners	-	-	(10,318)	(10,318)
Balance as at 30 June 2009	25,887	4,579	61,573	92,039

The Consolidated Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements set out on pages 23 to 43.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2010

	Note	CONSOLIDATED JUN 2010 ($'000s)	JUN 2009 ($'000s)
Cash Flows From Operating Activities			
Receipts from customers		**241,343**	203,710
Payments to suppliers and employees		**(192,617)**	(166,896)
Interest received		**217**	68
Finance costs		**(4)**	(524)
Income tax paid		**(11,498)**	(9,158)
Other income received		**1,319**	1,000
Net cash provided by Operating activities	19	**38,760**	28,200
Cash Flows From Investing Activities			
Payments for property, plant, equipment		**(5,606)**	(3,672)
Payments for research & development		**(492)**	(986)
Payments for distribution rights		**-**	(300)
Payments for investments & goodwill		**-**	(1,748)
Proceeds from sales of property, plant & equipment		**222**	200
Net cash used in Investing activities		**(5,876)**	(6,506)
Cash Flows From Financing Activities			
Hire purchase repayments		**-**	(12)
Dividends paid		**(19,823)**	(10,318)
Issue of shares net of costs		**7,239**	-
Commercial bills repaid		**(1,500)**	(8,500)
Net cash used in Financing activities		**(14,084)**	(18,830)
Foreign exchange differences		**(687)**	(1,263)
Net increase in cash held		**18,113**	1,601
Cash at beginning of the financial year		**2,790**	1,189
Cash at the end of the financial year	19	**20,903**	2,790

The Consolidated Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements set out on pages 23 to 43.

NOTE CONTENTS

1. Basis of preparation

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

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.

The following is a summary of material accounting policies adopted by the consolidated entity 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

Compliance with IFRS
Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards. Compliance with Australian equivalents to International Financial Reporting Standards ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS).

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 ("the group"), comprising the financial statements of all entities. ARB Corporation Limited has the power to control the financial and operating policies so as to obtain benefits from its activities. Details of the controlled entities are contained in Note 24.

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 the provision of 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.

1. Basis of preparation (continued)

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three 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 depreciation and any accumulated 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:

	2010	2009
- Buildings:	40 years	40 years
- Plant and equipment:	3 to 10 years	3 to 10 years

(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 in the period in which they are incurred.

1. Basis of preparation (continued)

(i) Intangibles

Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of net identifiable assets of the acquired entities at the date of acquisition.

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 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 asset over its estimated useful life commencing when the intangible asset is available for use.

Other development expenditure is recognised as an expense when incurred.

Distribution Rights
The distribution rights were recorded at fair value on acquisition.

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

(j) Impairment

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.

(k) Taxes

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

A balance sheet approach is adopted under which deferred tax assets and liabilities are recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred tax asset or liability is recognised in relation to temporary differences arising from the initial recognition of an asset or a liability 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. Basis of preparation (continued)

(l) Employee benefits

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve 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.

(m) 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.

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.

(n) 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 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.

Group Companies
Entities that have a functional currency different to the presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that 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 a separate component of equity.

1. Basis of preparation (continued)

(o) 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.

(p) Comparatives

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

(q) Rounding amounts

The Group is of a kind referred to in ASIC Class Order 98/0100 and in accordance with that Class Order, amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(r) New accounting standards and interpretations

A number of 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 principle that the Board undertake with the exposure of the group 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 only reputable institutions with sound financial positions are dealt with.

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:

	Sell USD/Buy AUD		Forward Exchange Rate	
Settlement	**2010** **A $'000**	2009 A $'000	**2010** **$**	2009 $
Less than 6 months	**577**	4,337	**0.6929**	0.7148

	Sell AUD/Buy SEK		Forward Exchange Rate	
Settlement	**2010** **A $'000**	2009 A $'000	**2010** **$**	2009 $
Less than 6 months	**1,199**	-	**6.3386**	-

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

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

The group purchases product in Swedish Krona (SEK). To minimise the risk on the exposure to Swedish Krona the group may take out hedge contracts.

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

Sensitivity

No reasonable movement in the Australian dollar (AUD) would result in a significant impact on profit or equity.

2. Financial risk management (continued)

(b) Interest rate risk

The group monitors its cashflow on a daily basis with the aim of minimising its borrowings and therefore its interest rate risk. Borrowings as at the year ended 30 June 2010 were $nil (2009: $1.5 million). Finance facilities available and used as at the reporting date are disclosed in Note 21.

The consolidated entity's exposure to interest rate risks and the effective interests 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)	Fixed interest maturing in: More than 1 year ($'000s)	Non Interest Bearing ($'000s)	Total ($'000s)
2010							
Financial assets							
Cash	19	3.85%	20,903	-	-	-	20,903
Trade receivables	7	-	-	-	-	31,564	31,564
Other receivables	7	-	-	-	-	175	175
Financial Liabilities							
Payables	13	-	-	-	-	25,508	25,508
Bills payable	14	-	-	-	-	-	-
2009							
Financial assets							
Cash	19	2.46%	2,790	-	-	-	2,790
Trade receivables	7	-	-	-	-	27,592	27,592
Other receivables	7	-	-	-	-	223	223
Financial Liabilities							
Payables	13	-	-	-	-	17,882	17,882
Bills payable	14	3.95%	-	1,500	-	-	1,500

(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.

2. Financial risk management (continued)

(d) Liquidity risk

Maturity analysis
The table below represents the undiscounted carrying amounts of financial instruments that are due to be settled within the next six months in accordance with their contractual terms.

	CONSOLIDATED Carrying Amount	
	JUN 2010 ($'000s)	JUN 2009 ($'000s)
Cash and cash equivalents	**20,903**	2,790
Receivables	**31,739**	27,815
Other financial assets	**56**	510
Payables	**(25,508)**	(17,882)
Borrowings	**-**	(1,500)
Net maturities	**27,190**	11,733

(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.

Derivative hedging instruments fair values have been determined based on observable inputs. Derivative hedging instruments are classified as Level 2 in the fair value measurement hierarchy. All other financial assets and liabilities carrying amounts are a reasonable approximation of fair values as they are short term trade receivables and payables.

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2010

	CONSOLIDATED	
	JUN 2010 ($'000s)	JUN 2009 ($'000s)
3. Revenues from continuing operations		
Sales Revenue		
Revenue from sale of goods	**228,001**	191,154
Other revenue:		
- Interest	**217**	68
- Net gain on disposal of property, plant and equipment	**21**	145
- Rent	**200**	153
- Foreign exchange gains	**755**	-
- Other	**1,119**	847
Total other revenues	**2,312**	1,213
Total Income from Continuing Operations	**230,313**	192,367

4. Profit from continuing operations

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

	JUN 2010 ($'000s)	JUN 2009 ($'000s)
Cost of goods sold	**137,095**	115,277
Depreciation of non-current assets:		
Buildings	**588**	587
Plant and equipment	**4,121**	4,135
	4,709	4,722
Amortisation of non-current assets:		
Research and development capitalised	**913**	1,419
Distribution right	**60**	45
	973	1,464
Total depreciation and amortisation	**5,682**	6,186
Finance costs expenses:		
Bank loans, finance contracts and overdraft	**4**	524
Other expense items		
Movement in provisions for impairment	**1,904**	117
Research and development expenditure	**1,643**	1,227
Operating lease rentals	**758**	3,073
Foreign exchange loss	**-**	586
Net loss on sale of property, plant and equipment	**70**	-

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2010

		CONSOLIDATED	
		JUN 2010 ($'000s)	JUN 2009 ($'000s)
5.	**Income tax**		
(a)	**The components of tax expense:**		
	Current tax	**14,180**	9,375
	Deferred tax	**(1,917)**	(470)
	Under / (over) provision in prior years	**(79)**	33
	Total income tax expense	**12,184**	8,938
(b)	**Income tax expense**		
	Prima facie income tax expense at 30% (2009: 30%) on the operating profit	**13,444**	9,443
	Increase/(decrease) in income tax expense due to:		
	Non tax deductible items	**10**	4
	Difference in overseas tax rates	**(1,398)**	(462)
	Other	**244**	(12)
	Research & development & building allowance deductions	**(37)**	(68)
	Income tax expense on operating profit	**12,263**	8,905
	Under / (over) provision - prior year	**(79)**	33
	Total income tax expense	**12,184**	8,938
(c)	**Current tax liabilities**		
	Movements during the year were as follows:		
	Balance at beginning of year	**3,452**	3,235
	Income tax paid	**(11,497)**	(9,158)
	Current income tax liability on operating profit	**14,180**	9,375
	Under / (over) provision prior years	**(79)**	-
		6,056	3,452
(d)	**Deferred tax**		
	Deferred tax liabilities		
	Provision for deferred income tax comprises the estimated expenses at applicable income tax rates for the following items:		
	Difference in depreciation and amortisation of property, plant and equipment for accounting and income tax purposes	**835**	1,076
	Research & development expenditure capitalised	**674**	801
	Other income not yet assessable	**170**	278
		1,679	2,155
	Deferred tax assets		
	Deferred tax asset comprises the estimated future benefit at applicable income tax rates of the following items:		
	Provisions, accruals and accrued employee benefits	**2,232**	1,843
	Doubtful debt impairment	**571**	35
	Inventory impairment	**347**	-
	Income tax expense on group unrealised profit	**717**	548
		3,867	2,426
	Net deferred tax liabilities/(assets)	**(2,188)**	(271)

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2010

		Note	CONSOLIDATED JUN 2010 ($'000s)	JUN 2009 ($'000s)
6.	**Dividends**			
Dividends recommended or paid by the Company are:				
(i)	a final fully franked ordinary dividend of 10 cents per share (2008: 9 cents fully franked) paid on 23 October 2009		**6,657**	5,991
(ii)	a fully franked special dividend of 40.0 cents per share (2008: nil) paid on 1 December 2009		**26,626**	-
(iii)	Special dividend forgone for Bonus Share Plan		**(5,403)**	-
(iv)	an interim fully franked ordinary dividend of 7.5 cents per share (2009: 6.5 cents fully franked) paid on 23 April 2010		**5,436**	4,327
		17	**33,316**	10,318
(v)	a final fully franked ordinary dividend is proposed of 12.0 cents per share (2009: 10 cents fully franked) to be paid on 22 October 2010		**8,698**	6,656

The dividends paid by the Company were fully franked at the tax rate of 30% (30 June 2009: 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:

	JUN 2010	JUN 2009
Franking Credits (measured on a tax paid basis under Australian Legislation)	**11,060**	18,685

7. Receivables

	JUN 2010	JUN 2009
Current		
Trade receivables	**33,748**	27,872
Less: provision for impairment	**2,184**	280
	31,564	27,592
Other receivables	**175**	223
	31,739	27,815

(a) Provision for impairment

Trade receivables ageing analysis at 30 June is:	**CONSOLIDATED Gross 2010 ($'000s)**	**Impairment 2010 ($'000s)**	CONSOLIDATED Gross 2009 ($'000s)	Impairment 2009 ($'000s)
Not past due	**31,401**	**(1,357)**	26,415	(176)
Past due 0 - 30 days	**1,178**	**(270)**	949	(48)
Past due 31 - 90 days	**985**	**(435)**	424	(18)
Past due more than 91 days	**184**	**(122)**	84	(38)
	33,748	**(2,184)**	27,872	(280)

Trade receivables are non interest bearing with 30 days 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 within trading terms.

	CONSOLIDATED JUN 2010 ($'000s)	**JUN 2009** ($'000s)
Movements in the provision for impairment were:		
Opening balance at 1 July	**(280)**	(163)
Charge for the year	**(1,911)**	(149)
Amounts written off	**18**	36
Foreign exchange translation	**(11)**	(4)
Closing balance at 30 June	**(2,184)**	(280)

	Note	CONSOLIDATED JUN 2010 ($'000s)	JUN 2009 ($'000s)
8. Inventories			
Current			
Work in progress, at cost		**7,554**	5,840
Raw materials, at cost		**913**	2,143
Finished goods, at cost		**26,038**	23,372
Goods in transit, at cost		**5,869**	4,283
		40,374	35,638
9. Other assets			
Current			
Prepayments		**223**	182
10. Other financial assets			
Current			
Derivatives that are designated and effective as hedging instruments carried at fair value:			
- Forward exchange contracts		**56**	510
11. Property, plant and equipment			
Land and buildings, at cost		**26,889**	26,088
Less: accumulated depreciation		**2,671**	2,077
		24,218	24,011
Plant and equipment, at cost		**45,590**	41,476
Less: accumulated depreciation		**26,355**	23,346
		19,235	18,130
Total property, plant and equipment Net book value		**43,453**	42,141
(a) Movements in the carrying amounts			
Freehold Land and Buildings			
Balance at beginning of financial year		**24,011**	23,796
Additions		**791**	84
Depreciation		**(588)**	(587)
Foreign exchange impact		**4**	718
Balance at end of financial year		**24,218**	24,011
Plant & Equipment			
Balance at beginning of financial year		**18,130**	18,187
Additions		**4,815**	3,588
Disposals		**(271)**	(55)
Depreciation		**(4,121)**	(4,135)
Foreign exchange impact		**682**	545
Balance at end of financial year		**19,235**	18,130

(b) Property, plant and equipment have been granted as security over bank facilities. Refer to Note 21 for details.

12. Intangible assets

	CONSOLIDATED JUN 2010 ($'000s)	JUN 2009 ($'000s)
Distribution right, at cost	**300**	300
Less: accumulated amortisation	**105**	45
	195	255
Goodwill, at cost	**9,349**	9,349
Less: accumulated amortisation to 30 June 2004	**1,492**	1,492
	7,857	7,857
Research & development, at cost	**8,548**	8,055
Less: accumulated amortisation	**6,300**	5,386
	2,248	2,669
	10,300	10,781

(a) Movements in the carrying amounts

	JUN 2010	JUN 2009
Distribution right, at cost		
Balance at beginning of financial year	**255**	-
Additions	**-**	300
Amortisation	**(60)**	(45)
Balance at end of financial year	**195**	255
Goodwill		
Balance at beginning of financial year	**7,857**	6,109
Additions	**-**	1,748
Balance at end of financial year	**7,857**	7,857
Research & Development		
Balance at beginning of financial year	**2,669**	3,102
Additions	**492**	986
Amortisation	**(913)**	(1,419)
Balance at end of financial year	**2,248**	2,669

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 the following assumptions. Growth rates are based upon Director's assumptions and consideration of historical averages.

	Goodwill $'000	Growth rate	Discount Rate (post tax)	Period of projection
Thule Car Rack systems	1,748	5.0%	9.0%	5 years
Kingsley Enterprises	3,226	4.5%	9.0%	5 years
ARB Corporation (Australia)	2,883	6.5%	9.0%	5 years

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

13. Payables

	JUN 2010	JUN 2009
Current		
Trade payables	**20,547**	14,943
Other payables	**4,961**	2,939
	25,508	17,882

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2010

	Note	CONSOLIDATED JUN 2010 ($'000s)	JUN 2009 ($'000s)
14. Borrowings			
Current			
Bills payable, secured	21	**-**	1,500

15. Provisions

	CONSOLIDATED JUN 2010 ($'000s)	JUN 2009 ($'000s)
Current		
Employee benefits	**5,705**	4,814
Non-current		
Employee benefits	**561**	441
Aggregate employee benefits	**6,266**	5,255
Number of employees at year end	**863**	752

16. Contributed equity

Issued and paid up capital

	CONSOLIDATED JUN 2010 ($'000s)	JUN 2009 ($'000s)
72,481,302 ordinary shares (2009: 66,565,082)	**46,618**	25,887

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

Movements during the year	CONSOLIDATED JUN 2010 No. of shares	JUN 2009 No. of shares	CONSOLIDATED JUN 2010 ($'000s)	JUN 2009 ($'000s)
Balance at beginning of the financial year	66,565,082	66,565,082	**25,887**	25,887
Issue of shares (a)	1,717,205	-	**7,730**	-
Dividend reinvestment plan (b)	2,998,420	-	**13,493**	-
Bonus share plan (b)	1,200,595	-	**-**	-
Transaction costs of share issue	-	-	**(492)**	-
Balance at end of the financial year	72,481,302	66,565,082	**46,618**	25,887

(a) An issue of ordinary shares was undertaken on 1 December 2009. The proceeds were applied to the payment of the special dividend.

(b) During the year the Company paid a special dividend of 40 cents in relation to which shareholders were provided with the opportunity to participate in a Dividend Reinvestment Plan and a Bonus Share Plan. The participation price for shareholders who elected to participate in the Dividend Reinvestment Plan was $4.50 and the Bonus Share Plan participants forwent their dividend at an equivalent rate.

Capital Management

When managing capital, the Board's objective is to ensure the entity continues as a going concern as well as maintaining optimal return to shareholders and benefits for other stakeholders.

During 2010 the Company paid dividends of $12,584,000 (2009: $10,318,000) and a special dividend by way of dividend reinvestment of $21,223,000 (2009: $nil). A special dividend was forgone by way of Bonus Share Plan of $5,403,000 (2009: $nil).

Management 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.

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2010

	Note	CONSOLIDATED JUN 2010 ($'000s)	JUN 2009 ($'000s)
17. Reserves and retained earnings			
Reserves			
Capital profits		**4,090**	4,090
Foreign currency translation reserve		**(243)**	(21)
Cash flow hedge		**56**	510
		3,903	4,579
Retained earnings		**60,885**	61,573
Capital Profits			
Balance at 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 2010 ($'000s)	JUN 2009 ($'000s)
Foreign Currency Translation Reserve			
Balance at beginning of the financial year		**(21)**	(1,937)
Movement during the year		**(222)**	1,916
Balance at end of the financial year		**(243)**	(21)

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

	Note	JUN 2010 ($'000s)	JUN 2009 ($'000s)
Cash Flow Hedge			
Balance at the beginning of the financial year		**510**	335
Amount recognised in equity in the current period		**(454)**	175
Balance at end of the financial year		**56**	510

Cash flow hedge reserve reflects the difference between the hedge contracts translated at the year end and contractual exchange rates.

	Note	JUN 2010 ($'000s)	JUN 2009 ($'000s)
Retained earnings			
Balance at beginning of the financial year		**61,573**	49,352
Net profit attributable to members of the parent entity		**32,628**	22,539
Dividends paid	6	**(33,316)**	(10,318)
Balance at end of the financial year		**60,885**	61,573

18. Parent entity information

	COMPANY	
	JUN 2010 ($'000s)	JUN 2009 ($'000s)
Profit before income tax expense	**39,846**	28,274
Income tax expense	**(11,505)**	(7,605)
Profit attributable to members of the parent entity	**28,341**	20,669
Total comprehensive income for the year attributable to members of the parent entity	**27,887**	20,844
Current Assets	**87,113**	61,889
Total Assets	**140,257**	114,027
Current Liabilities	**38,592**	27,336
Total Liabilities	**39,153**	28,227
Net assets	**101,104**	**85,800**
Equity		
Contributed equity	**46,619**	25,887
Capital profits reserve	**3,991**	3,991
Cash flow hedge reserve	**56**	510
Retained profits	**50,438**	55,412
Total equity	**101,104**	**85,800**
Capital expenditure commitments		
Contracted, but not provided for and payable within one year	**100**	50

Capital commitments relate to the acquisition of plant and equipment.

19. Cash flow information

	CONSOLIDATED	
	JUN 2010 ($'000s)	JUN 2009 ($'000s)
(i) Reconciliation of Cash		
Cash	**20,903**	2,790
(ii) Reconciliations of the net profit after tax to the net cash flows from operations:		
Net profit	**32,628**	22,539
Add/(less) items classified as Investing/financing activities:		
(Profit)/loss on sale of non-current assets	**49**	(145)
Add/(less) non-cash items		
Depreciation and amortisation	**5,682**	6,186
Provision for impairment	**1,904**	117
Net cash provided by operating activities before change in assets and liabilities	**40,263**	28,697
Change in assets and liabilities		
(Increase)/decrease in inventories	**(4,736)**	(2,607)
(Increase)/decrease in prepayments	**(41)**	55
(Increase)/decrease in other financial assets	**454**	(175)
(Increase)/decrease in other debtors	**48**	195
(Increase)/decrease in trade debtors	**(5,876)**	47
(Increase)/decrease in deferred tax asset	**(1,917)**	(470)
(Decrease)/increase in payables	**7,626**	(560)
(Decrease)/increase in provisions	**1,011**	710
(Decrease)/increase in reserves	**(676)**	2,091
(Decrease)/increase in income tax payable	**2,604**	217
Net cash flow from operating activities	**38,760**	28,200

(iii) Credit stand-by arrangements and loan facilities are identified at Note 21.

20. Commitments and contingencies

Operating lease commitments
All operating leases are property leases.

	Note	CONSOLIDATED JUN 2010 ($'000s)	JUN 2009 ($'000s)
Minimum lease payments			
Future operating lease rentals of property, not provided for and payable as follows:			
Not later than one year		**4,330**	3,760
Later than one year but not later than five years		**10,904**	9,904
Later than five years		**6,024**	5,472
		21,258	19,136
Capital expenditure commitments			
Contracted, but not provided for and payable within one year		**212**	59

Capital commitments relate to the acquisition of plant and equipment.

21. Financing arrangements

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

	Note	JUN 2010 ($'000s)	JUN 2009 ($'000s)
Total facilities available:			
Bank overdraft		**500**	500
Bill acceptance facility		**-**	19,000
Online facility		**2,000**	2,775
Documentary credit		**600**	850
Other miscellaneous		**130**	130
		3,230	23,255
Facilities utilised at balance date:			
Bill acceptance facility	14	**-**	1,500
Other miscellaneous		**116**	116
		116	1,616
Facilities not utilised at balance date:			
Bank overdraft		**500**	500
Bill acceptance facility		**-**	17,500
Online facility		**2,000**	2,775
Documentary credit		**600**	850
Other miscellaneous		**14**	14
		3,114	21,639

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.

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 2010.

Bill acceptance facility
This facility was terminated by the Company during the year ended 30 June 2010.

Online facility
This facility is used for the clearance of wages and was unused at 30 June 2010.

Documentary credit
This facility was unused at 30 June 2010.

22. Earnings per share

	CONSOLIDATED JUN 2010 cents	JUN 2009 cents
Earnings per share	**46.28**	33.26
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**70,504,616**	67,765,677

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

In accordance with AASB 133 "Earnings Per Share" the calculations of basic earnings per share have been adjusted retrospectively as the number of ordinary shares outstanding increased as a result of the Bonus Share Plan issue.

23. Auditors' remuneration

	JUN 2010	JUN 2009
Remuneration of the auditor of the parent entity for:		
- Auditing or reviewing the financial report	**157**	155
- Taxation services	**38**	21
- Other miscellaneous services	**48**	3
Remuneration of other auditors of subsidiaries for:		
- Auditing or reviewing the financial report of subsidiaries	**74**	49
Total auditors' remuneration	**317**	228

24. Controlled entities

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

	Country of Incorporation	JUN 2010 %	JUN 2009 %
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

25. Directors and executives

Details of Key Management Personnel

(i) Directors

R.G. Brown	Chairman and Executive Director
A.H. Brown	Executive Director
J.R. Forsyth	Executive Director
R.D. Fraser	Non-executive Director
E.E. Kulmar	Non-executive Director
A.P. Stott	Non-executive Director

(ii) Executives

E. Black	Managing Director - Kingsley Enterprises Pty Ltd - appointed 11 July 2008
J.W. Jackson	President - Air Locker, Inc. - appointed 1 November 1991
L. Mc Cann	Managing Director - Off Road Accessories Ltd - appointed 5 January 2009
	Managing Director - ARB Off Road Ltd - appointed 16 February 2009
A. Van Bellen	General Manager - Thule Car Rack Systems - retired 5 March 2010
J. Messemaker	General Manager - Thule Car Rack Systems - appointed 5 March 2010

26. Related party transactions

Directors
The names of each person holding the position of director of ARB Corporation Limited during the financial year are R.G. Brown, A.H. Brown, J.R. Forsyth, R.D. Fraser, E.E. Kulmar and A.P. Stott.

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.

An importing and distribution company of which A.P. Stott is a director, supplied product to ARB Corporation Limited and Kingsley Enterprises Pty Ltd and was paid a royalty during the year on an arms length basis. The total value of the transactions was $104,763. The transactions were not material to the Company or to A.P. Stott personally.

R.D. Fraser is a Director and principal of Taylor Collison Limited. During the year this company provided underwriting services to ARB Corporation Limited in association with the issue of shares on 1 December 2009. Taylor Collison Limited received a fee for this service, on an arm's length basis ($465,956).

Directors' holdings of shares
The ordinary shares of ARB Corporation Limited held by each director, either directly or indirectly were:

	JUN 2010	JUN 2009
R.G. Brown (Executive)	**9,550,994**	10,439,691
A.H. Brown (Executive)	**9,550,994**	10,439,691
J.R. Forsyth (Executive)	**2,814,667**	3,044,084
R.D. Fraser	**25,077**	19,031
E.E. Kulmar	**15,888**	-

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 9,507,387 ordinary shares and Rogand Superannuation Fund that holds 25,729 ordinary shares. Each director also holds 8,939 shares directly.

R.G. Brown is a director and member of Saharaton Pty Ltd., the holder of 8,939 (2009: 8,210) ordinary shares.

A.H. Brown is a director and member of Thirty Third Jabot Nominees Pty Ltd., the holder of 8,939 (2009: 8,210) ordinary shares.

J.R. Forsyth, the holder of 9,414 (2009: 8,646) ordinary shares, is a director and member of Formax Pty Ltd, the holder of 9,414 (2009: 8,646) ordinary shares, Formax Pty Ltd Superannuation Fund, the holder of 792,874 (2009: 1,187,334) ordinary shares and Formax Pty Ltd (Reparar Account) the holder of 2,002,965 (2009: 1,839,458) ordinary shares.

R.D. Fraser, the holder of 6,191 (2009: 5,686) ordinary shares is trustee and member of the Fraser Family Superannuation Fund, the holder of 18,886 (2009: 13,345) ordinary shares.

E.E. Kulmar is a director of Kulmar Pty Ltd which is the holder of 15,888 (2009: nil) ordinary shares as trustee of the Kulmar Superannuation Fund of which he is a member.

Controlled entities
Details of interests in the controlled entities, being wholly-owned subsidiary companies, are set out at Note 24. 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.

26. Related party transactions (continued)

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

Interest revenue is brought to account by the Company in relation to these loans during the year:

	THE COMPANY	
	JUN 2010 ($'000s)	JUN 2009 ($'000s)
Interest revenue	**202**	336

Other transactions
The Company sells / purchases finished goods to / from its controlled entities - Air Locker, Inc., Kingsley Enterprises Pty Ltd, Off Road Accessories Ltd and ARB Off Road Ltd. These transactions are conducted at arm's length.

2010	**Sales ($'000s)**	**Purchases ($'000s)**	**Mgt fee ($'000s)**	**Interest ($'000s)**	**Rent ($'000s)**
Air Locker, Inc.	**18,809**	**-**	**682**	**116**	**301**
Kingsley Enterprises Pty Ltd	**202**	**844**	**155**	**-**	**-**
Off Road Accessories Ltd	**1,268**	**12,762**	**244**	**86**	**-**
ARB Off Road Ltd	**433**	**-**	**-**	**-**	**-**

Other inter company transactions included:

- Sales by Kingsley Enterprises Pty Ltd of $27,000 to Air Locker, Inc.
- Sales by Off Road Accessories Ltd of $68,000 to ARB Off Road Ltd.
- Rent charged by Kingsley Enterprises Pty Ltd of $117,000 to ARB Corporation Limited.
- Rent charged by Off Road Accessories Ltd of $19,000 to ARB Off Road Ltd.
- Management fee charged by Off Road Accessories Ltd of $13,000 to ARB Off Road Ltd.

2009	Sales ($'000s)	Purchases ($'000s)	Mgt fee ($'000s)	Interest ($'000s)	Rent ($'000s)
Air Locker, Inc.	18,035	-	774	151	340
Kingsley Enterprises Pty Ltd	100	721	175	-	-
Off Road Accessories Ltd	813	7,696	208	185	-
ARB Off Road Ltd	349	-	-	-	-

Other inter company transactions included:

- Sales by Kingsley Enterprises Pty Ltd of $106,000 to Air Locker, Inc.
- Sales by Kingsley Enterprises Pty Ltd of $5,000 to ARB Off Road Ltd.
- Sales by Off Road Accessories Ltd of $28,000 to ARB Off Road Ltd.
- Rent charged by Kingsley Enterprises Pty Ltd of $111,000 to ARB Corporation Limited.

Balances with entities within the Wholly-Owned Group
The aggregate amounts receivable from, and payable to, wholly-owned controlled entities of the Company at balance date:

	THE COMPANY	
	JUN 2010 ($'000s)	JUN 2009 ($'000s)
Current receivables	**9,481**	12,424
Current payables	**4,727**	2,788

27. 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 and Thailand.

27 (a) Income Statement

2010	Australia ($'000s)	USA ($'000s)	Thailand ($'000s)	Consolidated ($'000s)
Segment revenue				
Total segment revenue	**229,046**	**25,409**	**14,007**	**268,462**
Intersegmental revenues	**(25,286)**	**-**	**(12,863)**	**(38,149)**
Segment revenue from external source	**203,760**	**25,409**	**1,144**	**230,313**
Total segment result	**29,941**	**570**	**4,681**	**35,192**
Intersegmental eliminations	**(2,154)**	**-**	**(410)**	**(2,564)**
Segment result from external source	**27,787**	**570**	**4,271**	**32,628**

2009	Australia ($'000s)	USA ($'000s)	Thailand ($'000s)	Consolidated ($'000s)
Segment revenue				
Total segment revenue	181,099	30,857	8,125	220,081
Intersegmental revenues	(19,990)	-	(7,724)	(27,714)
Segment revenue from external source	161,109	30,857	401	192,367
Total segment result	21,544	2,283	1,512	25,339
Intersegmental eliminations	(2,800)	-	-	(2,800)
Segment result from external source	18,744	2,283	1,512	22,539

27 (b) Statement of Financial Position

2010	Australia ($'000s)	USA ($'000s)	Thailand ($'000s)	Eliminations ($'000s)	Consolidated ($'000s)
Segment assets	**145,802**	**11,571**	**16,483**	**(24,620)**	**149,236**
Segment liabilities	**43,405**	**7,062**	**2,298**	**(14,935)**	**37,830**
Segment acquisition of property, plant, equipment and intangibles	**4,914**	**180**	**1,004**	**-**	**6,098**

2009	Australia ($'000s)	USA ($'000s)	Thailand ($'000s)	Eliminations ($'000s)	Consolidated ($'000s)
Segment assets	118,440	10,732	13,151	(22,195)	120,128
Segment liabilities	30,624	6,486	3,884	(12,905)	28,089
Segment acquisition of property, plant, equipment and intangibles	6,231	191	284	-	6,706

28. Subsequent events

There has been no matter or circumstance, which has arisen since 30 June 2010 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 30 June 2010, of the consolidated entity, or
(b) the results of those operations, or
(c) the state of affairs, in financial years subsequent to 30 June 2010, of the consolidated entity.

Directors' Declaration

The directors declare that the financial statements and notes set out on pages 17 to 43 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 2010 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 sections 295A of the Corporations Act 2001 for the financial period ended 30 June 2010.

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

Roger G Brown
Director

John R Forsyth
Director

Melbourne
18 August 2010

INDEPENDENT AUDITOR’S REPORT

To the Members of ARB Corporation Limited

We have audited the accompanying financial report of ARB Corporation Limited. The financial report comprises the consolidated statement of financial position as at 30 June 2010, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements,* that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 entity's preparation and fair presentation of the financial report 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 entity'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.

Independence

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

Auditor's Opinion

In our opinion:

(a) the financial report of ARB Corporation Limited 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 2010 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) 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 13 to 14 of the directors' report for the year ended 30 June 2010. 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.

Auditor's Opinion

In our opinion the remuneration report of ARB Corporation Limited and controlled entities for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

A R FITZPATRICK
Partner
18 August 2010

PITCHER PARTNERS
Melbourne

ASX Additional Information

Additional information required by the ASX Limited 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 6 August 2010 was:

Shareholder	Ordinary
Rogand Pty Ltd	**9,586,750**
Commonwealth Bank of Australia	**6,443,214**
Credit Suisse Holdings (Australia) Limited	**4,650,799**
Aberdeen Asset Management Asia Limited	**4,644,699**
Perpetual Limited	**4,193,828**
Investco Australia Limited	**3,623,644**

Class of Shares and Voting Rights

At 31 July 2010, there were 4,385 holders of the 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 31 July 2010):

	Holders	%	Shares Held	%
1 - 1,000	1,105	25.20	662,576	0.91
1,001 - 5,000	2,092	47.71	5,591,399	7.71
5,001 - 10,000	683	15.58	4,966,506	6.85
10,001 - 100,000	471	10.74	10,955,928	15.12
100,001 or more	34	0.77	50,304,893	69.41
	4,385	100.00	72,481,302	100.00

The number of shareholders holding less than a marketable parcel at 31 July 2010 was 51.

Twenty largest shareholders (as at 5 August 2010)

Name of Holder	Number of ordinary shares held	% of issued ordinary shares held
Rogand Pty Ltd	9,507,387	13.12
National Nominees Limited	7,695,206	10.62
Citicorp Nominees Ltd	5,851,335	8.07
HSBC Custody Nominees (Australia) Limited	5,835,993	8.05
RBC Dexia Investor Services Australia Nominees Pty Ltd (Pipooled Account)	3,700,163	5.10
J P Morgan Nominees Australia Limited	2,700,647	3.73
Cogent Nominees Pty Ltd	2,116,520	2.92
Formax Pty Ltd (Reparar Account)	2,002,965	2.76
Cogent Nominees Pty Ltd (SMP Accounts)	1,190,833	1.64
ANZ Nominees Limited (Cash Income Account)	982,954	1.36
Perpetual Trustee Company Ltd (Alliance Account)	847,773	1.17
BKI Investment Company Limited	845,600	1.17
Formax Pty Ltd (Superannuation Fund Account)	792,874	1.09
Citicorp Nominees Pty Ltd (CFSIL Cwlth Small CO 7 Account)	710,000	0.98
Mrs Pamela Shirley Carpenter	598,888	0.83
RBC Dexia Investor Services Australia Nominees Pty Limited (BKCUST Account)	580,864	0.80
Milton Corporation Limited	470,941	0.65
Bond Street Custodians Limited (Ganes Value Growth Account)	436,922	0.60
Mr Gerard James Van Paassen (The Van Paassen Fam Account)	403,194	0.56
Illabarook Pty Ltd	350,000	0.48

The 20 largest shareholders hold 65.70% of the ordinary shares of the Company.

ASX Additional Information (continued)

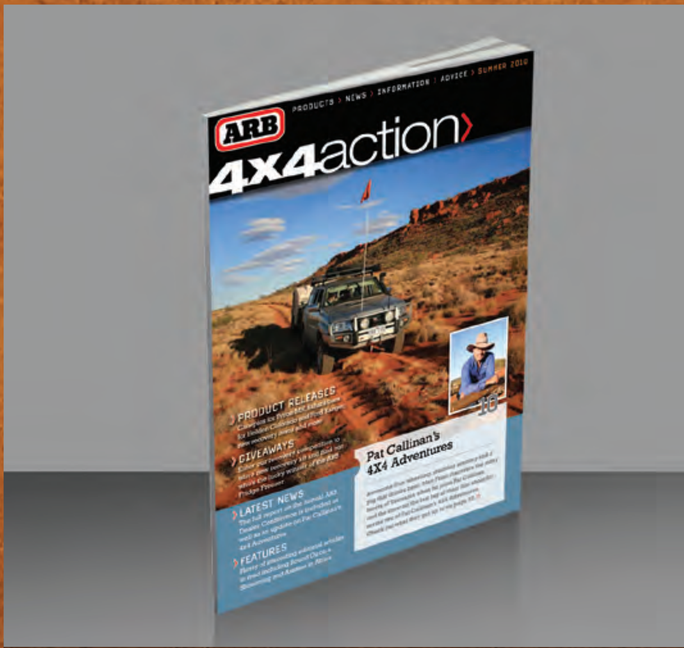
OFFICES AND OFFICERS

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

Principal Registered Office
42-44 Garden Street
Kilsyth Victoria 3137
Telephone: (03) 9761 6622
Facsimile: (03) 9761 6807

Location of Share Register
Computershare Investor Services Pty Limited
Yarra Falls, 472 Johnston Street
Abbotsford Victoria 3067
P.O. Box 2975
Melbourne Victoria 3001
Telephone: (03) 9415 5000
Facsimile: (03) 9473 2587

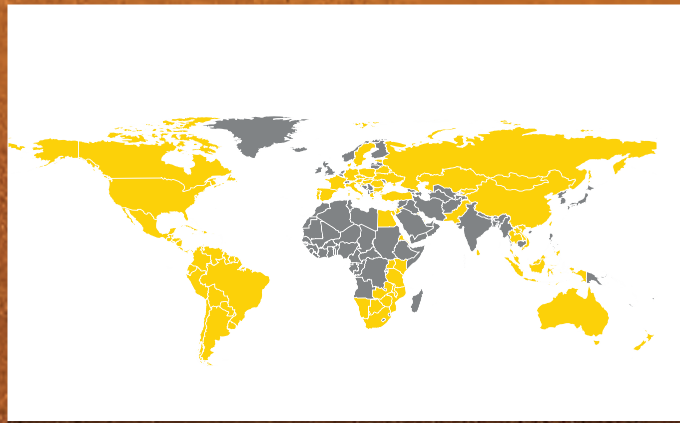
Stock Exchange
Australian Securities Exchange
Level 45, South Tower
Rialto, 525 Collins Street
Melbourne Victoria 3000
Telephone: 1300 300 279



ARB'S ONGOING PARTNERSHIP WITH CHANNEL TEN'S PAT CALLINAN'S 4X4 ADVENTURES, AUSTRALIA'S FIRST AND ONLY NATIONAL 4WD TELEVISION SHOW, PROVES TO BE ENORMOUSLY SUCCESSFUL.

ARB'S THAILAND BASED MANUFACTURING PLANT, OFF ROAD ACCESSORIES, GAINS ISO9001 ACCREDITATION, THE WORLD'S MOST RECOGNISED QUALITY MANAGEMENT STANDARD.

THE ARB NATIONAL DEALER CONFERENCE PROVES TO BE AN EXCELLENT TEAM BUILDING EXERCISE, AND THE PERFECT OPPORTUNITY TO DISCUSS THE COMPANY'S FUTURE SALES DIRECTION WITH OUR RETAIL STORE MANAGERS.



THRIVING IN RECREATIONAL, COMMERCIAL AND COMPETITION ENVIRONMENTS, NITROCHARGER SPORT SHOCK ABSORBERS CONTINUE TO GAIN MOMENTUM, WITH THE PRODUCT LINE NOW SOLD IN OVER EIGHTY COUNTRIES AROUND THE WORLD.

AUSTRALIAN 4WD ACTION MAGAZINE DECLARES THE ARB FRIDGE FREEZER THE BEST ON THE MARKET IN A COMPREHENSIVE REVIEW OF ALL OF THE PORTABLE FRIDGES AVAILABLE IN AUSTRALIA.

ARB'S NEW INTERNATIONAL CATALOGUE IS RELEASED AROUND THE WORLD, AVAILABLE IN SPANISH, RUSSIAN AND ENGLISH LANGUAGES.


ARB
WE WON’T LET YOU DOWN