12

ARB ANNUAL REPORT

2012 ARB CORPORATION LIMITED ABN 31 006 708 756

A YEAR IN REVIEW

New ARB retail stores open in Orange, Bundaberg, Burleigh Heads and Welshpool.

Construction begins on ARB's second Thailand-based warehouse and manufacturing plant.

New 4x4 products are launched for the latest facelift vehicles, including the Toyota HiLux and LandCruiser 200 Series.

ARB's international presence continues to grow with success in a number of countries.

ARB donates to numerous charity organisations, including Yalari and Drive 4 Life.

ARB launches a new range of recovery points with the aim of setting a new industry benchmark for design, safety and use.

A major Christmas promotion results in significant sales for an extensive range of ARB products, including Air Lockers and Old Man Emu suspension.

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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
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Kilsyth Victoria 3137 Australia
Tel: (03) 9761 6622
Fax: (03) 9761 6807

Auditors
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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

Chairman's Statement

RESULTS

ARB Corporation Limited ("**ARB**" or the "**Company**") achieved a net profit after tax of $38.5 million for the year ended 30th June 2012. This represented a 1.7% increase over the prior year's net profit after tax.

The result was achieved in a very challenging year, particularly in relation to the disruption to the 4WD vehicle supply due to the floods in Thailand, but also in terms of the economic difficulties faced by many countries in which the Company's export customers operate.

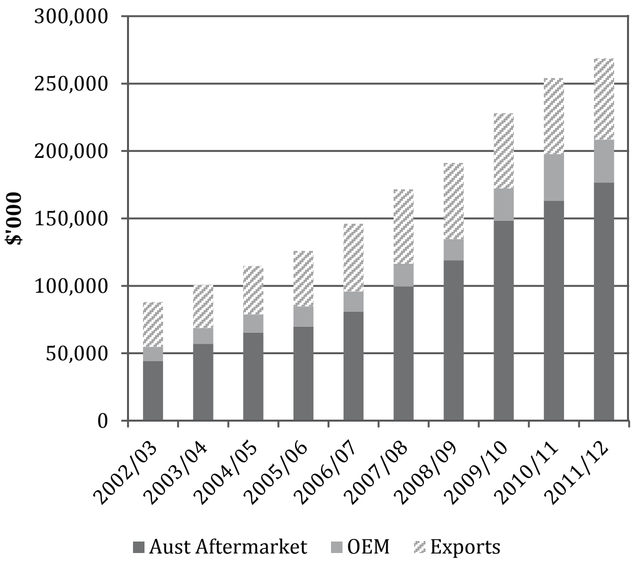
The Company's profit was achieved on a 5.7% increase in sales to $269 million from $254 million last year. A summary of the 2011/12 result is presented below:

Year to 30 June	**2012 $'000**	**2011 $'000**	**Change**
Sales Revenue	**268,718**	**254,171**	**+ 5.7%**
Total Revenue	271,843	256,553	
Net Profit Before Tax	**52,788**	**51,315**	**+ 2.9%**
Less Tax	14,289	13,461	
Net Profit After Tax	**38,499**	**37,854**	**+ 1.7%**
Basic EPS – cents	53.1	52.2	
DPS – cents			
Interim	11.0	10.0	
Final	14.0	13.0	
Total	25.0	23.0	
Franked Amount	100%	100%	

The Company intends to pay an increased final fully franked dividend of 14.0 cents per share on the 19th October 2012. This brings total ordinary dividends for the year to 25 cents per share fully franked, compared with 23 cents per share fully franked last year. The Record Date for the final dividend will be the 5th October 2012.

10 YEAR HISTORICAL PERFORMANCE

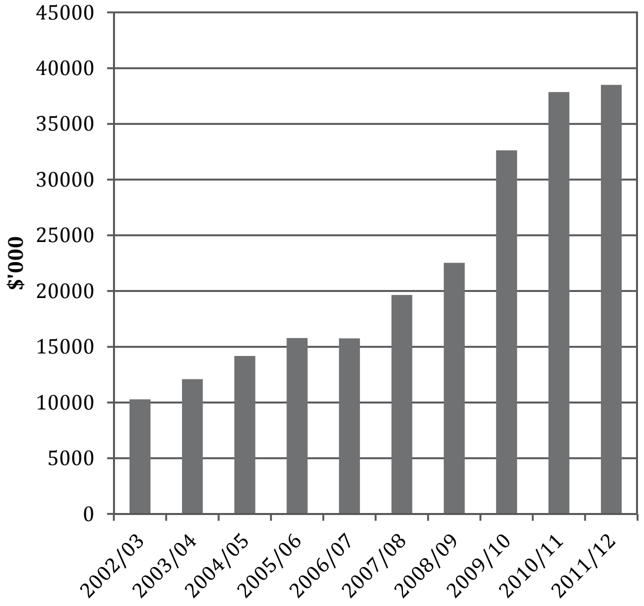
The sales, profits and dividends per share performance of the Company over the past 10 years is illustrated in the graphs below:



SALES REVENUE

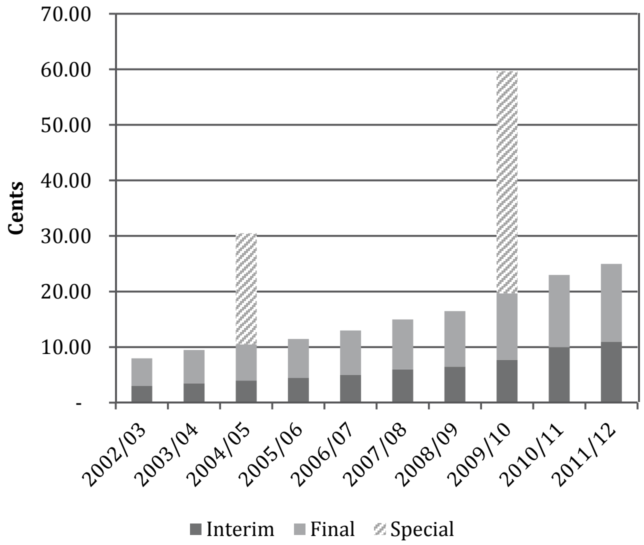
Annual sales revenue has grown at an average compound rate of 13.2% over the past 10 years.

Chairman's Statement (continued)



NET PROFIT AFTER TAX

Net profit after tax has grown at an average compound rate of 15.8% over the past 10 years.



DIVIDENDS PER SHARE

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

HIGHLIGHTS OF THE 2011/12 YEAR

Sales

The Company's sales growth for the 2011/12 year of 5.7% was achieved despite some significant adverse impacts on the supply of new 4WD vehicles worldwide. Two major natural disasters affected new vehicle supply during the period. Early in the first half, supply of 4WD vehicles from both Japan and Thailand continued to be impacted by the Japanese earthquake and tsunami which occurred in March 2011. Vehicle supply problems were compounded by the floods in Thailand which severely restricted vehicle availability worldwide from November 2011 until March 2012 in some of ARB's key market segments.

The serious impact of the natural disasters in Japan and Thailand on sales of new 4WD vehicles in Australia during the first nine months of the financial year is illustrated in the following table.

Impact of Japanese and Thai natural disasters on 4x4 utility sales in Australia

Period	Units Sold 2011/12	Units Sold 2010/11	Change
9 months July to March	73,187	71,004	+3.1%
3 months April to June	33,282	25,737	+29.3%
Total	106,469	96,741	+10.1%

4WD vehicle production and sales progressively recovered and by April 2012 output had returned to above pre-flood levels for most affected vehicle manufacturers, causing a spike in demand for ARB products which exceeded the Company's capacity to satisfy.

Of total group sales for the year, the Australian aftermarket accounted for 66%, whilst export sales represented 22% and sales to vehicle manufacturers (OEMs) were 12%.

The Company's export sales, direct from Australia and Thailand and to customers via ARB's US subsidiary Air Locker Inc., were severely hampered by the strong Australian dollar and poor economic conditions in a number of markets. Sales in the USA increased by 10.2% in US dollar terms and by 6.9% when consolidated in Australian dollars. Overall, total export sales in Australian dollar terms increased by 5.9% for the year to 30 June 2012 compared with the prior year.

ARB's market leading store network and warehousing operations throughout Australia were further expanded and strengthened during the period. The Company opened a new ARB store at Orange, NSW and ARB licensed stores were established at Burleigh Heads and Bundaberg in Qld and Welshpool in WA during the year. As at 30 June 2012 there were 44 ARB stores in Australia, 16 of which were Company owned. ARB stores will continue to be added to the distribution network as opportunities arise.

In July 2012, the Company acquired the business of Top Gear Car & 4WD Accessories in Alice Springs, NT.

Products

ARB regards product development as essential and it is a key element in maintaining the Company's long-term competitive advantage. Expenditure on R&D was increased over the period and new products are regularly being released to ARB's markets worldwide.

The 2011/12 year was a year in which a significant number of new vehicle releases occurred and these provide opportunities for ARB. Consequently, the Company's R&D department is actively developing both aftermarket and OEM products. It is also continuing to work on a number of long-term product development projects.

Manufacturing

Manufacturing capacity planning during the year was difficult due to the uncertain impact on vehicle production due to the floods in Thailand. Information on the extent of disruption and the timing of the recovery was difficult to obtain.

Regardless of the 2011/12 issues, plans to increase capacity to meet future demand were implemented during the year and construction of a new warehouse and factory in Thailand is well under way. Completion of the building is expected in late 2012, followed by the setting up of manufacturing and warehousing operations. Some facility improvements will also be required in Australia during the 2012/13 year.

Financial

ARB strengthened its balance sheet during the period and had a net cash balance of $33.2 million at the 30th June 2012. This compares with a net cash balance of $30.7 million at the 30th June 2011.

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

Exchange rates have fluctuated significantly over the year. 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.

Staff

To handle the Company's current level of business and its expected future growth, ARB has increased its senior management team. Three senior appointments have been made to strengthen areas which required additional management resources. Employee numbers have also increased over the year but the full benefit from the higher staff levels has not yet been fully realised.

The Board is pleased to announce that Executive Director Mr Andrew Brown has been formally appointed Managing Director of the Company. Andrew has, in effect, been performing in that role for some time and has been instrumental in many of the activities that have resulted in the strong performance of the Company over many years.

Mr Roger Brown remains as Chairman and Executive Director. The Board expresses its appreciation for Roger's excellent contribution as Managing Director and is pleased that his contribution to the Company will continue with his ongoing involvement.

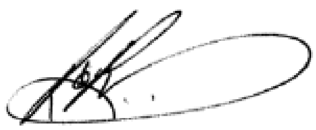
THE FUTURE

The Company's modest growth in 2011/12 was achieved in the face of very difficult industry and global market conditions. The current economic environment remains challenging. However, the outlook for the Company is positive and the Board is optimistic about the future, notwithstanding capacity constraints which are limiting growth in the short term. A first quarter trading update will be provided to shareholders at the AGM in October 2012.

ARB's main growth strategies remain focused 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 aftermarket customers both locally and overseas;
- 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 the Company's sales efforts in areas of the world where industries and other activities are creating high demand for 4WD vehicles.

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



Roger Brown
Chairman
15th August 2012

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 has undertaken this role since the company listed on the ASX in 1987. The Board acknowledges the recommendation of the ASX Corporate Governance Council that 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.

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 an independent Non-executive Director and able to make a contribution to this decision-making process. The Remuneration and Nomination Committee is composed of the three Non-executive Directors of ARB and is chaired by one of those independent Non-executive Directors.

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 as required 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 the Remuneration and Nomination Committee 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 proportion of women employed by the consolidated entity in the following roles are:

Board	0%
Senior Management	17%
Consolidated entity	14%

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. The Remuneration and Nomination Committee is composed of three independent Non-executive members of the Board. The Chairman of the Committee is appointed by the Board.

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 statutory superannuation.

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 2012 and the auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Principal Activities

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

Results

The consolidated profit for the year attributable to the members of the Company after income tax expense, was $38,499,000 (2011: $37,854,000).

Review of Operations

A review of the consolidated entities operations is included in the Chairman'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

Subsequent to 30 June 2012, the Company has acquired the business of Top Gear & 4WD Accessories in Alice Springs, Northern Territory. While providing useful business in Alice Springs, the acquisition of the business is not material to the performance of the Company.

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 and financial strategies to create shareholder value. Further information is included in the Chairman's statement.

Environmental Regulation

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

Dividend Paid, Recommended and Declared

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

In respect of the prior financial year:	**$'000s**
- A final fully franked ordinary dividend of 13 cents per share was recommended by the Directors in the June 2011 Financial Report and subsequently paid on 21 October 2011	9,423
In respect of the current financial year:	
- An interim dividend of 11 cents per share fully franked was paid on 20 April 2012	7,973
- The final dividend proposed by the Directors of the Company to be paid on 19 October 2012 is a fully franked dividend of 14 cents per share	10,147
Total dividends in respect of the year ended 30 June 2012	18,120

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 2012.

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. Executive Director Chairman	61	Wide range of experience within the automotive industry in Australia and overseas. Executive Director of ARB Corporation Limited since 1987. Chairman of ARB since 1987. Managing Director of ARB Corporation Limited from 1987 to 2012. Member of the Risk Management Committee.
Mr. Andrew H Brown Executive Director Managing Director	54	Wide range of experience in automotive engineering and marketing. Managing Director of ARB Corporation Limited since 2012. Executive Director of ARB Corporation Limited from 1987 to 2012. Member of the Risk Management Committee.
Mr. John R Forsyth B.E., M.B.A. Executive Director Company Secretary	64	Director of ARB Corporation Limited since 1987. Executive Director of ARB Corporation Limited since 1989. Chairman of the Risk Management Committee. Appointed Company Secretary on 1 October 2004.
Mr. Robert D Fraser B.Ec., LLB (Hons) Non-executive Director	46	Company Director and corporate adviser. Director of Taylor Collison Limited and Non-executive Director of F.F.I. Holdings Limited and Gowing Bros Ltd. Non-executive Director of Crane Group Limited between June 2004 and February 2011 and Symex Holdings Limited between January 2011 and February 2012. Non-executive Director of ARB Corporation Limited since 2004. Chairman of the Audit Committee. Chairman of the Remuneration and Nomination Committee.
Mr. Ernest E Kulmar B Com., FCPA Non-executive Director	69	Business consultant with experience in a range of industries. Non-executive Director of Robson Civil Projects Pty Limited. 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	55	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 $33,000 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' 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 Committee meetings attended by each Director were:

	Directors'	**Audit Committee**	**Remuneration & Nomination**
Number of meetings held	12	5	2
Mr. Roger G Brown	12		
Mr. Andrew H Brown	12		
Mr. John R Forsyth	12		
Mr. Robert D Fraser	12	5	2
Mr. Ernest E Kulmar	12	5	2
Mr. Andrew P Stott	12	5	2

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.

Amounts 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:	**2012 ($'000s)**	2011 ($'000s)
Taxation services	**24**	29
Other miscellaneous services	**2**	16

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 based on the recommendations of the Remuneration and Nomination Committee. The Board obtains professional advice where necessary to ensure that the Company attracts and retains talented and motivated key management personnel who can enhance Company performance through their contributions and leadership.

For Executive Directors and key management personnel, the Company provides a remuneration package that incorporates both cash-based and non cash-based remuneration. The contracts for service between the Company and specified key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. The remuneration policy is 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 key management personnel of the Company and the consolidated entity for the financial year are:

2012	Salary & Fees $	Non-cash Benefits $	Super contributions $	Total $
Directors				
Roger G. Brown (Executive)	279,188	26,600	25,127	330,915
Andrew H. Brown (Executive)	279,188	26,600	25,127	330,915
John R. Forsyth (Executive)	279,188	26,600	25,127	330,915
Robert D. Fraser	70,184	-	6,316	76,500
Ernest E. Kulmar	58,785	-	5,291	64,076
Andrew P. Stott	47,756	-	4,298	52,054
Total	**1,014,289**	**79,800**	**91,286**	**1,185,375**
2011				
Directors				
Roger G. Brown (Executive)	266,178	25,800	23,956	315,934
Andrew H. Brown (Executive)	266,178	25,800	23,956	315,934
John R. Forsyth (Executive)	266,178	25,800	23,956	315,934
Robert D. Fraser	57,885	-	5,210	63,095
Ernest E. Kulmar	56,061	-	5,046	61,107
Andrew P. Stott	45,542	-	4,099	49,641
Total	**958,022**	**77,400**	**86,223**	**1,121,645**

Key Management Personnel

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

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 as 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.

Directors' Report (continued)

Rounding of Amounts

The amounts contained in the Directors' 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 CO 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
Director

J.R. Forsyth
Director

Melbourne, 15 August, 2012

PITCHER PARTNERS
An independent Victorian Partnership
ABN 27 975 255 196

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of ARB Corporation Limited

In relation to the independent audit for the year ended 30 June 2012, 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
15 August 2012

PITCHER PARTNERS
Melbourne

Consolidated Income Statement
For the Year Ended 30 June 2012

		CONSOLIDATED	
	Note	**JUN 2012 ($'000s)**	JUN 2011 ($'000s)
Sales revenue		**268,718**	254,171
Other revenue		**3,125**	2,382
Total revenue	3	**271,843**	256,553
Materials and consumables used		**(127,896)**	(121,168)
Employee expenses		**(57,728)**	(50,574)
Depreciation and amortisation expense	4	**(6,363)**	(6,090)
Advertising expense		**(4,488)**	(4,140)
Distribution expense		**(6,953)**	(6,280)
Occupancy costs		**(8,811)**	(8,415)
Other expenses		**(6,816)**	(8,571)
Profit before income tax expense		**52,788**	51,315
Income tax expense	5	**(14,289)**	(13,461)
Profit attributable to members of the parent entity		**38,499**	37,854
Basic and Diluted Earnings per share (cents)	22	**53.12**	52.23

The Consolidated Income Statement is to be read in conjunction with the Notes to the Financial Statements set out on pages 22 to 42.

Consolidated Statement of Comprehensive Income
For the Year Ended 30 June 2012

	Note	CONSOLIDATED JUN 2012 ($'000s)	JUN 2011 ($'000s)
Profit attributable to members of the parent entity		**38,499**	37,854
Other comprehensive income			
Movement in fair value of cash flow hedges, net of tax	16	**(70)**	(56)
Exchange differences on translation of foreign operations, net of tax	16	**868**	(3,983)
Other comprehensive income for the year		**798**	(4,039)
Total comprehensive income for the year attributable to members of the parent entity		**39,297**	33,815

The Consolidated Statement of Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements set out on pages 22 to 42.

Consolidated Statement of Financial Position
As at 30 June 2012

	Note	CONSOLIDATED JUN 2012 ($'000s)	JUN 2011 ($'000s)
CURRENT ASSETS			
Cash and cash equivalents	18	**33,234**	30,695
Receivables	7	**36,979**	31,796
Inventories	8	**50,870**	42,077
Other assets	9	**384**	268
Total current assets		**121,467**	104,836
NON-CURRENT ASSETS			
Property, plant and equipment	10	**52,596**	46,174
Deferred tax assets	5	**2,748**	2,415
Intangible assets	11	**11,297**	11,199
Total non-current assets		**66,641**	59,788
Total assets		**188,108**	164,624
CURRENT LIABILITIES			
Payables	12	**25,179**	23,381
Other financial liabilities	13	**70**	-
Current tax liabilities	5	**3,343**	4,846
Provisions	14	**7,730**	6,655
Total current liabilities		**36,322**	34,882
NON-CURRENT LIABILITIES			
Provisions	14	**610**	467
Total non-current liabilities		**610**	467
Total liabilities		**36,932**	35,349
Net assets		**151,176**	129,275
EQUITY			
Contributed equity	15	**46,618**	46,618
Reserves	16	**662**	(136)
Retained profits	16	**103,896**	82,793
Total equity		**151,176**	129,275

The Consolidated Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements set out on pages 22 to 42.

Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2012

Consolidated Entity	Contributed equity ($'000s)	Reserves ($'000s)	Retained earnings ($'000s)	Total equity ($'000s)
Balance as at 1 July 2011	**46,618**	**(136)**	**82,793**	**129,275**
Profit for the year	**-**	**-**	**38,499**	**38,499**
Movement in fair value of cash flow hedges, net of tax	**-**	**(70)**	**-**	**(70)**
Exchange differences on translation of foreign operations, net of tax	**-**	**868**	**-**	**868**
Total comprehensive income for the year	**-**	**798**	**38,499**	**39,297**
Transactions with owners in their capacity as owners:				
Dividends paid	**-**	**-**	**(17,396)**	**(17,396)**
Total transactions with owners in their capacity as owners	**-**	**-**	**(17,396)**	**(17,396)**
Balance as at 30 June 2012	**46,618**	**662**	**103,896**	**151,176**
Balance as at 1 July 2010	46,618	3,903	60,885	111,406
Profit for the year	-	-	37,854	37,854
Movement in fair value of cash flow hedges, net of tax	-	(56)	-	(56)
Exchange differences on translation of foreign operations, net of tax	-	(3,983)	-	(3,983)
Total comprehensive income for the year	-	(4,039)	37,854	33,815
Transactions with owners in their capacity as owners:				
Dividends paid	-	-	(15,946)	(15,946)
Total transactions with owners in their capacity as owners	-	-	(15,946)	(15,946)
Balance as at 30 June 2011	46,618	(136)	82,793	129,275

The Consolidated Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements set out on pages 22 to 42.

Consolidated Statement of Cash Flows
For the Year Ended 30 June 2012

	Note	CONSOLIDATED JUN 2012 ($'000s)	JUN 2011 ($'000s)
Cash Flows From Operating Activities			
Receipts from customers		**286,844**	280,054
Payments to suppliers and employees		**(241,045)**	(227,998)
Interest received		**1,481**	899
Income tax paid		**(16,135)**	(14,888)
Other income received		**1,434**	1,276
Net cash provided by Operating activities	18	**32,579**	39,343
Cash Flows From Investing Activities			
Payments for property, plant and equipment		**(11,837)**	(9,508)
Payments for research & development		**(1,069)**	(1,039)
Payments for investments & goodwill	19	**-**	(851)
Proceeds from sales of property, plant & equipment		**805**	239
Net cash used in Investing activities		**(12,101)**	(11,159)
Cash Flows From Financing Activities			
Dividends paid		**(17,396)**	(15,946)
Net cash used in Financing activities		**(17,396)**	(15,946)
Foreign exchange differences		**(543)**	(2,446)
Net increase in cash held		**2,539**	9,792
Cash at the beginning of the financial year		**30,695**	20,903
Cash at the end of the financial year	18	**33,234**	30,695

The Consolidated Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements set out on pages 22 to 42.

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1. Statement of significant accounting policies

The following is a summary of significant 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

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 consolidated entity is a for-profit entity for the purpose of preparing the financial statements.

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

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

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

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

(b) Going concern

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

(c) Principles of consolidation

The consolidated financial statements are those of the consolidated entity ("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 rendering services to customers is recognised upon delivery of the service to the customer.

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

(e) Cash and cash equivalents

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

(f) Inventories

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

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

1. Statement of significant accounting policies (continued)

(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 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:

		2012	2011
-	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.

(i) Business combinations

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

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

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

Acquisition related costs are expensed as incurred.

(j) Intangibles

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

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

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

Expenditure on 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 lives, which range from 3 to 5 years. Amortisation commences when the intangible asset is available for use.

Other development expenditure is recognised as an expense when incurred.

Distribution Rights
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.

1. Statement of significant accounting policies (continued)

(k) 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.

(l) Taxes

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

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

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

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

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

(m) 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.

(n) Financial instruments

Loans and Receivables
Loans and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

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.

1. Statement of significant accounting policies (continued)

(o) Foreign currency

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

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

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

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

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

- Assets and liabilities are translated at 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.

(p) Goods and services tax (GST)

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

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

(q) Comparatives

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

(r) Rounding amounts

The Group is of a kind referred to in ASIC Class Order CO 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.

(s) New accounting standards and interpretations

A number of accounting standards and interpretations have been issued at the reporting date but are not yet effective and have not yet been adopted for the annual reporting period ended 30 June 2012. These are as follows:

AASB 10 *Consolidated Financial Statements,* replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements,* and Interpretation 12 *Consolidation - Special Purpose Entities*. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation.

AASB 11 *Joint Arrangements,* introduces a principles-based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account for their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

The Group does not expect AASB 10 and AASB 11 to have an impact on its reporting structure.

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

2. Financial risk management

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

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

(a) Currency risk

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

	JUN 2012 A($'000s)	JUN 2011 A($'000s)	**JUN 2012 $**	JUN 2011 $
Settlement	**Sell AUD/Buy EUR**		**Forward Exchange Rate**	
Less than 6 months	**858**	**-**	**0.7768**	**-**
Settlement	**Sell AUD/Buy SEK**		**Forward Exchange Rate**	
Less than 6 months	**265**	**-**	**6.6943**	**-**
Settlement	**Sell AUD/Buy THB**		**Forward Exchange Rate**	
Less than 6 months	**2,845**	**-**	**31.6302**	**-**

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

The Group purchases some equipment in Euro (EUR). To minimise the risk on the exposure to Euro the Group may take out hedge contracts.

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.

The Group purchases product in Thai Baht (THB). To minimise the risk on the exposure to Thai Baht the Group may take out hedge contracts.

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.

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

Sensitivity

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

2. Financial risk management (continued)

(b) Interest rate risk

The Group monitors its cash flow on a daily basis with the aim of minimising its borrowings and therefore its interest rate risk. Borrowings as at the year ended 30 June 2012 were $nil (2011: $nil). 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)	More than 1 year ($'000s)	Non Interest Bearing ($'000s)	Total ($'000s)
2012							
Financial assets							
Cash	18	4.79%	33,234	-	-	-	33,234
Receivables	7	-	-	-	-	36,979	36,979
Financial liabilities							
Payables	12	-	-	-	-	25,179	25,179
2011							
Financial assets							
Cash	18	5.20%	30,695	-	-	-	30,695
Receivables	7	-	-	-	-	31,796	31,796
Financial liabilities							
Payables	12	-	-	-	-	23,381	23,381

(c) Credit risk

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

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

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

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

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

(d) Liquidity risk

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

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 2012 ($'000s)**	JUN 2011 ($'000s)
Cash and cash equivalents	**33,234**	30,695
Receivables	**36,979**	31,796
Payables	**(25,179)**	(23,381)
Net maturities	**45,034**	39,110

2. Financial risk management (continued)

(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 including foreign currency forward exchange rates. 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.

3. Revenues from continuing operations

	CONSOLIDATED	
	JUN 2012 ($'000s)	JUN 2011 ($'000s)
Sales Revenue		
Revenue from sale of goods	**268,718**	254,171
Other revenue:		
- Interest	**1,481**	899
- Net gain on disposal of property, plant and equipment	**239**	125
- Rent	**-**	53
- Foreign exchange gains/(losses)	**(29)**	82
- Other	**1,434**	1,223
Total other revenues	**3,125**	2,382
Total Income from Continuing Operations	**271,843**	256,553

4. Profit from continuing operations

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

	JUN 2012 ($'000s)	JUN 2011 ($'000s)
Cost of goods sold	**158,441**	149,188
Depreciation of non-current assets:		
Buildings	**693**	621
Plant and equipment	**4,699**	4,478
	5,392	5,099
Amortisation of non-current assets:		
Research and development capitalised	**911**	931
Distribution right	**60**	60
	971	991
Total depreciation and amortisation	**6,363**	6,090
Other expense items:		
- Movement in provisions for impairment	**5**	(74)
- Research and development expenditure	**3,002**	2,025
- Operating lease rentals	**4,733**	4,099
- Net loss on disposal of property, plant and equipment	**-**	37

		CONSOLIDATED	
5.	**Income tax**	**JUN 2012 ($'000s)**	JUN 2011 ($'000s)
(a)	**The components of tax expense:**		
	Current tax	**14,666**	14,121
	Deferred tax	**(333)**	(217)
	Under/(over) provision prior year	**(44)**	(443)
	Total income tax expense	**14,289**	13,461
(b)	**Income tax expense**		
	Prima facie income tax expense at 30% (2011: 30%) on the operating profit	**15,836**	15,395
	Increase/(decrease) in income tax expense due to:		
	Non tax deductible items	**2**	16
	Differences in overseas tax rates	**(1,412)**	(1,407)
	Other	**17**	(22)
	Research & development & building allowance deductions	**(110)**	(78)
	Income tax expense on operating profit	**14,333**	13,904
	Under/(over) provision prior year	**(44)**	(443)
	Total income tax expense	**14,289**	13,461
(c)	**Current tax liabilities**		
	Movements during the year were as follows:		
	Balance at beginning of year	**4,846**	6,056
	Income tax paid	**(16,135)**	(14,888)
	Current income tax liability on operating profit	**14,666**	14,121
	Under/(over) provision prior year	**(34)**	(443)
		3,343	4,846
(d)	**Deferred tax**		
	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	**2,553**	2,170
	Doubtful debt impairment	**635**	633
	Inventory impairment	**365**	358
	Income tax expense on group unrealised profit	**776**	739
		4,329	3,900
	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	**607**	640
	Research & development expenditure capitalised	**754**	707
	Other income not yet assessable	**220**	138
		1,581	1,485
	Net deferred tax assets/(liabilities)	**2,748**	2,415

6. Dividends

Dividends recommended or paid by the Company are:

		Note	CONSOLIDATED JUN 2012 ($'000s)	JUN 2011 ($'000s)
(i)	a final fully franked ordinary dividend of 13 cents per share (2011: 12 cents fully franked) paid on 21 October 2011		**9,423**	8,698
(ii)	an interim fully franked ordinary dividend of 11 cents per share (2011: 10 cents fully franked) paid on 20 April 2012		**7,973**	7,248
		16	**17,396**	15,946
(iii)	a final fully franked ordinary dividend is proposed of 14 cents per share (2011: 13 cents fully franked) to be paid on 19 October 2012		**10,147**	9,423

The dividends paid by the Company were fully franked at the tax rate of 30% (2011: 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 2012 ($'000s)	JUN 2011 ($'000s)
Franking Credits (measured on a tax paid basis under Australian Legislation)	**31,319**	25,964

7. Receivables

	JUN 2012 ($'000s)	JUN 2011 ($'000s)
Current		
Trade receivables	**36,340**	32,289
Other receivables	**2,754**	1,617
	39,094	33,906
Less: provision for impairment	**2,115**	2,110
	36,979	31,796

Provision for impairment

Receivables ageing analysis at 30 June is:	CONSOLIDATED Gross 2012 ($'000s)	Impairment 2012 ($'000s)	CONSOLIDATED Gross 2011 ($'000s)	Impairment 2011 ($'000s)
Not past due	**34,497**	**(1,484)**	31,501	(1,868)
Past due 0 - 30 days	**2,763**	**(83)**	1,986	(40)
Past due 31 - 90 days	**1,107**	**(71)**	301	(101)
Past due more than 91 days	**727**	**(478)**	118	(101)
	39,094	**(2,115)**	33,906	(2,110)

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.

Movements in the provision for impairment were:	CONSOLIDATED JUN 2012 ($'000s)	JUN 2011 ($'000s)
Opening balance at 1 July	**(2,110)**	(2,184)
Charge for the year	**(5)**	13
Amounts written off	**8**	14
Foreign exchange translation	**(8)**	47
Closing balance at 30 June	**(2,115)**	(2,110)

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2012

	CONSOLIDATED	
8. Inventories	**JUN 2012 ($'000s)**	JUN 2011 ($'000s)
Current		
Raw materials and Work in progress, at cost	**11,461**	9,328
Finished goods, at cost	**30,737**	26,599
Goods in transit, at cost	**8,672**	6,150
	50,870	42,077

9. Other assets		
Current		
Prepayments	**384**	268

10. Property, plant and equipment

Land and buildings, at cost	**34,821**	29,926
Less: accumulated depreciation	**3,930**	3,243
	30,891	26,683
Plant and equipment, at cost	**55,591**	49,536
Less: accumulated depreciation	**33,886**	30,045
	21,705	19,491
Total property, plant and equipment Net book value	**52,596**	46,174

(a) Movements in the carrying amounts

Freehold Land and Buildings		
Balance at the beginning of financial year	**26,683**	24,218
Additions	**4,880**	3,870
Depreciation	**(693)**	(621)
Foreign exchange impact	**21**	(784)
Balance at the end of financial year	**30,891**	26,683
Plant & Equipment		
Balance at the beginning of financial year	**19,491**	19,235
Additions	**6,957**	5,638
Disposals	**(339)**	(151)
Depreciation	**(4,699)**	(4,478)
Foreign exchange impact	**295**	(753)
Balance at the end of financial year	**21,705**	19,491

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

(c) The Group commenced a three year rotational independent valuation of freehold land and buildings in the year ended 30 June 2011. As at 30 June 2012, 12 of the 15 properties had been independently valued. The collective valuations were $26.3 million, compared with their collective carrying value of $22.9 million.

11. Intangible assets

	CONSOLIDATED JUN 2012 ($'000s)	JUN 2011 ($'000s)
Distribution right, at cost	**300**	300
Less: accumulated amortisation	**225**	165
	75	135
Goodwill	**8,708**	8,708
Research & development, at cost	**10,656**	9,587
Less: accumulated amortisation	**8,142**	7,231
	2,514	2,356
	11,297	11,199

(a) Movements in the carrying amounts

	JUN 2012 ($'000s)	JUN 2011 ($'000s)
Distribution right, at cost		
Balance at the beginning of financial year	**135**	195
Amortisation	**(60)**	(60)
Balance at the end of financial year	**75**	135
Goodwill		
Balance at the beginning of financial year	**8,708**	7,857
Additions	**-**	851
Balance at the end of financial year	**8,708**	8,708
Research & Development		
Balance at the beginning of financial year	**2,356**	2,248
Additions	**1,069**	1,039
Amortisation	**(911)**	(931)
Balance at the end of financial year	**2,514**	2,356

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. The terminal value has been calculated based on an earnings multiple of 5 times.

		Goodwill ($'000s)	Growth rate	Discount Rate (post tax)	Period of projection
2012					
	Thule Car Rack systems	1,748	5.0%	10.0%	5 years
	Kingsley Enterprises	3,226	4.5%	10.0%	5 years
	ARB Corporation (Australia)	3,734	6.5%	10.0%	5 years
2011					
	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)	3,734	6.5%	9.0%	5 years

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

12. Payables

	CONSOLIDATED JUN 2012 ($'000s)	JUN 2011 ($'000s)
Current		
Trade payables	**17,773**	20,226
Other payables	**7,406**	3,155
	25,179	23,381

	CONSOLIDATED	
13. Other financial liabilities	**JUN 2012 ($'000s)**	JUN 2011 ($'000s)
Current		
Derivatives that are designated and effective as hedging instruments carried at fair value:		
Forward exchange contracts	**70**	-
14. Provisions		
Current		
Employee benefits	**7,730**	6,655
Non-current		
Employee benefits	**610**	467
Total employee benefits	**8,340**	7,122

15. Contributed equity

Issued and paid up capital

72,481,302 ordinary shares (2011: 72,481,302)	**46,618**	46,618

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

	CONSOLIDATED		CONSOLIDATED	
Movements during the year	**JUN 2012** No. of shares	JUN 2011	**JUN 2012 ($'000s)**	JUN 2011 ($'000s)
Balance at the beginning of the financial year	**72,481,302**	72,481,302	**46,618**	46,618
Balance at the end of the financial year	**72,481,302**	72,481,302	**46,618**	46,618

Capital Management

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

During 2012 the Company paid dividends of $17,396,000 (2011: $15,946,000).

		CONSOLIDATED	
16. Reserves and retained earnings		**JUN 2012**	JUN 2011
	Note	**($'000s)**	($'000s)
Reserves			
Capital profits		**4,090**	4,090
Foreign currency translation reserve		**(3,358)**	(4,226)
Cash flow hedge		**(70)**	-
		662	(136)
Retained earnings		**103,896**	82,793
Capital Profits			
Balance at the beginning and end of the financial year		**4,090**	4,090

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

Foreign Currency Translation Reserve			
Balance at the beginning of the financial year		**(4,226)**	(243)
Movement during the year		**868**	(3,983)
Balance at the end of the financial year		**(3,358)**	(4,226)

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

Cash Flow Hedge			
Balance at the beginning of the financial year		**-**	56
Amount recognised in equity in the current period		**(70)**	(56)
Balance at the end of the financial year		**(70)**	-

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

Retained earnings			
Balance at the beginning of the financial year		**82,793**	60,885
Net profit attributable to members of the parent entity		**38,499**	37,854
Dividends paid	6	**(17,396)**	(15,946)
Balance at the end of the financial year		**103,896**	82,793

Notes to the Financial Statements (continued)
For the Year Ended 30 June 2012

17. Parent entity information

	COMPANY JUN 2012 ($'000s)	JUN 2011 ($'000s)
Profit before income tax expense	**54,439**	50,730
Income tax expense	**(13,681)**	(12,872)
Profit attributable to members of the parent entity	**40,758**	37,858
Total comprehensive income for the year attributable to members of the parent entity	**40,847**	37,802

The Profit before income tax expense includes dividends received from subsidiaries of $8,290,000 (2011: $6,101,000) which are eliminated on consolidation.

	JUN 2012	JUN 2011
Current assets	**115,030**	99,866
Total assets	**177,532**	158,375
Current liabilities	**31,396**	34,949
Total liabilities	**32,007**	35,416
Net assets	**145,525**	122,959
Equity		
Contributed equity	**46,618**	46,618
Capital profits reserve	**3,991**	3,991
Cash flow hedge reserve	**(70)**	-
Retained profits	**94,985**	72,350
Total equity	**145,525**	122,959
Capital expenditure commitments		
Contracted, but not provided for and payable within one year	**766**	95

18. Cash flow information

	CONSOLIDATED JUN 2012 ($'000s)	JUN 2011 ($'000s)
(i) Reconciliation of Cash		
Cash	**33,234**	30,695
(ii) Reconciliations of the net profit after tax to the net cash flows from operations:		
Net profit	**38,499**	37,854
Add/(less) items classified as Investing/financing activities:		
(Profit)/loss on disposal of non-current assets	**(239)**	(88)
Add/(less) non-cash items		
Depreciation and amortisation	**6,363**	6,090
Provision for impairment	**5**	(74)
Net cash provided by operating activities before change in assets and liabilities	**44,628**	43,782
Change in assets and liabilities		
(Increase)/decrease in inventories	**(8,793)**	(1,703)
(Increase)/decrease in prepayments	**(116)**	(45)
(Increase)/decrease in other financial assets	**-**	56
(Increase)/decrease in other debtors	**(1,137)**	(1,442)
(Increase)/decrease in trade debtors	**(4,051)**	1,459
(Increase)/decrease in deferred tax asset	**(333)**	(227)
(Decrease)/increase in payables	**1,798**	(2,127)
(Decrease)/increase in other financial liabilities	**70**	-
(Decrease)/increase in provisions	**1,218**	856
(Decrease)/increase in reserves	**798**	(56)
(Decrease)/increase in income tax payable	**(1,503)**	(1,210)
Net cash flow from operating activities	**32,579**	39,343

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

19. Business combinations

The consolidated entity did not have any business combinations for the year ended 30 June 2012.

During the prior year the consolidated entity purchased two retail stores in Australia: Cairns in Queensland (November 2010) and Mandurah in Western Australia (December 2010).

A summary of these transactions is:

	$'000s
Total cost of combination	1,332

Assets and liabilities acquired

	Fair value at acquisition $'000s
Assets and liabilities acquired	
Inventory	463
Plant and equipment	38
Deferred Tax Asset	9
Employee Entitlements	(29)
Net assets acquired	481
Goodwill	851

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

Goodwill is not deductible for tax purposes.

Contribution since acquisition

For the year ended 30 June 2011 the two retail stores have contributed revenue of $2,987,000 and a profit after tax of $381,000 which is included within the consolidated profit for that period.

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

20. Commitments and contingencies

	CONSOLIDATED	
	JUN 2012 ($'000s)	JUN 2011 ($'000s)
Operating lease commitments		
All operating leases are property leases.		
Minimum lease payments		
Future operating lease rentals of property, not provided for and payable as follows:		
Not later than one year	**4,908**	3,903
Later than one year but not later than five years	**15,872**	9,763
Later than five years	**1,905**	3,807
	22,685	17,473
Capital expenditure commitments		
Contracted, but not provided for and payable within one year	**4,986**	95

21. Financing arrangements

	CONSOLIDATED	
	JUN 2012 ($'000s)	JUN 2011 ($'000s)
The consolidated entity has access to the following lines of credit:		
Total facilities available:		
Bank overdraft	**500**	500
Online facility	**2,000**	2,000
Other miscellaneous	**255**	116
	2,755	2,616
Facilities utilised at balance date:		
Other miscellaneous	**255**	116
	255	116
Facilities not utilised at balance date:		
Bank overdraft	**500**	500
Online facility	**2,000**	2,000
	2,500	2,500

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 2012.

Online facility
This facility is used for the clearance of wages and was unused at 30 June 2012.

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.

22. Earnings per share

	CONSOLIDATED	
	JUN 2012 cents	JUN 2011 cents
Earnings per share	**53.12**	52.23
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**72,481,302**	72,481,302

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

		CONSOLIDATED	
23.	**Auditors' remuneration**	**JUN 2012 ($'000s)**	JUN 2011 ($'000s)
Remuneration of Pitcher Partners, the auditor of the parent entity for:			
-	Auditing or reviewing the financial report	**173**	164
-	Taxation services	**24**	29
-	Other miscellaneous services	**2**	16
Auditing or reviewing the financial report of subsidiaries			
-	Remuneration of network firms of Pitcher Partners	**20**	22
-	Remuneration of other non-related auditors	**23**	30
Total auditors' remuneration		**242**	261

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 2012 %	JUN 2011 %
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

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

Director and executive compensation by category	**JUN 2012**	JUN 2011
Short term employment benefits	**1,094,089**	1,035,422
Post employment benefits	**91,286**	86,223
	1,185,375	1,121,645

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 royalty was $183,453 (2011: $132,291). The transactions were not material to the Company or to A.P. Stott personally.

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

	JUN 2012	JUN 2011
R.G. Brown (Executive)	9,550,994	9,550,994
A.H. Brown (Executive)	9,550,994	9,550,994
J.R. Forsyth (Executive)	2,814,667	2,814,667
R.D. Fraser	25,077	25,077
E.E. Kulmar	15,888	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 (2011: 8,939) ordinary shares.

A.H. Brown is a Director and member of Thirty Third Jabot Nominees Pty Ltd., the holder of 8,939 (2011: 8,939) ordinary shares.

J.R. Forsyth, the holder of 9,414 (2011: 9,414) ordinary shares, is a Director and member of Formax Pty Ltd, the holder of 9,414 (2011: 9,414) ordinary shares, Formax Superannuation Pty Ltd, the holder of 792,874 (2011: 792,874) ordinary shares and Formax Pty Ltd (Reparar Account) the holder of 2,002,965 (2011: 2,002,965) ordinary shares.

R.D. Fraser, the holder of 6,191 (2011: 6,191) ordinary shares is a trustee and a member of the Fraser Family Superannuation Fund, the holder of 18,886 (2011: 18,886) ordinary shares.

E.E. Kulmar is a Director of Kulmar Pty Ltd which is the holder of 15,888 (2011:15,888) 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.

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 and eliminated on consolidation:

	THE COMPANY	
	JUN 2012 ($'000s)	JUN 2011 ($'000s)
Interest revenue	**107**	131

26. Related party transactions (continued)

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.

2012	**Sales ($'000s)**	**Purchases ($'000s)**	**Mgt fee ($'000s)**	**Interest ($'000s)**	**Rent ($'000s)**
Air Locker, Inc.	**20,431**	**-**	**548**	**107**	**241**
Kingsley Enterprises Pty Ltd	**218**	**1,107**	**737**	**-**	**-**
Off Road Accessories Ltd	**1,172**	**17,508**	**430**	**-**	**-**
ARB Off Road Ltd	**698**	**-**	**-**	**-**	**-**

Other inter company transactions included:

- Sales by Kingsley Enterprises Pty Ltd of $51,000 to Air Locker, Inc.
- Sales by Off Road Accessories Ltd of $154,000 to ARB Off Road Ltd.
- Sales by ARB Off Road Ltd of $3,000 to Off Road Accessories Ltd.
- Rent charged by Kingsley Enterprises Pty Ltd of $122,000 to ARB Corporation Limited.
- Rent charged by Off Road Accessories Ltd of $18,000 to ARB Off Road Ltd.
- Management fee charged by Off Road Accessories Ltd of $17,000 to ARB Off Road Ltd.
- Intercompany dividend paid by Kingsley Enterprises Pty Ltd of $2,000,000.
- Intercompany dividend paid by Off Road Accessories Ltd of $6,290,000.

2011	Sales ($'000s)	Purchases ($'000s)	Mgt fee ($'000s)	Interest ($'000s)	Rent ($'000s)
Air Locker, Inc.	19,990	-	624	131	274
Kingsley Enterprises Pty Ltd	256	934	598	-	-
Off Road Accessories Ltd	941	14,859	350	-	-
ARB Off Road Ltd	643	-	-	-	-

Other inter company transactions included:

- Sales by Kingsley Enterprises Pty Ltd of $96,000 to Air Locker, Inc.
- Sales by Off Road Accessories Ltd of $89,000 to ARB Off Road Ltd.
- Sales by ARB Off Road Ltd of $2,000 to Off Road Accessories Ltd.
- Rent charged by Kingsley Enterprises Pty Ltd of $119,000 to ARB Corporation Limited.
- Rent charged by Off Road Accessories Ltd of $18,000 to ARB Off Road Ltd.
- Management fee charged by Off Road Accessories Ltd of $12,000 to ARB Off Road Ltd.
- Intercompany dividend paid by Kingsley Enterprises Pty Ltd of $2,000,000.
- Intercompany dividend paid by Off Road Accessories Ltd of $4,101,000

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 2012 ($'000s)	JUN 2011 ($'000s)
Current receivables	**10,922**	10,063
Current payables	**3,797**	3,345

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.

(a) Income Statement

2012	Australia ($'000s)	USA ($'000s)	Thailand ($'000s)	Eliminations ($'000s)	Consolidated ($'000s)
Segment revenue					
Total segment revenue	**277,150**	**26,924**	**19,620**	**(51,851)**	**271,843**
Intersegmental revenues	**(34,150)**	**-**	**(17,701)**	**51,851**	**-**
Segment revenue from external source	**243,000**	**26,924**	**1,919**	**-**	**271,843**
Total segment result	**41,973**	**151**	**4,873**	**(8,498)**	**38,499**
Intersegmental eliminations	**(8,855)**	**-**	**356**	**8,498**	**-**
Segment result from external source	**33,118**	**151**	**5,229**	**-**	**38,499**
Items included within the segment result:					
Interest income	**1,481**	**-**	**-**	**-**	**1,481**
Depreciation and amortisation expense	**5,545**	**77**	**741**	**-**	**6,363**
Income tax expense	**14,149**	**108**	**69**	**(37)**	**14,289**
2011					
Segment revenue					
Total segment revenue	260,983	25,139	16,468	(46,037)	256,553
Intersegmental revenues	(31,056)	-	(14,981)	46,037	-
Segment revenue from external source	229,927	25,139	1,487	-	256,553
Total segment result	39,578	(364)	4,814	(6,174)	37,854
Intersegmental eliminations	(6,174)	-	-	6,174	-
Segment result from external source	33,404	(364)	4,814	-	37,854
Items included within the segment result:					
Interest income	899	-	-	-	899
Depreciation and amortisation expense	5,323	78	689	-	6,090
Income tax expense	13,600	(167)	50	(22)	13,461

(b) Statement of Financial Position

	Australia ($'000s)	USA ($'000s)	Thailand ($'000s)	Eliminations ($'000s)	Consolidated ($'000s)
2012					
Segment assets	**182,990**	**11,680**	**18,764**	**(25,326)**	**188,108**
Segment liabilities	**36,538**	**8,566**	**7,372**	**(15,544)**	**36,932**
Segment acquisition of property, plant, equipment and intangibles	**9,177**	**118**	**3,611**	**-**	**12,906**
2011					
Segment assets	163,667	10,378	14,481	(23,902)	164,624
Segment liabilities	39,722	7,677	2,116	(14,166)	35,349
Segment acquisition of property, plant, equipment and intangibles	10,392	70	936	-	11,398

28. Subsequent events

Subsequent to 30 June 2012, the Company has acquired the business of Top Gear & 4WD Accessories in Alice Springs, Northern Territory. While providing useful business in Alice Springs, the acquisition of the business is not material to the performance of the Company.

There has been no matter or circumstance, which has arisen since 30 June 2012 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 30 June 2012 of the consolidated entity, or
(b) the results of those operations, or
(c) the state of affairs, in financial years subsequent to 30 June 2012 of the consolidated entity.

Directors' Declaration

The Directors declare that the financial statements and notes set out on pages 17 to 42 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 2012 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 2012.

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

Roger G Brown
Director

John R Forsyth
Director

Melbourne, 15 August, 2012

INDEPENDENT AUDITOR'S REPORT

To the Members of ARB Corporation Limited

Report on the Financial Report

We have audited the accompanying financial report of ARB Corporation Limited and its controlled entities, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements,* that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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*.

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 2012 and of its performance for the year ended on that date; and

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

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

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 14 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of ARB Corporation Ltd and its controlled entities for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

Pitcher Partners

A R FITZPATRICK	PITCHER PARTNERS
Partner	Melbourne
15 August 2012	

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 1 August 2012 was:

Shareholder	Ordinary
Rogand Pty Ltd	**9,586,750**
Commonwealth Bank of Australia	**4,235,970**

Class of Shares and Voting Rights

At 31 July 2012, there were 5,596 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 2012):

	Holders	%	Shares Held	%
1 - 1,000	1,997	35.69	1,089,010	1.50
1,001 - 5,000	2,472	44.17	6,338,535	8.75
5,001 - 10,000	645	11.53	4,654,817	6.42
10,001 - 100,000	446	7.97	10,382,665	14.32
100,001 or more	36	0.64	50,016,275	69.01
	5,596	100.00	72,481,302	100.00

The number of shareholders holding less than a marketable parcel at 31 July 2012 was 73.

Twenty largest shareholders (as at 1 August 2012)

Name of Holder	Number of ordinary shares held	% of issued ordinary shares held
Rogand Pty Ltd	9,507,387	13.12
National Nominees Limited	6,824,408	9.42
J P Morgan Nominees Australia Limited	5,181,439	7.15
HSBC Custody Nominees (Australia) Limited	5,068,602	6.99
Citicorp Nominees Ltd	4,305,976	5.94
Cogent Nominees Pty Ltd	3,306,993	4.56
Cogent Nominees Pty Ltd <DRP>	2,639,000	3.64
Formax Pty Ltd (Reparar Account)	2,002,965	2.76
J P Morgan Nominees Australia Limited <Cash Income Account>	1,111,694	1.53
BKI Investment Company Limited	845,600	1.17
Cogent Nominees Pty Ltd (SMP Accounts)	815,225	1.12
Formax Pty Ltd (Superannuation Fund Account)	792,874	1.09
Milton Corporation Limited	744,741	1.03
Citicorp Nominees Pty Ltd <Colonial First State Inv Account>	728,797	1.01
Mrs Pamela Shirley Carpenter	598,888	0.83
Australian Foundation Investment Company Limited	583,224	0.80
Perpetual Trustee Company Ltd (Alliance Account)	539,305	0.74
Mr Gerard James Van Paassen (The Van Paassen Fam Account)	407,199	0.56
Bond Street Custodians Limited (Ganes Value Growth Account)	403,622	0.56
Mirrabooka Investments Limited	396,161	0.55

The 20 largest shareholders hold 64.57% of the ordinary shares of the Company.

There is no current on market buy back of shares.

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, 452 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

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ARB's quarterly customer magazine becomes available as a free online iPad and Android app.

Continued growth in engineering, production and manufacturing result in outstanding accessories for new vehicles, including the Mazda BT-50.

Old Man Emu develops its first ever 4" lift kit for the US market.

ARB's online presence increases through social media including Facebook, Twitter and YouTube.

Open days at ARB retail stores across Australia prove to be extremely successful.


ARB
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