



ARB Corporation Ltd

4X4 ACCESSORIES

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ARB Corporation Limited Half Year Results Announcement – December 2010

The Directors of ARB Corporation Limited (“**ARB**” or the “**Company**”) are pleased to report that the Company achieved a net profit after tax of \$18.0 million for the half year ended 31 December 2010. This represented a 17.4% increase over the previous corresponding period.

The Company’s profit performance was achieved on a 17.2% increase in sales for the half year to \$129 million.

The half year results are summarised below:

Six Months ended	31 Dec 10 \$'000	31 Dec 09 \$'000	Change
Sales	129,164	110,242	17.2%
Other Income	1,069	833	
Total Revenue	130,233	111,075	17.2%
Net Profit before Tax	24,866	21,055	18.1%
Tax	(6,899)	(5,749)	
Net Profit after Tax	17,967	15,306	17.4%
EPS (cents)	24.79	21.12*	
Interim Dividend (cents per share)	10.0	7.5	
Franking	100%	100%	
* Based on issued capital as at 31 December 2009. EPS based on the weighted average issued capital during the December 2009 half year was 22.32 cents per share			

Cash flow from operations was \$9.1 million during the half and ARB had a net cash balance of \$17.5 million as at 31 December 2010.

The Company intends to pay an interim fully franked dividend of 10 cents per share, compared with 7.5 cents per share in the previous corresponding period. The interim dividend will be paid on the 20th April 2011 and the Record Date will be the 5th April 2011.

HIGHLIGHTS OF THE HALF YEAR TO 31 DECEMBER 2010

Sales

The overall sales increase of 17.2% for the half was driven by growth from most of ARB’s Australian and international operations. ARB wholesale and retail outlets in all Australian states performed very well. In contrast to last year, export sales and sales from our USA subsidiary also contributed to growth. Good demand for fabricated products saw Off Road Accessories Limited increase sales. The Kingsley division achieved strong sales growth, while the Thule division declined slightly off a very good result in the prior comparable

period. In addition, solid growth was achieved in sales to the Company's original equipment manufacturer customers.

ARB's market leading store network and warehousing operations throughout Australia were further expanded and strengthened during the period. The business of ARB Cairns was purchased by the Company from the licensee and was operated by the Company from November 2010. The business of an ARB stockist in Mandurah, Western Australia was purchased by the Company in December 2010. This operation is being relocated into larger premises and will become ARB Mandurah. As at 31 December 2010 there were 41 ARB stores in Australia, 16 of which are Company owned. Since the end of the half year, an ARB licensed store was also established at Caboolture, Queensland.

Four wheel drive vehicle sales continued to grow over the period. The table below outlines this growth:

Australian New Vehicle Sales
6 months to 31 December

	4WD Vehicle Sales All Categories	4WD Utility Sales	Total Australian Vehicle Sales
2009	174,918	44,003	480,397
2010	189,394	45,297	504,406
	+8.3%	+2.9%	+5%

ARB's market remains strong in Australia where 1 in 3 of the new vehicles sold is a 4WD.

Profitability

ARB's after tax profit for the period grew by 17.4% over the previous corresponding period. A number of factors contributed to this pleasing performance, including:

- The overall sales growth achieved by ARB was excellent;
- Strong demand for manufactured product ensured that ARB's factories in both Australia and Thailand ran at high capacity over the period;
- The strong Australian dollar reduced input costs for all of the Company's imported products and components to a greater extent than the negative affect on exports;
- Steel and other raw material input costs remained stable; and
- Losses attributable to Air Locker, Inc in the USA as a result of the strong Australian dollar were offset by increased profits from the rest of the Company's operations.

Products

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

development projects. Calendar year 2011 will see many new 4WD vehicle models released in Australia and around the world. This will create a number of opportunities for the Company.

THE FUTURE

The Board is very pleased with ARB's operational performance and its strong first half financial result. The Company's exceptional growth in sales and profit in both halves of the prior 2009/10 year, together with the investments that the Company is making in new product development and the expansion of its production and distribution capacity, will make growth in the second half more difficult to achieve. Nonetheless, the Board expects that ARB's second half performance will be similar to the prior corresponding period.

Encouragingly, new 4WD vehicle sales in Australia are strong and 4WD vehicle sales in many export countries are recovering. In addition, ARB is planning for some new product releases and new ARB store openings and the Company expects to benefit from continuing strong activity in the mining sector. In export markets and in the USA, modest growth is also beginning to return.

Overall, ARB should achieve reasonable growth for the full financial year compared with the previous corresponding year.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'R. Brown', enclosed within a large, loopy oval shape.

Roger Brown
Chairman

16 February 2011