

ABRIDGED PROSPECTUS

Relating to a private placement of shares by way of:

- an offer for subscription of a maximum of 35 000 000 new ordinary shares in the share capital of ARB at a subscription price of between 480 cents and 530 cents per share;
- an offer for sale by certain existing shareholders of ARB of a maximum of 35 000 000 ordinary shares in the share capital of ARB at a purchase price of between 480 cents and 530 cents per share; and
- the subsequent listing of the shares of ARB on the JSE Main Board under the sub-section, "Electronic and Electrical Equipment".

This abridged prospectus is not an invitation to the general public to subscribe for or purchase shares in ARB. The private placement is made to invited institutional and retail investors and selected private clients only.

ARB

Holdings Limited

(Incorporated in the Republic of South Africa)
(Registration number 1986/002975/06)
Share code: ARH ISIN: ZAE000109435
("ARB" or "the company" or "the group")

1. INTRODUCTION

The JSE Limited ("JSE") has formally approved the listing of a maximum of 235 000 000 shares, with a par value of 0.01 cent each, in the share capital of ARB on the JSE with effect from commencement of business on Tuesday, 20 November 2007 in the "Electronic and Electrical Equipment" sector, subject to the achievement of the required spread of public shareholders. The shares will trade under the abbreviated name "ARB", with the share code "ARH" and ISIN ZAE000109435.

A total amount of between R336.0 million and R371.0 million, before expenses, will be raised through the private placement to qualifying investors. The proceeds of the private placement will first be applied to the offer for subscription (R168.0 million to R185.5 million) which will allow the company to expunge certain of its debts and grow its market share through funding organic growth, facilitate the working capital requirements of the existing business as well as facilitate potential acquisition opportunities. Thereafter, the proceeds of the private placement will be applied to the offer for sale (R168.0 million to R185.5 million), which will allow existing shareholders to partially realise approximately 17.5% of their current investment in the company and similarly to facilitate the shareholder spread required by the Listings Requirements of the JSE ("Listings Requirements").

2. INCORPORATION AND HISTORY

In 1980, Alan R Burke, the current non-executive chairman, commenced trading as a sole proprietor under the name ARB Industrial Supply Co. During 1987, Alan R Burke acquired a controlling stake in Coastal Switchgear (Pty) Ltd. Coastal Switchgear (Pty) Ltd then acquired the operations of ARB Industrial Supply Co, and on 24 March 1987 changed its name to ARB Industrial Supply Co. (Pty) Ltd. On 23 September 1993, ARB Industrial Supply Co. (Pty) Ltd changed its name to ARB Electrical Wholesalers (Pty) Ltd.

In 2004, to facilitate the introduction of a strategic BEE shareholder, ARB Electrical Wholesalers (Pty) Ltd sold its operations to a subsidiary Goldex 522 (Pty) Ltd and changed its name to ARB Holdings (Pty) Ltd. The subsidiary was renamed ARB Electrical Wholesalers (Pty) Limited. The commencement date of trading of the subsidiary was 1 July 2004.

3. NATURE OF BUSINESS

3.1 Nature of business

ARB is now South Africa's fastest growing independent black empowered distributor of cable, overhead line transmission and electrical products. With branches in Durban, Johannesburg, Cape Town, East London, Pietermaritzburg

Full name and age	Business address	Function
Non-executive directors		
Alan Ronald Burke (53)	10 Mack Road Prospecton Durban	Non-Executive Chairman
Jacob Rasethlake Modise (41)	1st Floor North Downs Office Park 17 Georgian Crescent Bryanston	Non-Executive Director
Dumisani Francis Muhlwa (35)	1st Floor North Downs Office Park 17 Georgian Crescent Bryanston	Non-Executive Director
Independent non-executive director		
Simon Trouncer Downes (49)	1290 South Coast Road Durban	Independent Non-Executive Director

All of the directors are South African citizens.

6. SHARE CAPITAL

Authorised and issued share capital

The authorised and issued share capital of ARB, before and after the private placement, are set out below:

	R
Authorised	
1 000 000 000 shares of 0.01 cent each	100 000
Issued, before the private placement	
200 000 000 shares of 0.01 cent each	20 000
Share premium	–
Issued, after the private placement (assuming full subscription at a private placement price of 530 cents per share)	
235 000 000 shares of 0.01 cent each	23 500
Share premium	178 296 500

- Interest paid takes into account the settlement of borrowings amounting to R110.5 million utilising a portion of the cash raised through the private placement.
- Taxation was calculated based on what is estimated through the application of the Income Tax Act, 1962, for the forecast period.
- The headline earnings adjustments relate to the revaluation of land and buildings to their fair values. In 2005, the carrying value of the land and buildings approximated the fair value and therefore no adjustment was required. No adjustment has been made to the 2008 forecast as it is considered impracticable to do so.
- The *pro forma* weighted average number of shares for year ending 30 June 2008 is based on the increase in the number of ordinary shares in issue assuming the issue of 35 000 000 new ordinary shares on 20 November 2007 in terms of the offer for subscription.
- The accounting policies applied in compiling the forecast are consistent with those applied by the company during the past financial year.

9. THE PRIVATE PLACEMENT

A total amount of between R336.0 million and R371.0 million, before expenses, will be raised through the private placement to qualifying investors. The proceeds of the private placement will first be applied to the offer for subscription (R168.0 million to R185.5 million) which will allow the company to expunge certain of its debts and grow its market share through funding organic growth, facilitate the working capital requirements of the existing business as well as facilitate potential acquisition opportunities. Thereafter, the proceeds of the private placement will be applied to the offer for sale (R168.0 million to R185.5 million), which will allow existing shareholders to partially realise approximately 17.5% of their current investment in the company and similarly to facilitate the shareholder spread required by the Listings Requirements.

The purpose of the private placement and listing is to:

- expand ARB's geographic footprint;
- fund organic growth by expanding the national branch network;
- fund expansion into new target industries;
- raise capital and have the flexibility of listed shares for acquisitions and other growth opportunities;
- create value for shareholders by leveraging ARB's established presence in the market;
- facilitate further empowerment initiatives; and
- attract and retain intellectual capital through the incentive of meaningful equity participation.

10. SALIENT DATES AND TIMES

3.1 Nature of business

ARB is now South Africa's fastest growing independent black empowered distributor of cable, overhead line transmission and electrical products. With branches in Durban, Johannesburg, Cape Town, East London, Pietermaritzburg and Richards Bay, ARB has a presence in most of the country's major industrial centres.

ARB attributes its success to customer loyalty, which has been earned by encouraging sound business ethics, a strong business reputation achieved from unsurpassed service levels and maintenance of a highly competitive pricing structure.

3.2 Products and brands

ARB offers a comprehensive range of internationally recognised products including:

- a complete range of power and instrumentation cables;
- aluminium overhead line conductors and aerial bundled conductors;
- overhead line hardware, insulators and transformers (including mini-sub); and
- general electrical contracting materials.

3.3 Customers

ARB has over 3 000 customers throughout South Africa and services four strategic business sectors:

- Large and Heavy Industry: where customers include Engen, Illovo, Mondi, Richards Bay Coal, Richards Bay Minerals, Sappi, Tongaat-Hulett and Toyota;
- Parastatals: where customers include Eskom, Transnet, the National Ports Authority (NPA), Telkom, municipalities, water boards and hospitals;
- Construction Industry: where customers include Murray & Roberts, Group 5, WBHO and PPC; and
- Electrical Contractors: where customers include a broad spectrum of electrical contractors including those contracted to Government's national overhead electrification programme.

4. PROSPECTS

As a leading black empowered electrical wholesaler, ARB is well-positioned to take advantage of the infrastructure spend by Eskom and the local municipalities. Furthermore projects creating expansion in the industrial sector, where ARB has traditionally operated and the continued creation of new residential developments provide exceptional opportunities for ARB's future growth.

ARB intends to continue penetrating the mining industry, a new focus for the group which is currently in its infancy. This will further the group's intention to expand into sub-Saharan Africa by targeting the new mines currently in the pipeline in Zambia, Angola, the DRC, Mozambique, Madagascar and Botswana. In addition, ARB intends to expand geographically in South Africa with the roll-out of new branches, both organically and through acquisitions.

5. DIRECTORS' DETAILS

The full names, nationalities, ages, business addresses and functions of the directors are set out below:

Full name and age	Business address	Function
Executive directors		
Craig Charles Robertson (39)	10 Mack Road Prospecton Durban	Chief Executive Officer
William (Billy) Roy Neasham (50)	10 Mack Road Prospecton Durban	Financial Director and Company Secretary

issued, after the private placement (assuming full subscription at a private placement price of 530 cents per share)

235 000 000 shares of 0.01 cent each	23 500
Share premium	178 296 500

All the authorised and issued shares are of the same class and rank *pari passu* in every respect. Subject to the shareholder spread requirements of the Listings Requirements being achieved, the entire share capital of ARB will be listed on the JSE with commencement of trade on Tuesday, 20 November 2007. The shares will be issued in dematerialised form.

7. DIVIDENDS

The company's dividend policy will be to distribute annually, a final dividend, up to a maximum of one-third of net profit after tax, taking into account distributable reserves and cash available for distribution.

8. FINANCIAL INFORMATION

A summary of the historical and forecast income statements of ARB for the years ended 30 June 2005, 2006 and 2007 and the year ending 30 June 2008, the preparation of which is the responsibility of the directors, is set out below. The forecast has been examined by the reporting accountants and should be read in conjunction with their report thereon.

	Reviewed June 2005 R'000	Audited June 2006 R'000	Audited June 2007 R'000	Forecast June 2008 R'000
Gross revenue	417 916	607 955	1 047 642	1 315 293
Cost of sales	(336 334)	(472 973)	(808 871)	(1 032 887)
Gross profit	81 582	134 982	238 771	282 406
Other operating income	41	5 209	25 805	-
Operating expenses	(38 661)	(54 410)	(71 492)	(86 819)
Operating profit	42 962	85 781	193 084	195 587
Interest received	1 369	1 002	1 416	1 203
Interest paid	(5 909)	(7 701)	(13 595)	(5 424)
Profit before taxation	38 422	79 082	180 905	191 366
Taxation	(14 872)	(23 386)	(53 275)	(57 529)
Profit after taxation	23 550	55 696	127 630	133 837
Minority interest	(8 713)	(8 218)	(26 027)	(32 397)
Profit attributable to ordinary shareholders	14 837	47 478	101 603	101 440
Headline earnings adjustments	-	(4 451)	(24 521)	-
Tax on adjustments	-	1 291	7 111	-
Headline earnings attributable to ordinary shareholders	14 837	44 318	84 193	101 440
<i>Pro forma</i> weighted average number of shares in issue ('000)	200 000	200 000	200 000	221 325
<i>Pro forma</i> earnings per share (cents)	7.42	23.74	50.80	45.83
<i>Pro forma</i> headline earnings per share (cents)	7.42	22.16	42.10	45.83

Notes:

- Estimated revenues were based on historical results and these results were applied to the forecast period.
- Estimated costs were forecast on a line-by-line basis and reflect the current budgeted expenditure.
- Interest received does not take into account interest earned on cash raised through the private placement.

10. SALIENT DATES AND TIMES

The offer opens at 09:00 on Monday, 5 November 2007 and is expected to close at 12:00 on Wednesday, 7 November 2007. Indications of interest for the purposes of the bookbuilding process will be received up until 12:00 on Wednesday, 7 November 2007.

	2007
Abridged prospectus released on SENS on	Friday, 2 November
Prospectus available on	Monday, 5 November
Opening date of the private placement at 09:00 on	Monday, 5 November
Last date for indications of interest for the purposes of the bookbuild by 12:00 on	Wednesday, 7 November
Expected closing date of the private placement at 12:00 on	Wednesday, 7 November
Private placement price released on SENS on	Thursday, 8 November
Final allocation of the private placement shares on	Friday, 9 November
Settlement and anticipated listing date of ARB on the JSE at 09:00 on	Tuesday, 20 November

Note:

The above dates and times are subject to change. Any such change will be released on SENS and published in the press.

11. COPIES OF THE PROSPECTUS

This abridged prospectus is a summary of the full prospectus and has been prepared and issued in relation to the private placement and the listing of ARB. It contains the salient features of the prospectus dated 5 November 2007, which should be read in its entirety for a full appreciation thereof.

Copies of the full prospectus may be obtained during office hours at the registered office of the company: 10 Mack Road, Prospecton, Durban, 4110 and the office of the bookrunner, corporate advisor and sponsor of ARB, Bridge Capital Advisors (Pty) Limited, 2nd Floor, 27 Fricker Road, Illovo Boulevard, Illovo, 2196.

Johannesburg
2 November 2007

Bookrunner, corporate advisor
and sponsor



Attorneys



Reporting accountants
and auditors



Accountants &
business advisers

Investor and
corporate relations

