



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

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## PROSPECTUS

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**Prepared and issued in terms of the Listings Requirements ("the Listings Requirements") of the JSE Limited ("the JSE") 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 primary listing of the shares of ARB on the JSE Main Board under the sub-section, "Electronic and Electrical Equipment".**

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Opening date of the private placement at 09:00 on	Monday, 5 November 2007
Last date for indications of interest for the purposes of the bookbuild by 12:00 on	Wednesday, 7 November 2007
Closing date of the private placement at 12:00* on	Wednesday, 7 November 2007
Settlement and anticipated listing date on the JSE at 09:00 on	Tuesday, 20 November 2007

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\* Shareholders must advise their CSDP or stock broker of their acceptance of the offer to subscribe for or to purchase shares in the manner and cut off time stipulated by their CSDP or stock broker.

This prospectus is not an invitation to the general public to subscribe for or purchase shares in ARB, but is issued in compliance with the Listings Requirements and the Companies Act, 1973 (Act 61 of 1973), as amended ("the Act"), for the purpose of providing information to the public with regards to ARB. The private placement is made to invited institutional and retail investors and selected private clients only.

At the date of listing, the authorised share capital of ARB will be R100 000 comprising 1 000 000 000 ordinary shares of 0.01 cent each. After the private placement and at the date of listing, the issued share capital will be R23 500 consisting of 235 000 000 ordinary shares of 0.01 cent each and a share premium account of R185.5 million assuming the maximum number of shares will be issued at 530 cents per share and before taking into account the preliminary expenses. A maximum amount of R371 million will be raised from the private placement. Applications of shares may only be made in multiples of 1 000 shares with a minimum application size of 5 000 shares.

The ordinary shares issued and sold in terms of the private placement will rank *pari passu* with all other ordinary shares issued by ARB. The JSE has granted a listing of ARB ordinary shares subject to compliance with its spread requirements.

The directors of ARB, whose names are set out in paragraph 6 of this prospectus, accept, collectively and individually, full responsibility for the accuracy of the information given herein and certify that, to the best of their knowledge and belief, no facts have been omitted which make any statement false or misleading and that they have made all reasonable enquiries to ascertain such facts and that this prospectus contains all information required by law and the Listings Requirements.

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Date of issue: 5 November 2007

An English copy of this prospectus, accompanied by the documents referred to under "Documents available for inspection" as set out in paragraph 46 of this prospectus, was registered by the Registrar of Companies on 1 November 2007 in terms of section 155(1) of the Act. The Registrar of Companies has scrutinised the information disclosed in this prospectus. The Registrar of Companies does not express any view on the risk for investors or the price of the shares.

Copies of the prospectus, in English only, may be obtained by qualifying investors during business hours (08:00 to 17:00), prior to the closing date of the private placement, from the registered office of ARB and from the office of Bridge Capital, details of which are set out in the "Corporate information" section of this prospectus.

**Bookrunner, corporate advisor  
and sponsor**



**Reporting accountants  
and auditors**



**Attorneys**



**Investor and corporate relations**



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## **CORPORATE INFORMATION** [1(a), 3, 4, 5]

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### **Registered office**

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Prospecton  
Durban, 4110  
(PO Box 26426, Isipingo Beach, 4115)  
Telephone: +27 31 910 0200

### **Reporting accountants and auditors**

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Telephone: +27 31 573 5000

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Telephone: +27 31 364 1111

### **Transfer secretaries**

Computershare Investor Services 2004  
(Pty) Limited  
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Telephone: +27 11 370 5000

### **Bookrunner, corporate advisor and sponsor**

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## **SALIENT FEATURES**

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This section is a summary of the private placement and listing. For a full appreciation of the private placement and listing this prospectus should be read in its entirety.

The definitions commencing on page 10 of this prospectus apply *mutatis mutandis* to the salient features.

### **1. THE BUSINESS**

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 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 then 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.

ARB Electrical Wholesalers is now South Africa's fastest growing independent black empowered distributor of cable, overhead line transmission and electrical products. ARB Electrical Wholesalers operates out of its Durban Head Office with branches in Johannesburg, Cape Town, East London, Pietermaritzburg and Richards Bay.

ARB Electrical Wholesalers 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.

### **2. PROSPECTS**

In 2005 South African President Thabo Mbeki committed to "bring electricity to all" by 2012. The Department of Minerals and Energy together with Eskom will have to work at an accelerated pace in order to fulfil this commitment.

Eskom is planning to spend R1 trillion over the next 20 years to increase South Africa's electricity supply. Over the next five years Eskom will spend R250 billion on capacity expansion at an unprecedented rate and scale.

Overall economic growth in the country has been boosted by expansion in the construction sector, which grew at 21.3%, a 17-year record. SA's construction industry has recorded double-digit growth since 2004 and is expected to double over the next seven years as the government rolls out its infrastructure programme.

ARB intends to continue penetrating the mining industry, a new focus for the group. 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.

As a leading black empowered electrical wholesaler, the group is well placed to participate in the R410 billion public sector infrastructure spend over the next three years and beyond.

### 3. SUMMARY OF HISTORICAL AND FORECAST INCOME STATEMENTS

A summary of the historical and forecast income statements of ARB and its subsidiaries 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:

	<b>Reviewed June 2005 R'000</b>	<b>Audited June 2006 R'000</b>	<b>Audited June 2007 R'000</b>	<b>Forecast June 2008 R'000<sup>(5)</sup></b>	<b>Percentage change</b>
<b>Gross revenue</b>	<b>417 916</b>	<b>607 955</b>	<b>1 047 642</b>	<b>1 315 293</b>	
Cost of sales	(336 334)	(472 973)	(808 871)	(1 032 887)	
<b>Gross profit</b>	<b>81 582</b>	<b>134 982</b>	<b>238 771</b>	<b>282 406</b>	
Other operating income	41	5 209	25 805	–	
Operating expenses	(38 661)	(54 410)	(71 492)	(86 819)	
<b>Operating profit</b>	<b>42 962</b>	<b>85 781</b>	<b>193 084</b>	<b>195 587</b>	
Interest received <sup>(3)</sup>	1 369	1 002	1 416	1 203	
Interest paid	(5 909)	(7 701)	(13 595)	(5 424)	
<b>Profit before tax</b>	<b>38 422</b>	<b>79 082</b>	<b>180 905</b>	<b>191 366</b>	
Taxation	(14 872)	(23 386)	(53 275)	(57 529)	
<b>Profit after tax</b>	<b>23 550</b>	<b>55 696</b>	<b>127 630</b>	<b>133 837</b>	
Minority interest	(8 713)	(8 218)	(26 027)	(32 397)	
<b>Profit attributable to ordinary shareholders</b>	<b>14 837</b>	<b>47 478</b>	<b>101 603</b>	<b>101 440</b>	
Headline earnings adjustments <sup>(4)</sup>	–	(4 451)	(24 521)	–	
Tax on adjustments <sup>(4)</sup>	–	1 291	7 111	–	
<b>Headline earnings attributable to ordinary shareholders</b>	<b>14 837</b>	<b>44 318</b>	<b>84 193</b>	<b>101 440</b>	<b>20.5</b>
<i>Pro forma</i> weighted average number of shares in issue ('000) <sup>(1)</sup>	200 000	200 000	200 000	221 325	
<i>Pro forma</i> earnings per share (cents)	7.42	23.74	50.80	45.83	(9.78)
<i>Pro forma</i> headline earnings per share (cents)	7.42	22.16	42.10	45.83	8.86
Actual weighted average number of shares in issue ('000) <sup>(2)</sup>	20	20	20	221 325	
Earnings per share (cents)	74 185	237 390	508 015	45.83	
Headline earnings per share (cents)	74 185	221 590	420 965	45.83	

#### Notes:

1. 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, as set out in paragraph 4.2, assuming the issue of 35 000 000 new ordinary shares on 20 November 2007 in terms of the offer for subscription and a 10 000-for-1 share split, as set out in paragraph 33.1.
2. The assumptions upon which the forecast income statement is based are set out in paragraph 14.
3. No interest received on excess funds, raised through the private placement, has been taken into account in the forecast.
4. The headline earnings adjustments relate to the revaluation of land and buildings to the 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.
5. The forecast does not take into account the potential acquisition as referred to in paragraph 5 on page 16.

## 4. THE PRIVATE PLACEMENT AND THE LISTING

### 4.1 Rationale for the private placement and listing

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.

### 4.2 Overview of the private placement

The private placement comprises:

- 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; and
- 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.

Therefore, 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 (a maximum of 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 (a maximum of R185.5 million) which will allow existing shareholders to partially realise 17.5% of their current investment in the company, to facilitate the shareholder spread required by the Listings Requirements.

### 4.3 Pricing and allocation

Qualifying investors that have been invited to apply for shares in ARB in terms of the private placement should do so by completing the attached private placement application form in accordance with the provisions of this prospectus and the instructions contained in the private placement application form. No offer will be made to the general public in terms of the private placement.

The private placement price is expected to be between 480 cents and 530 cents per share. Applications of shares may only be made in multiples of 1000 shares with a minimum application size of 5 000 shares.

Invited institutional investors are required to provide an indication to the bookrunner, Bridge Capital, of the quantum of shares they wish to acquire in terms of the private placement together with the price at which they wish to acquire such shares. The final private placement price will be determined based on market demand and will be released on SENS on Thursday, 8 November 2007 and published in the press on Friday, 9 November 2007.

The basis of allocation of the private placement shares will be determined by the directors, in their sole discretion, after consultation with the bookrunner. Notice of the allocations will be given on or from Friday, 9 November 2007.



#### 4.4 Listing

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

#### 4.5 Salient dates and times [19]

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	<b>2007</b>
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
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

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**Note:**

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

#### 5 COPIES OF THE PROSPECTUS

Copies of the prospectus, in English only, may be obtained by qualifying investors during business hours (08:00 to 17:00), prior to the closing date of the private placement, from the registered office of ARB and from the office of Bridge Capital, details of which are set out in the "Corporate information" section of this prospectus.

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## DEFINITIONS

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In this prospectus, any number which appears in a paragraph or sub-paragraph heading is a reference to the paragraph of Schedule 3 of the Act in terms of which the information contained in that paragraph or sub-paragraph is given.

In this prospectus, the annexures hereto and the private placement application form, unless the context indicates otherwise, references to the singular include the plural and *vice versa*, words denoting one gender include the others, expressions denoting natural persons include juristic persons and associations of persons and *vice versa* and the words in the first column hereunder have the meanings stated opposite them in the second column, as follows:

<b>“Act”</b>	the Companies Act, 1973 (Act 61 of 1973), as amended;
<b>“ARB ” or “the company”</b>	ARB Holdings Limited (registration number 1986/002975/06), a public company incorporated in accordance with the laws of South Africa on 24 July 1986;
<b>“ARB Electrical Wholesalers”</b>	ARB Electrical Wholesalers (Pty) Limited (registration number 2004/012797/07), a private company incorporated in accordance with the laws of South Africa and ARB’s main operating subsidiary;
<b>“auditors” or “independent reporting accountants”</b>	PKF Durban Chartered Accountants (SA) (Practice number 906352E);
<b>“Batsomi”</b>	Batsomi Power (Pty) Limited (registration number 2004/034051/07), a private company incorporated in accordance with the laws of South Africa;
<b>“BEE transaction”</b>	the introduction of Batsomi as a 26% shareholder in ARB Electrical Wholesalers, effective 1 December 2005;
<b>“Bridge Capital” or “bookrunner” or “Sponsor”</b>	Bridge Capital Advisors (Pty) Limited (registration number 1998/016302/07), a private company incorporated in accordance with the laws of South Africa and a Sponsor as contemplated in the Listings Requirements;
<b>“business day”</b>	any day other than a Saturday, Sunday or official public holiday in South Africa;
<b>“certificated shareholders”</b>	shareholders who hold certificated shares;
<b>“certificated shares”</b>	shares which are not dematerialised in terms of Strate and title to which is represented by a share certificate or other physical document of title;
<b>“common monetary area”</b>	South Africa, the Republic of Namibia and the Kingdoms of Swaziland and Lesotho;
<b>“company secretary”</b>	William Neasham, whose details appear in the “Corporate information” section of this prospectus;
<b>“CSDP”</b>	Central Securities Depository Participant accepted as a participant in terms of the Securities Services Act, appointed by an individual shareholder for purposes of, and in regard to the dematerialisation of documents of title for purposes of incorporation into the Strate system;
<b>“dematerialised shareholders”</b>	shareholders who hold dematerialised shares;
<b>“dematerialised shares”</b>	shares that have been incorporated into the Strate system and which are held on the sub-register of members in electronic form in terms of the Securities Services Act;

<b>“directors” or “board of directors”</b>	the directors of ARB Holdings, further details of whom appear in paragraph 6;
<b>“documents of title”</b>	share certificates, certified transfer deeds, balance receipts or any other documents of title acceptable to the board of directors in respect of shares;
<b>“employee share option scheme”</b>	ARB Holdings Share Option Scheme, the salient features of which are included in Annexure 8;
<b>“Exchange Control Regulations”</b>	Exchange Control Regulations, 1961, as amended, promulgated in terms of section 9 of the Currency and Exchanges Act, 1933 (Act 9 of 1933), as amended;
<b>“group” or “ARB group”</b>	ARB and its subsidiaries;
<b>“IFRS”</b>	International Financial Reporting Standards;
<b>“JSE”</b>	JSE Limited (registration number 2005/022939/06), a public company incorporated under the laws of South Africa, licensed as an exchange under the Securities Services Act;
<b>“last practicable date”</b>	the last practicable date prior to the finalisation of this prospectus, being Monday, 29 October 2007;
<b>“listing”</b>	the proposed listing of the entire issued share capital of the company on the JSE from commencement of trade on Tuesday, 20 November 2007 in the “Electronic and Electrical Equipment” sector of the Main Board of the JSE;
<b>“Listings Requirements”</b>	the Listings Requirements of the JSE, as amended from time to time;
<b>“offer for sale”</b>	an offer, forming part of the private placement, in terms of which existing shareholders of ARB are offering for sale a maximum of 35 000 000 shares at the private placement price. The following shareholders will be offering their shares for sale: Alan R. Burke, Craig Robertson, Clinton Cockerell, Bruce Sloley, Glenn Allanson, William Neasham and Clifford Dovey;
<b>“offer for subscription”</b>	an offer, forming part of the private placement, in terms of which ARB is offering for subscription a maximum of 35 000 000 new shares at the private placement price;
<b>“private placement”</b>	the private placement of a maximum of 70 000 000 shares, in terms of the offer for sale and the offer for subscription, at the private placement price to qualifying investors for cash;
<b>“private placement application form”</b>	the application form in respect of the private placement, attached to and forming part of this prospectus;
<b>“private placement price”</b>	the price at which the private placement shares will be placed with qualifying investors, which is expected to be between 480 cents and 530 cents per share;
<b>“private placement shares”</b>	the maximum number of shares, being 70 000 000 shares, which will be placed with qualifying investors at the private placement price in terms of the private placement;
<b>“prospectus”</b>	this bound document, dated Monday, 5 November 2007, including all annexures and the private placement application form;
<b>“qualifying investors”</b>	invited institutional and retail investors and selected private clients;
<b>“Rand” or “R” or “cents”</b>	the official currency of South Africa;
<b>“Registrar”</b>	the Registrar of Companies in South Africa;
<b>“Securities Services Act”</b>	the Securities Services Act, 2004 (Act 36 of 2004), as amended;
<b>“SENS”</b>	the Securities Exchange News Service of the JSE;

**“shareholders”**

registered holders of shares in ARB;

**“shares”**

ordinary shares of 0.01 cent each in the share capital of the company;

**“South Africa”**

the Republic of South Africa as constituted from time to time;

**“Strate”**

the electronic settlement and clearing system used by the JSE, managed by Strate Limited (registration number 1998/022242/06), a public company incorporated in accordance with the laws of South Africa; and

**“transfer secretaries”**

Computershare Investor Services 2004 (Pty) Limited (registration number 2004/003647/07), a private company incorporated in accordance with the laws of South Africa.

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## **PART ONE: THE BUSINESS**

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### **1. INCORPORATION AND HISTORY [6(a)(i), 6(b)]**

#### **1.1 BACKGROUND**

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 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. The subsidiary was renamed ARB Electrical Wholesalers (Pty) Ltd. The commencement date of trading of the subsidiary was 1 July 2004.

### **2. NATURE OF BUSINESS**

#### **2.1 Nature of business**

ARB Electrical Wholesalers 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 Electrical Wholesalers 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.

#### **2.2 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.

Some of the brands supplied include:

3M	Forma Line
ABB	Geo Stott
Aberdare Cables	Hellermann Tyton
Advanced Product Technology	Legrand
Allbro	Magnitec
Apple Plastics	Merlin Gerin
Bateman McWade	M-Tech
Bosal Africa	Nordland
Cape Gate	Omron
CBI – Cables & Switchgear	Osram
CCG Cable Terminations	Pfisterer
Clipsal	Pratley

Crabtree	Preformed Line Products
Cullinan Insulators	Raytech
Cutler Hammer	SAG Ceramics
Desta Power Matla	Siemens
Duracast	Stone Stamcor
Electrical Moulded Components	Switch Technique
Electronic Assemblies	Telemechanique
Eveready	Telscrew Products

### 2.3 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.

### 2.4 Management and staff

The group has a loyal staff complement in excess of 300 employees, with a very low staff turnover rate.

An ongoing career development program ensures that each member of staff is afforded the opportunity to grow through training and management studies. The program is constantly monitored and assessed, allowing employees to achieve their maximum potential. The group has an employment equity plan in place which is continually assessed and monitored.

### 2.5 Internal infrastructure

Conscious of the need for optimizing customer satisfaction, ARB has adopted a strategy of implementing a practical information technology structure with leading-edge systems running on a solid network infrastructure.

The company has a fleet in excess of 100 vehicles, amongst which are a number of 16 and 20 ton rigs, to cover the national road grid. ARB has its own in-house servicing facilities for its vehicles at its Durban Head Office. The fleet is equipped with accurate vehicle tracking systems, linked to a global positioning system (GPS), thereby maximizing driver safety and allowing logistics staff to provide customers with accurate times of delivery.

### 2.6 Corporate social investment

ARB supports a number of underprivileged schools, orphanages, shelters, AIDS organisations, the "Save the Children Fund" and the "Abused Kids Crisis Centre" with the donation of critical electrical supplies. The latest projects, being the donation of materials to Shepards' Keep Aids Orphanage, Shayabantu School and Aruna Arc Ministries.

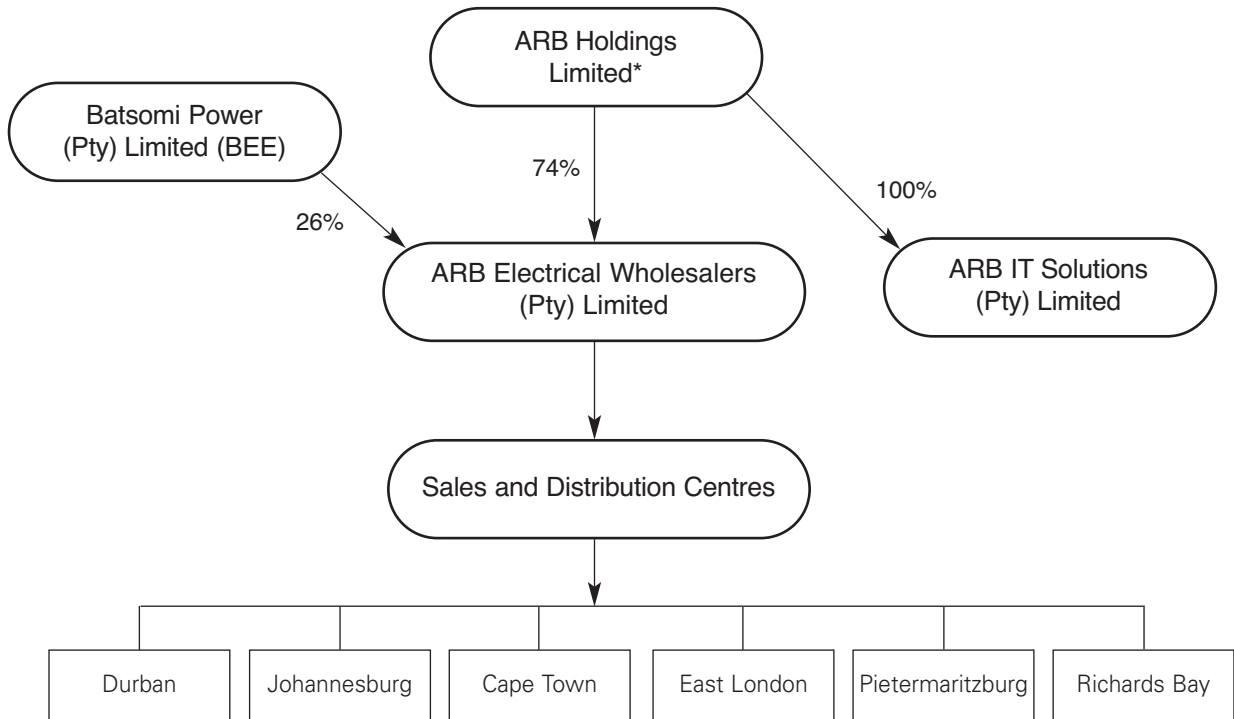
ARB has also recently donated a 45-seater bus to West Ridge High School, an institution which caters for high school learners that are not considered to be "mainstream academic candidates".

ARB also continues to sponsor KwaZulu-Natal club rugby.

No Government protection or investment encouragement law exists or affects the business.

### 3. GROUP OPERATING STRUCTURE

Set out below is the group structure excluding all dormant companies. Refer to Annexure 10 for full details.



**Note:** ARB was converted into a public company on 23 October 2007.

\* To be listed on JSE.

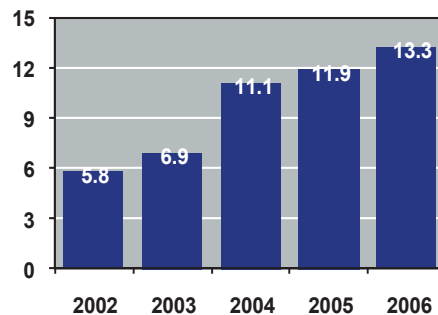
### 4. INDUSTRY

In 2005 South African President Thabo Mbeki committed to “bring electricity to all” by 2012. The Department of Minerals and Energy together with Eskom will have to work at an accelerated pace in order to fulfil this commitment.

South Africa is experiencing a period of substantial growth which will continue to be fuelled by the infrastructure development. Eskom is planning to spend R1 trillion over the next 20 years to increase South Africa’s electricity supply. Over the next five years Eskom will spend R250 billion on capacity expansion at an unprecedented rate and scale.

Overall economic growth in the country has been boosted by expansion in the construction sector, which grew at 21.3%, a 17-year record. SA’s construction industry has recorded double-digit growth since 2004 and is expected to double over the next seven years as the government rolls out its infrastructure programme, R410 billion of which has been committed over the next three years.

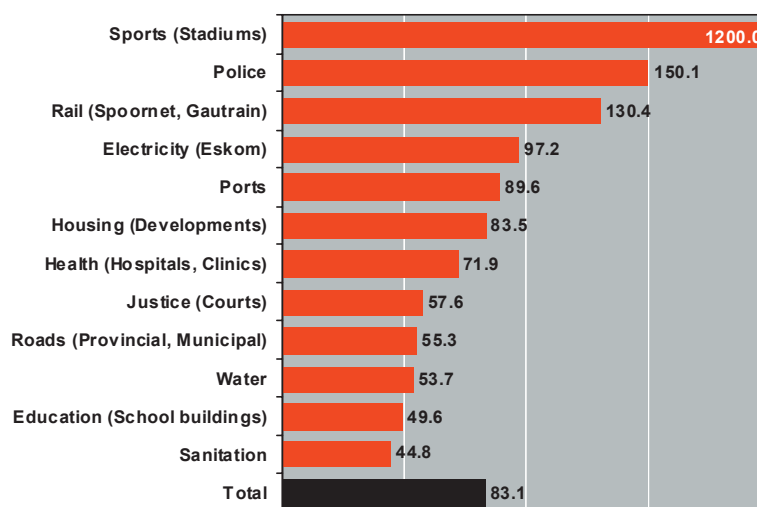
**Growth in SA's Construction Sector**  
Year-on-year %



Source: Stats SA

As can be seen from the graph below, the main areas of public sector infrastructure spend, all present significant opportunities for ARB.

**% Increase past 3 years vs. next 3 years**



Source: National Treasury

## 5. PROSPECTS [6(i)]

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. 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.

ARB's access to funds for expansion should enable the group to continue its growth path, which has been hampered by the limited access to funds for expansion as a private company.

The group has recently entered into discussions pertaining to the potential acquisition of a business involved in the manufacture of industrial products complementary to those currently supplied by ARB which, if successfully concluded, is expected to comprise a Category 2 transaction (i.e. less than 25% of ARB's expected market capitalisation) in terms of the JSE Listings Requirements. The purchase consideration, in the event that the acquisition is concluded, will probably be settled through a combination of ARB shares and cash.



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## PART TWO: DIRECTORS AND EXECUTIVE MANAGEMENT [2]

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### 6. DIRECTORS' DETAILS

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

<b>Full name and age</b>	<b>Business address</b>	<b>Function</b>
<b>Executive directors</b>		
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
<b>Non-executive directors</b>		
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
<b>Independent non-executive director</b>		
Simon Trouncer Downes (49)	1290 South Coast Road Durban	Independent Non-Executive Director

All of the directors are South African citizens.

In terms of the declarations lodged by the directors in accordance with Schedule 21 of the Listings Requirements, none of the following applies to any of the directors listed above for the 12 months preceding the date of this prospectus: bankruptcies, insolvencies or individual voluntary compromise arrangements; receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary liquidations, or any compromise or arrangement with creditors generally or any class of creditors of any company where such person is or was a director with an executive function of such company at the time of any such event; compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships of which the person is or was a partner at the time of such event; receiverships of any asset(s) of such person or of a partnership of which the person is or was a partner at the time of such event; public criticisms of such person by statutory or regulatory authorities, including recognised professional bodies; disqualification by a Court from acting as a director of a company or from acting in the management or conduct of the affairs of any company; and any offence involving dishonesty.

## 7. EXPERIENCE OF DIRECTORS AND EXECUTIVE MANAGEMENT

### 7.1 Executive directors

#### **Craig Charles Robertson (39)**

BCompt

Chief Executive Officer

After completion of articles of clerkship with David Strachan & Tayler (now PKF), Craig joined ARB Electrical Wholesalers in March 1992 as the company accountant. In May 1993, Craig was appointed as Financial Director. Through hands-on interaction with colleagues, suppliers and customers alike, Craig built a solid understanding of the industry and was appointed to the position of Managing Director in May 1997. Craig is responsible for the day-to-day management and control of ARB and has been a significant contributor to the geographic expansion and growth of the group.

#### **William (Billy) Roy Neasham (50)**

B.Com, CA(SA)

Financial Director and Company Secretary

Billy qualified as a Chartered Accountant in 1980 and has been involved with ARB Electrical Wholesalers since 1988 as the audit partner and professional advisor, firstly with KPMG and then more recently with Griffith & Aitken. Billy joined ARB Electrical Wholesalers on 1 June 2000 as Financial Director. Billy is responsible for the financial and accounting functions, including systems development and maintenance.

### 7.2 Non-executive directors

#### **Alan Ronald Burke (53)**

Chairman

After training as an apprentice electrician, Alan gained his initial experience in electrical wholesaling with Globe Electrical (Pty) Ltd, where he rose to the position of Manager at the Wynberg branch. Alan moved back to Durban in 1976 and spent five years trading in general electrical equipment prior to commencing business in 1980 in Richards Bay as the sole proprietor of ARB Industrial Supply Co. The business expanded rapidly and in 1987 it was incorporated into ARB Electrical Wholesalers (then known as Coastal Switchgear (Pty) Ltd), with Alan retaining the controlling shareholding. Alan relocated to Durban in 1988 and was in direct control of the day-to-day operations until May 1997, when he assumed the role of Chairman. Alan is currently responsible for the strategic direction of the group.

#### **Jacob Rasethlake Modise (41)**

B.Com, BAcc, CA(SA), MBA

Jacob qualified as a Chartered Accountant in 1989, achieved his MBA from Wits Business School in 1992 and completed the Advanced Management Program at both Samord Business School (1997) and Harvard Business School (2002). Jacob has filled many senior financial positions with several listed entities and parastatals including Eskom Ltd, Johnnic Holdings Ltd and JCI Ltd. Jacob is the Chairman of Batsomi Investment Holdings (Pty) Ltd and currently holds a number of non-executive directorships. Jacob is also a Trustee of The Nelson Mandela Children's Fund. Jacob was appointed as a director of ARB Electrical Wholesalers on 5 December 2005.

#### **Dumisani Francis Muhlwa (35)**

B.Compt, CA(SA)

After qualifying as a Chartered Accountant in 1996 with Ernst & Young, Dumisani was involved in Corporate and Project Finance, initially with African Merchant Bank and thereafter with MTN Group Ltd and Sasol Ltd at a senior managerial level. Dumisani is currently the CEO of Batsomi Group and was appointed as a director of ARB Electrical Wholesalers on 5 December 2005.

### 7.3 **Independent non-executive director**

#### **Simon Trouncer Downes (49)**

B.Com, CA(SA), FCMA, MBA

Simon is a Chartered Accountant and completed his articles at Pim Goldby (now Deloitte). In 1984, he attained an MBA from the Graduate School of Business at Cape Town University. He was appointed Financial Director of Shave & Gibson Group (Pty) Ltd, which is an independent manufacturer of board packaging and the largest local manufacturer of cheques and other security printed products. Simon is currently the CEO and sole shareholder of Shave & Gibson. He holds directorships in various investment companies and serves as a Director and Trustee of Clifton School (Association incorporated under Section 21).

### 7.4 **Executive Committee**

In addition to the executive directors, the following persons also serve on the Executive Committee and as directors of ARB Electrical Wholesalers:

#### **Clinton Cockerell (48) – Director**

Clinton spent six years as a sales representative for various businesses in the fasteners industry, gaining extensive knowledge and experience in the wholesaling industry. Clinton joined ARB Electrical Wholesalers in March 1987 and has been instrumental in establishing and maintaining the sound customer base, a key asset to ARB Electrical Wholesalers. Clinton was then appointed as a director of ARB Electrical Wholesalers in March 1992 and is now responsible for all the purchasing, sales and marketing of power cables.

#### **Bruce Sloley (52) – Director**

Bruce qualified as an electrician in 1978, after which he was employed in the electrical wholesaling industry. Bruce joined ARB Electrical Wholesalers in 1983 and was appointed a director of the company in 1989. Bruce assisted in developing the market in the greater Zululand region, which he continues to oversee, but since March 2005 he has been primarily responsible for the management and control of the Durban branch.

#### **Jason Burke (28) – Director**

Jason joined ARB Electrical Wholesalers in October 1997 as a dispatch clerk. Jason is another example of the success of ARB Electrical Wholesalers' internal training and development program. Once Jason had elevated his position in ARB Electrical Wholesalers to a sales representative, he started developing the Eastern Cape market from our Durban branch. Jason's market penetration prompted management to commit to opening a new branch in East London from June 2004, with Jason relocating as Branch Manager. On 10 January 2006, Jason was appointed Divisional Director for the Eastern Cape region with the responsibility for the management, control and development of the East London branch. In February 2007, Jason was appointed Divisional Director for Transmission Line and relocated back to Durban to take national responsibility for the Transmission Line division. On 1 March 2007, Jason was appointed as a director of ARB Electrical Wholesalers.

### 7.5 **Senior management**

#### **Cliff Dovey (53) – Divisional Director: Projects**

Cliff is a qualified engineering technician, and has qualifications in production management. Cliff has been involved in electrical wholesaling for in excess of 30 years and has been with ARB Electrical Wholesalers since 1991. Cliff's area of experience is low voltage distribution and motor control gear applications. Cliff's responsibility at ARB Electrical Wholesalers is to identify and supply all new electrical projects.

#### **Glenn Allanson (47) – Divisional Director: Logistics**

Glenn trained as an Aircraft Instrumentation Technician in the SAAF in 1978, and served as a computer technician for three years prior to joining ARB Electrical Wholesalers in 1989 as a sales representative. Glenn is now responsible for the internal operations of ARB Electrical Wholesalers.

**Mervyn Pillai (37) – Divisional Director: Purchasing**

Mervyn joined ARB Electrical Wholesalers as a counter salesman in 1989 in Richards Bay. Mervyn has passed through the ranks and is now responsible for all stock purchasing and the co-ordination of stock levels within the KwaZulu-Natal branches.

**Vinod Singh (35) – Divisional Director: Durban Sales**

Vinod joined ARB Electrical Wholesalers as a counter salesman in 1992. He spent four years on the counter before being transferred to Internal Sales. In 2004, Vinod was promoted to Internal Sales Manager of the Durban branch. Vinod's duties include overseeing sales and training the staff on the various products sold. On 1 March 2007, Vinod was appointed Divisional Director of Durban sales.

**Pauline Seaman (37) – Divisional Manager: Transmission Lines**

Pauline has been involved in the transmission line industry for over 15 years and joined ARB Electrical Wholesalers in June 2004 being responsible for sales, tendering and purchasing in the Transmission Line division. In April 2007, Pauline was appointed as Manager of the Transmission Line division.

**Zanele Njova (33) – Business Development Manager**

After completion of her National Secretarial Diploma in 1996, Zanele achieved her Diploma in Human Resource Management with UNISA in 2002 and further achieved her Advanced Certificate for Commercial Property Practitioners with the University of Pretoria in 2004. Zanele is currently completing her B Tech Degree in Quality Assurance with UNISA. Zanele has served as Senior Secretary to various government departments and then joined Eskom in 2000 to be responsible for the marketing, managing and renting out of Eskom houses nationally. Zanele also served as Senior Quality Officer for the Supplier Management & Quality Department in 2003 prior to her relocation to Durban as BEE Advisor for Eskom Distribution division in 2005. Zanele then joined ARB Electrical Wholesalers in April 2007 as Business Development Manager.

**Shannon Bester (27) – Divisional Director: Finance and Administration**

B.Compt, CA(SA)

Shannon qualified as a Chartered Accountant in January 2005 and has been involved with ARB Electrical Wholesalers since 2001, first as an audit clerk and then as audit manager for PKF Durban. Shannon then joined ARB Electrical Wholesalers in October 2006 as Financial Manager. In July 2007, Shannon was promoted to Divisional Director of Finance and Administration.

**Carl Franz (29) – Branch Manager: Johannesburg**

Carl commenced working at ARB Electrical Wholesalers in February 1997 in the Richards Bay branch as a trainee. On 1 March 2005, Carl was appointed as Branch Manager of the Richards Bay branch until his promotion as the Johannesburg Branch Manager. Carl is responsible for the sales, marketing and management of the Johannesburg branch.

**Chris Cooper (36) – Divisional Director: Cable Sales Johannesburg**

Chris graduated in 1994 with an Electrical Engineering Diploma and went on to join Aberdare Cables where he gained much experience in Power and Instrumentation Cable and accessories. In March 1998, Chris then joined ARB Electrical Wholesalers in its cable department and in August 2006, was appointed as a Divisional Director.

**Beran Sewath (42) – Branch Manager: Richards Bay**

Beran joined ARB Electrical Wholesalers as a sales representative in July 2001. Beran has been involved in servicing the major industries in the Zululand area, and with the relocation of Carl Franz to the Johannesburg branch in June 2006, was promoted to the position of Branch Manager to Richards Bay. Beran is responsible for the sales, marketing and management of the Richards Bay branch.

### **Des Eyden (55) – Divisional Director: Pietermaritzburg**

Des is a qualified electrician who has had experience in the electrical wholesaling industry since 1980. Des was one of the key personnel acquired in ARB Electrical Wholesalers' acquisition of the Pietermaritzburg operation in March 2000, and as branch manager has responsibility for the day-to-day management and control of the Pietermaritzburg branch.

### **Neville Puttergill (33) – Branch Manager: East London**

Neville joined ARB Electrical Wholesalers in April 2005 as a sales representative for the East London branch. Neville has been actively involved in the electrical wholesale market since 1992. In February 2007, with the relocation of Jason Burke to the Durban branch, Neville was promoted to Branch Manager to East London. Neville is responsible for the management, control and development of the East London branch.

### **Ricardo McGregor (30) – Branch Manager: Cape Town**

Ricardo joined ARB Electrical Wholesalers in March 2004 as a sales representative for the Cape Town branch. In September 2005, Ricardo was appointed as the Cape Town Branch Manager. Ricardo is responsible for the management, control and development of the Cape Town branch.

There will be no significant changes in management post-listing.

## **8. QUALIFICATION, APPOINTMENT, REMUNERATION AND BORROWING POWERS OF DIRECTORS**

The relevant provisions of the articles of association of ARB relating to qualification, appointment, remuneration and borrowing powers of directors are set out in Annexure 2. The borrowing powers may only be varied by special resolution.

The remuneration and benefits paid to directors for the year ended 30 June 2007 are set out in paragraph 11 below as well as in note 13 to the annual financial statements contained in Annexure 3.

Remuneration for the non-executive directors will be determined by the Remuneration Committee. It is envisaged that the non-executive directors will be paid approximately R15 000 per meeting attended up to a maximum of R90 000 per annum.

There will be no variation in the remuneration receivable by any of the directors as a direct consequence of the private placement and listing.

No fees were paid or accrued as payable within the three years preceding the date of this prospectus to a third party in lieu of directors' fees.

No sums were paid or agreed to be paid within the three years preceding the date of this prospectus to any director or to any company in which he is beneficially interested, directly or indirectly, or of which he is a director (the "associate company"), or to any partnership, syndicate or other association of which he is a member (the "associate entity"), in cash or securities or otherwise, by any person either to induce him to become or to qualify him as a director, or otherwise for services rendered by him or by the associate company or the associate entity in connection with the promotion or formation of ARB.

No promoter has any material beneficial interest, direct or indirect, in the promotion of ARB and in any material property to be acquired or proposed to be acquired by ARB out of the proceeds of the private placement or during the three years preceding the date of this prospectus.

The borrowing powers of the directors have not been exceeded in the past three years.

Save for the loan payable to the Burke Investment Trust as set out in paragraph 19, no director of the group has any material beneficial interest, whether direct or indirect, in transactions, that were effected by the applicant during the current or immediately preceding financial year or during an earlier financial year, which remain in any respect outstanding or unperformed.

## 9. DIRECTORS' SHAREHOLDINGS [17]

The following changes in interests of the directors and their associates between 30 June 2007 and the date of the prospectus are shown below:

- on 10 September 2007, Alan R Burke sold 40 000 000 shares to the Burke Investment Trust;
- on 17 September 2007, Alan R Burke sold 2 000 000 shares to Chris Cooper; and
- on 17 September 2007, all the shareholders, except for the Burke Investment Trust, sold down in total, 2 000 000 shares (which equated to 1.01% of each shareholders' shareholding) to Derrick Muller.

The directors will immediately before and immediately after the private placement hold, directly and indirectly, the following shares in ARB:

### ***Before the private placement***

<b>Director</b>	<b>Number of shares held Beneficial</b>		<b>Percentage</b>
	<b>Direct</b>	<b>Indirect</b>	
Alan R Burke	41 676 923	86 000 000	63.8
Craig Robertson	19 794 872	–	9.9
William Neasham	5 938 462	–	3.0
Jacob Modise	–	–	–
Dumisani Muhlwa	–	–	–
Simon Downes	–	–	–
	67 410 257	86 000 000	76.7

### ***After the private placement***<sup>1, 2</sup>

<b>Director</b>	<b>Number of shares held Beneficial</b>		<b>Percentage</b>
	<b>Direct</b>	<b>Indirect</b>	
Alan R Burke	18 523 077	86 000 000	44.5
Craig Robertson	16 205 128	–	6.9
William Neasham	4 861 538	–	2.1
Jacob Modise	–	–	–
Dumisani Muhlwa	–	–	–
Simon Downes	–	–	–
	39 589 743	86 000 000	53.5

#### **Notes:**

1. The percentage shareholdings after the private placement are based on the assumption that the private placement will be fully subscribed.
2. Other than as disclosed in the table above, no other director has any material beneficial interest, whether direct or indirect, in any transactions which were effected by the group during the current or immediately preceding financial year or during an earlier financial year and remain in any respect outstanding or unperformed.

Each of the current shareholders of the company (being directors and senior management) have agreed to the following sell down restrictions in respect of all of the ARB shares held by each of them after the private placement:

- 15% of their ARB shares may only be sold after expiry of a period of 12 months from the date of listing;
- an additional 25% of their ARB shares may only be sold after expiry of a period of 24 months from the date of listing; and
- after the expiry of a period of 36 months after listing, no further sell down restrictions shall apply.

## 10. DIRECTORS' SERVICE AGREEMENTS

The directors' service agreements require one month's notice and contain no unusual or onerous provisions. They are available for inspection in terms of paragraph 46 below.

## 11. DIRECTORS' EMOLUMENTS

	<b>Basic salary R000's</b>	<b>Allowances R000's</b>	<b>Pension R000's</b>	<b>Medical aid R000's</b>	<b>Bonus R000's</b>	<b>Total R000's</b>
<b>2005</b>						
A R Burke	917	180	92	23	76	1 288
C C Robertson	642	144	64	26	53	929
W R Neasham	369	132	37	20	31	589
	<b>1 928</b>	<b>456</b>	<b>193</b>	<b>69</b>	<b>160</b>	<b>2 806</b>
<b>2006</b>						
A R Burke	912	180	91	31	76	1 290
C C Robertson	861	144	86	25	72	1 188
W R Neasham	701	108	70	21	58	958
	<b>2 474</b>	<b>432</b>	<b>247</b>	<b>77</b>	<b>206</b>	<b>3 436</b>
<b>2007</b>						
A R Burke	908	180	91	35	–	1 214
C C Robertson	1 079	144	108	25	–	1 356
W R Neasham	817	96	82	19	–	1 014
	<b>2 804</b>	<b>420</b>	<b>281</b>	<b>79</b>	<b>–</b>	<b>3 584</b>

## PART THREE: FINANCIAL INFORMATION [6(f)]

### 12. HISTORICAL FINANCIAL INFORMATION

In respect of the company and its subsidiaries, in consolidated form for each of the preceding five years, the profits before and after tax, dividends paid, dividends paid in cents per share and dividend cover are set out in Annexure 13.

The audited and reviewed consolidated historical financial information for ARB and its subsidiaries for the three years ended 30 June 2007, 2006 and 2005, the preparation of which is the responsibility of the directors, is presented in Annexure 3. Annexure 5 contains the independent reporting accountants' report on the audited and reviewed consolidated historical financial information of ARB and its subsidiaries. The independent reporting accountants have given and have not withdrawn their written consent to the issue of the prospectus, containing the reports in the form and context in which they appear.

### 13. PRO FORMA FINANCIAL INFORMATION

The unaudited *pro forma* income statement and balance sheet after the private placement, as set out in Annexure 4, are provided for illustrative purposes only to provide information about how the private placement may have impacted on the group's results and financial position. Due to the nature of the unaudited *pro forma* financial information, it may not fairly present the group's results and financial position after the private placement. The unaudited *pro forma* income statement and balance sheet should be read in conjunction with the independent reporting accountants' report thereon as set out in Annexure 6. The directors of ARB are responsible for the preparation of the unaudited *pro forma* financial information.

#### 13.1 Pro forma balance sheet

	Audited 30 June 2007 R'000 <sup>(1)</sup>	Share issue R'000 <sup>(3)</sup>	Settlement of debt R'000 <sup>(5)</sup>	Unaudited <i>Pro forma</i> R'000 <sup>(2)</sup>	Percentage change
<b>ASSETS</b>					
<b>Non current assets</b>	<b>79 683</b>	–	–	<b>79 683</b>	
<b>Current assets</b>	<b>409 377</b>	<b>178 300</b>	<b>(109 190)</b>	<b>478 487</b>	
Inventory and receivables	409 354	–	–	409 354	
Cash <sup>(3)</sup>	23	178 300	(109 190)	69 133	
<b>Total assets</b>	<b>489 060</b>	<b>178 300</b>	<b>(190 190)</b>	<b>558 170</b>	
<b>EQUITY AND LIABILITIES</b>					
<b>Equity and reserves</b>	<b>218 993</b>	<b>178 300</b>	–	<b>397 293</b>	
Share capital and premium <sup>(4)</sup>	20	178 300	–	178 320	
Revaluation reserve	23 893	–	–	23 893	
Accumulated profits	152 120	–	–	152 120	
Minority interest	33 586	–	–	33 586	
Non-distributable reserve	9 374	–	–	9 374	
<b>Non-current liabilities</b>	<b>48 650</b>	–	<b>(40 070)</b>	<b>8 580</b>	
<b>Current liabilities</b>	<b>221 417</b>	–	<b>(69 120)</b>	<b>152 297</b>	
Current liabilities and other liabilities	199 394	–	(47 097)	152 297	
Bank overdraft	22 023	–	(22 023)	–	
<b>Equity and liabilities</b>	<b>489 060</b>	<b>178 300</b>	<b>(109 190)</b>	<b>558 170</b>	
<i>Pro forma</i> number of shares in issue	200 000			235 000	
Net asset value per share (cents)	109.50			169.06	54.39
Net tangible asset value per share (cents)	109.50			169.06	54.39



**Notes:**

1. The financial information has been extracted, without adjustment, from the audited financial statements of ARB for the year ended 30 June 2007. These are set out in Annexure 3.
2. The unaudited *pro forma* balance sheet was prepared on the basis that the private placement in terms of the offer for subscription was completed on 30 June 2007 and a total amount of R185.5 million less estimated listing costs of R7.2 million as set out in paragraph 17 below was raised.
3. Current assets have been adjusted to include the expected proceeds of the offer for subscription of R185.5 million less the estimated listing costs set out in paragraph 17 below.
4. Share capital has been adjusted to include the 35 million shares with a par value of 0.01 cent each allotted in terms of the private placement and includes share premium, less the estimated listing costs as set out in paragraph 17 below.
5. Cash received through the private placement was used to settle the following debts:
 

(a) Investec loan	R15.1 million
(b) Burke Investment Trust	R37.1 million
(c) Instalment sales agreements (Nedbank)	R9.3 million
(d) Batsomi	R25.6 million
(e) Bank overdraft	R22.0 million

**Note:** The debt balances are the closing balances at 30 June 2007.

### 13.2 *Pro forma* income statement

	<b>Audited 30 June 2007 R'000<sup>(1)</sup></b>	<b>Settlement of debt R'000</b>	<b>Unaudited <i>Pro forma</i> R'000<sup>(2)</sup></b>	<b>Percentage change</b>
<b>Gross revenue</b>	<b>1 047 642</b>	–	<b>1 047 642</b>	
Cost of sales	(808 871)	–	(808 871)	
<b>Gross profit</b>	<b>238 771</b>	–	<b>238 771</b>	
Other operating income	25 805	–	25 805	
Operating expenses	(71 492)	–	(71 492)	
<b>Operating profit</b>	<b>193 084</b>	–	<b>193 084</b>	
Interest received	1 416	–	1 416	
Interest paid <sup>(3)</sup>	(13 595)	13 595 <sup>(3)</sup>	–	
<b>Profit before tax</b>	<b>180 905</b>	<b>13 595</b>	<b>194 500</b>	
Taxation	(53 275)	(3 943)	(57 218)	
<b>Profit after tax</b>	<b>127 630</b>	<b>9 652</b>	<b>137 282</b>	
Minority interest	(26 027)	(1 942)	(27 969)	
<b>Profit attributable to ordinary shareholders</b>	<b>101 603</b>	<b>7 710</b>	<b>109 313</b>	
Headline earnings adjustments	(24 521)	–	(24 521)	
Tax on adjustments	7 111	–	7 111	
<b>Headline earnings attributable to ordinary shareholders</b>	<b>84 193</b>	<b>7 710</b>	<b>91 903</b>	
<i>Pro forma</i> number of shares in issue (‘000)	200 000	–	235 000	
Earnings per share (cents)	50.80	–	46.52	(8.43)
Headline earnings per share (cents)	42.10	–	39.11	(7.11)

**Notes:**

1. The financial information has been extracted, without adjustment, from the audited financial statements for ARB for the year ended 30 June 2007. These are set out in Annexure 3.
2. The unaudited *pro forma* income statement was prepared on the basis that the offer for subscription was completed on 1 July 2006.
3. The adjustment to interest paid reflects the interest saved on the settlement of the debts as referred to in point 5 above, at the respective interest rates as set out in notes 7 and 9 in Annexure 3.

## 14. PROFIT FORECAST

The unaudited consolidated profit forecast of ARB for 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 as set out in Annexure 7.

	<b>Reviewed June 2005 R'000</b>	<b>Audited June 2006 R'000</b>	<b>Audited June 2007 R'000</b>	<b>Forecast June 2008 R'000</b>	<b>Percentage change</b>
<b>Gross revenue</b>	<b>417 916</b>	<b>607 955</b>	<b>1 047 642</b>	<b>1 315 293</b>	
Cost of sales	(336 334)	(472 973)	(808 871)	(1 032 887)	
<b>Gross profit</b>	<b>81 582</b>	<b>134 982</b>	<b>238 771</b>	<b>282 406</b>	
Other operating income	41	5 209	25 805	–	
Operating expenses	(38 661)	(54 410)	(71 492)	(86 819)	
<b>Operating profit</b>	<b>42 962</b>	<b>85 781</b>	<b>193 084</b>	<b>195 587</b>	
Interest received <sup>(2)</sup>	1 369	1 002	1 416	1 203	
Interest paid	(5 909)	(7 701)	(13 595)	(5 424)	
<b>Profit before tax</b>	<b>38 422</b>	<b>79 082</b>	<b>180 905</b>	<b>191 366</b>	
Taxation	(14 872)	(23 386)	(53 275)	(57 529)	
<b>Profit after tax</b>	<b>23 550</b>	<b>55 696</b>	<b>127 630</b>	<b>133 837</b>	
Minority interest	(8 713)	(8 218)	(26 027)	(32 397)	
<b>Profit attributable to ordinary shareholders</b>	<b>14 837</b>	<b>47 478</b>	<b>101 603</b>	<b>101 440</b>	
Headline earnings adjustments <sup>(3)</sup>	–	(4 451)	(24 521)	–	
Tax on adjustments <sup>(3)</sup>	–	1 291	7 111	–	
<b>Headline earnings attributable to ordinary shareholders</b>	<b>14 837</b>	<b>44 318</b>	<b>84 193</b>	<b>101 440</b>	<b>20.5</b>
<i>Pro forma</i> weighted average number of shares in issue ('000) <sup>(1)</sup>	200 000	200 000	200 000	221 325	
<i>Pro forma</i> earnings per share (cents)	7.42	23.74	50.80	45.83	(9.78)
<i>Pro forma</i> headline earnings per share (cents)	7.42	22.16	42.10	45.83	8.86
Actual weighted average number of shares in issue ('000)	20	20	20	221 325	
Earnings per share (cents)	74 185	237 390	508 015	45.83	
Headline earnings per share (cents)	74 185	221 590	420 965	45.83	

### Notes:

1. 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 the 20th November 2007 in terms of the offer for subscription and a 10 000-for-1 share split which has also been applied to years ended 30 June 2005, 2006 and 2007.
2. No interest received on excess funds, raised through the private placement, has been taken into account in the forecast.
3. The headline earnings adjustments relate to the revaluation of land and buildings to the 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.

### Notes to the profit forecasts

The profit forecast of ARB for the year ending 30 June 2008, the preparation of which is the responsibility of the directors, is set out above. The accounting policies applied in compiling the forecast are consistent in all respects to those accounting policies applied to the historic information presented. The forecasts should be read in conjunction with the accountants' report set out in Annexure 7.

## Material assumptions underlying the preparation of the profit forecasts

The forecast information is based on the assumption that circumstances which could affect the group's business, but which are outside the control of the directors, will not materially alter in such way as to affect the trading of the group. More specifically:

- trading conditions are not expected to be materially different in the forecast period;
- present copper commodity prices, interest rates at 13.5% as well as taxation rates at 29%, will remain relatively stable;
- current inflation rates will remain relatively constant at 6%;
- no unforeseen materials supply shortages or delays will occur; and
- labour legislation will not materially change and the labour force will remain relatively stable without any strike action.

## Assumptions under the control of the directors:

The forecast information is based on the following assumptions which are under the control of the directors:

- there will be continuity in existing management and trading policies;
- there will be no change in the current accounting policies; and
- there will be adequate working capital to fund the operating activities.

## Basis of preparation of the forecast

The following were reviewed in the assessment of the profit forecast and were considered by management to be an adequate basis upon which the forecast for year ending 30 June 2008 can be based:

- 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;
- interest paid takes into account the settlement of the following borrowings utilising a portion of the cash raised through the private placement at their respective interest rates as set out in notes 7 and 9 of Annexure 3 – balances at the last practicable date:

– Burke Investment Trust	R67.0 million
– Investec Bank Ltd	R19.0 million
– Batsomi	R16.3 million
– Installment sales	R8.2 million

**R110.5 million**

- taxation was calculated based on what is estimated through the application of the Income Tax Act for the forecast period; and
- the forecast does not take into account the potential acquisition as referred to in paragraph 5 on page 16.

## 15. 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.

Any dividends not claimed for a period of not less than 12 years from the date on which such dividends became payable may be forfeited for the benefit of the company. There is no arrangement under which future dividends will be waived or have been waived.

## 16. MATERIAL CHANGES

The directors report that there have been no material changes in the financial or trading position of ARB and its subsidiaries since 30 June 2007.

There have been no material changes to the business of ARB and its subsidiaries during the past five years. The business of ARB or its subsidiaries or any part thereof is not managed or proposed to be managed by a third party under any contract or arrangement.

## 17. PRELIMINARY AND SHARE ISSUE EXPENSES [15]

The estimated expenses of the private placement and the listing, exclusive of Value-Added Tax, are as follows:

	<b>R'000</b>
Printing, publication, distribution and advertising expenses – INCE, Envisage	300
JSE documentation fees	54
JSE listing fees	108
Sponsor – Bridge Capital	625
Capital raising fees – Bridge Capital	5 585
Reporting accountants – PKF	150
Attorneys – Garlicke & Bousfield	100
Sundry costs	278
<b>Estimated total</b>	<b>7 200</b>

The abovementioned estimated expenses, which will not exceed the share premium, will be written-off against the share premium account to the extent permissible by the Act.

## 18. CAPITAL COMMITMENTS, LEASE PAYMENTS AND CONTINGENT LIABILITIES

The group had no material capital commitments, lease payments and contingent liabilities at 30 June 2007, except as disclosed in note 16 of the audited financial information for ARB as set out in Annexure 3. There have been no material changes to the capital commitments, lease payments and contingent liabilities of the group since that date.

## 19. BORROWINGS AND LOANS RECEIVABLE [9]

Details of material loans made to the group and/or any of its subsidiaries as at 30 June 2007 are disclosed in notes 7 and 9 of the audited financial information in Annexure 3 and the details of these loans are detailed below:

### 19.1 Loans payable by ARB

#### ***Shareholder loans (as disclosed in note 9 in Annexure 3)***

The outstanding loan amount of R37.1 million due to the Burke Investment Trust is unsecured and bears interest at prime minus 1.75%. The loan was made for the funding of the working capital of the company in substitution of the bank overdraft facility afforded to the company. This amount is payable on demand out of proceed from the private placement alternatively will be repaid in the ordinary course of business.

#### ***Investec Bank Limited***

The outstanding amount of R15.1 million due to Investec Bank is secured over land and buildings valued at R61.9 million. Interest is payable at the prime rate, less 1.5% per annum. Interest and capital are repayable in monthly instalments of R282 535 over a period of 10 years.

#### ***Instalment sales agreement***

The outstanding amount of R9.3 million due to Nedbank is secured over the motor vehicles with a book value of R11.7 million. Interest is payable at rates linked to prime. Interest and capital are repayable in monthly instalments of R372 529 over a period of four years.

## 19.2 Loans payable by ARB Electrical Wholesalers

### ***Batsomi Power***

The outstanding amount of R25.6 million due to Batsomi bears interest at prime minus 2% per annum. Interest is repayable monthly and capital is repayable bi-annually according to the sum of digits method over five years. The loan is unsecured and arose from the acquisition of the business of ARB Electrical Wholesalers from ARB on 1 December 2005 in facilitation of the BEE deal.

## 19.3 Loans receivable by ARB

### ***ARB Electrical Wholesalers shareholders' loan***

The outstanding amount of R74.7 million due from ARB Electrical Wholesalers bears interest at prime minus 2% per annum. Interest is repayable monthly and capital is repayable bi-annually according to the sum of digits method over five years. The loan is unsecured (intercompany loan) and arose from the acquisition of the business of ARB Electrical Wholesalers from ARB on 1 July 2004. The loan is not in arrears.

### ***ARB Electrical Wholesalers working capital loan***

The outstanding amount of R37.1 million due from ARB Electrical Wholesalers is unsecured (advanced by a shareholder) and bears interest at prime minus 1.75%. The loan is receivable on call. The loan was made for the funding of the working capital in substitution of the bank overdraft facility. The loan receivable arises from time to time based on the working capital requirements of ARB Electrical Wholesalers. The loan is not in arrears.

## 19.4 Loans receivable by ARB Electrical Wholesalers

None.

## 19.5 Related party transactions

In addition to the related party transaction disclosed in note 18 in Annexure 3, the following transactions are material intercompany financial transactions:

### 19.5.1 **Property and vehicle rentals**

ARB received R13.5 million for the year end 30 June 2007 (2006 – R10.1 million) from ARB Electrical Wholesalers in terms of rental agreements.

### 19.5.2 **Interest received**

ARB received R9.9 million for the year ended 30 June 2007 (2006 – R5.6 million) from ARB Electrical Wholesalers in terms of the loans as disclosed in paragraph 19.3 above.

No debentures or debenture stock have been issued by way of conversion or replacement of debentures previously issued.

No loan capital is outstanding.

## 20. ADEQUACY OF WORKING CAPITAL [22]

The directors are of the opinion that the working capital available to ARB, ignoring the amount to be raised in the private placement, is adequate for the purposes of the business of the group and will be so adequate for at least the next 12 months from the date of issue of this prospectus.

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## **PART FOUR: THE PRIVATE PLACEMENT AND LISTING [18]**

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### **21. PURPOSE OF THE PRIVATE PLACEMENT AND LISTING [7]**

Subject to the achievement of the required spread of public shareholders, the JSE has formally approved the listing of a maximum of 235 000 000 shares 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. The shares will trade under the abbreviated name ARB, with the share code “ARH” and ISIN ZAE000109435.

ARB has a subscribed capital, including reserves but excluding minority interests, and revaluations of assets and intangible assets that are not supported by a valuation by an independent professional expert acceptable to the JSE prepared within the last six months, of at least R25 million. The company will have a public shareholding of at least 300 shareholders that will hold a minimum of 20% of the shares on the day of listing. This will be achieved through a private placement immediately prior to listing to select institutional and retail investors and private clients of a maximum of 70 000 000 ordinary shares, which will represent at least 20% of the company’s issued share capital post the private placement.

A total amount of between R168.0 million and R185.5 million, before expenses, will be raised by the issue of a maximum of 35 000 000 new shares by the company for cash, and a total amount of between R168.0 million and R185.5 million, before expenses, will be raised from the sale of a maximum of 35 000 000 shares by the existing shareholders for cash, to qualifying investors. The proceeds received in terms of the private placement will first be applied to the offer for subscription and thereafter to the offer for sale. The proceeds from the offer for subscription will be utilised to expunge certain debts and to grow the company’s market share through potential acquisition opportunities and facilitate the working capital requirements of the existing business.

The purpose of the private placement and the listing are 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.

The purpose of the offer for sale is to allow existing shareholders to partially realise approximately 17.5% of their current investment in the company and to comply with the Listing Requirements regarding shareholder spread.

### **22. PRICING**

The private placement price is expected to be between 480 cents and 530 cents. Applications for the shares may only be made in multiples of 1 000 shares with a minimum application size of 5 000 shares. Fractions of shares in ARB will not be issued. The private placement price will be payable in full in Rand without deduction or set-off.

Bridge Capital, the bookrunner, is seeking indications of interest from invited institutional, retail and private client investors to acquire the private placement shares as part of a bookbuilding process. The final private placement price will be determined based on an analysis of market demand and will be released on SENS and published in the press as set out below.

## 23. SALIENT DATES

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 referred to above will be received up until 12:00 on Wednesday, 7 November 2007.

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	<b>2007</b>
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
Closing date of the private placement at 12:00 on	Wednesday, 7 November
Private placement price released on SENS on	Thursday, 8 November
Private placement price published in the press on	Friday, 9 November
Final allocation of the private placement shares on	Friday, 9 November
Settlement and anticipated listing date of ARB on the JSE at 9:00 on	Tuesday, 20 November

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

## 24. PARTICIPATION IN THE PRIVATE PLACEMENT

Invited institutional and retail investors and selected private clients, together “qualifying investors”, may participate in the private placement.

### **Invited institutional investors**

Invited institutional investors are to provide Bridge Capital, the bookrunner, with their irrevocable indications of interest by 12:00 on Wednesday, 7 November 2007 by completing Section A of the attached application form. Invited institutional investors will be informed of their allocated shares, if any, on or from Friday, 9 November 2007, when the collated applications will be provided to the transfer secretaries and Strate. Invited institutional investors must make the necessary arrangements to enable their CSDP to make payment for the allocated shares on the settlement date. The allocated shares will be transferred, on a “delivery versus payment” basis, to successful institutional applicants on the settlement date, which is expected to be Tuesday, 20 November 2007.

### **Invited retail investors**

Invited retail investors are to provide Bridge Capital, the bookrunner, with their completed private placing application forms by 12:00 on Wednesday, 7 November 2007 by completing Section B of the attached application form. Invited retail investors will be informed of their allocated shares, if any, on or from Friday, 9 November 2007. Invited retail investors must make the necessary arrangements to enable their CSDP or broker, as the case may be, to make payment for the allocated shares on settlement date. The allocated shares will be transferred, on a “delivery versus payment” basis, to successful retail applicants on the settlement date, which is expected to be Tuesday, 20 November 2007.

### **Selected private clients**

Selected private clients are to provide Bridge Capital, the bookrunner, with their completed private placing application forms by 12:00 on Wednesday, 7 November 2007 by completing Section B of the attached application form. Selected private clients will be informed of their allocated shares, if any, on or from Friday, 9 November 2007. Selected private clients must make the necessary arrangements to enable their CSDP or broker, as the case may be, to make payment for the allocated shares on settlement date. The allocated shares will be transferred, on a “delivery versus payment” basis to successful private client applicants on the settlement date, which is expected to be Tuesday, 20 November 2007.

## **Selected employees, business associates, family and friends (“private individuals”)**

Selected private individuals are to provide Bridge Capital, the bookrunner, with their completed private placing application forms by 12:00 on Wednesday, 7 November 2007 by completing Section C of the attached application form. Selected private individuals will be informed of their allocated shares, if any, on or from Friday, 9 November 2007. Selected private individuals must make the necessary arrangements to enable their CSDP or broker, as the case may be, to make payment for the allocated shares on settlement date. The allocated shares will be transferred, on a “delivery versus payment” basis to successful private individual applicants on the settlement date, which is expected to be Tuesday, 20 November 2007.

The allocated shares will be transferred to successful qualifying investors in dematerialised form only. Accordingly, all successful qualifying investors must appoint a CSDP directly, or through a broker, to receive and hold the dematerialised shares on their behalf. Should a shareholder require a physical share certificate for its shares, it will have to materialise its shares following the listing and should contact its CSDP or broker to do so.

## **25. APPLICATIONS**

### **25.1 Acceptance**

No applications will be accepted after 12:00 on Wednesday, 7 November 2007.

### **25.2 Applications irrevocable**

Applications submitted by qualifying investors shall constitute irrevocable offers and may not be withdrawn once received by Bridge Capital.

### **25.3 Copies of applications**

Copies or reproductions of the application form will be accepted at the discretion of the directors of ARB.

### **25.4 Alterations to application**

Any alterations on the application form must be authenticated by full signature.

### **25.5 Evidence of capacity to apply**

No documentary evidence of capacity to apply need accompany an application but the company reserves the right to call upon any applicant to submit such evidence for noting, which evidence will be held on file with the transfer secretaries or returned to the applicant at the applicant’s risk.

### **25.6 Incomplete application forms**

Incomplete application forms will not be accepted. All application forms must be stamped and signed by a CSDP or Broker prior to being submitted.

### **25.7 Reservation of rights**

The directors of ARB reserve the right to refuse any application(s), either in whole or part, or to pro rate any or all application(s) (whether or not received timeously) in any manner as they may, in their sole and absolute discretion, determine.

The directors of ARB reserve the right to accept or reject, either in whole or part, any private placement application form should the terms contained in this prospectus, and the instructions herein, not be properly complied with.



## 26. **ISSUE AND ALLOCATION OF THE PRIVATE PLACEMENT SHARES [21]**

All shares applied and subscribed for in terms of this prospectus will be issued at the expense of the company.

All shares placed in terms of this prospectus will be allotted subject to the provisions of the articles of association and will rank *pari passu* in all respects with any existing issued shares.

Applications of shares may only be made in multiples of 1 000 shares with a minimum application size of 5 000 shares.

The basis of allocation of the shares, based on irrevocable indications of interest and applications accepted by the company in accordance with paragraphs 24 and 25 above will be determined by the directors in their sole discretion, after consultation with Bridge Capital. Applicants may receive fewer than the number of shares applied for.

It is intended that notice of the allocations will be given on or from Friday, 9 November 2007. Successful applicants' accounts with their CSDP or broker will be credited with the allocated shares on the listing date on a "delivery versus payment" basis.

There is no minimum subscription amount that must be raised.

## 27. **PAYMENT AND DELIVERY OF THE PRIVATE PLACEMENT SHARES**

No payment should be submitted with the private placement application form delivered to the bookrunner, Bridge Capital. Applicants must make the necessary arrangements to enable their CSDP or broker to make payment for the allocated shares on the settlement date, which is expected to be Tuesday, 20 November 2007, in accordance with each applicant's agreement with their CSDP or broker.

The allocated shares will be transferred, on a "delivery versus payment" basis, to successful qualifying investors on the settlement date, which is expected to be Tuesday, 20 November 2007.

The applicant's CSDP or broker must commit to Strate to the receipt of the applicant's allocation of shares against payment on Tuesday, 20 November 2007.

On the listing date, the applicant's allocation of shares will be credited to the applicant's CSDP or broker against payment during the Strate settlement runs, prior to the opening of the market.

The CSDP or broker concerned will receive and hold the dematerialised shares on the applicant's behalf.

## 28. **REPRESENTATION**

Any person applying for or accepting the shares shall be deemed to have represented to the company that such person was in possession of a copy of this prospectus at that time. Any person applying for or accepting the shares on behalf of another:

- shall be deemed to have represented to the company that such person is duly authorised to do so and warrants that such person and the purchaser for whom such person is acting as a agent is duly authorised to do so in accordance with all relevant laws;
- guarantees the payment of the private placement price; and
- warrants that a copy of this prospectus was in the possession of the purchaser for whom such person is acting as agent.

## 29. **STRATE AND TRADING OF SHARES ON THE JSE**

Shares of ARB may only be traded on the JSE in electronic form (dematerialised shares) and will be trading for electronic settlement in terms of Strate immediately following the listing. The allocated shares will be transferred to successful qualifying investors in dematerialised form only. Accordingly, all successful qualifying investors must appoint a CSDP directly, or through a broker, to receive and hold the dematerialised shares on their behalf. Should a shareholder require a physical share certificate for its shares, it will have to materialise its shares following the listing and should contact its CSDP or broker to do so.

Strate is a system of “paperless” transfer of securities. If you have any doubt as to the mechanics of Strate, please consult your CSDP, broker or other appropriate advisor. You are also referred to the Strate website at [www.strate.co.za](http://www.strate.co.za) for more information. Some of the principal features of Strate are as follows:

- electronic records of ownership replace share certificates and physical delivery of certificates;
- trades executed on the JSE must be settled within five business days;
- all investors owning dematerialised shares or wishing to trade their securities on the JSE are required to appoint either a CSDP or a broker to act on their behalf and to handle their settlement requirements; and
- unless investors owning dematerialised shares specifically request their CSDP to register them as an “own name” dematerialised shareholder (which entails a fee), the nominee company of their CSDP or broker holding the shares on their behalf, will be the shareholder (member) of the relevant company and not the investor. Subject to the agreement between the investor and the CSDP or broker, the investor is entitled to instruct the CSDP or broker (or the company of their CSDP or broker), as to how it wishes to exercise the rights attaching to the shares and/or to attend and vote at shareholders’ meetings.

### **30. EXCHANGE CONTROL REGULATIONS**

The following summary is intended as a guide and is therefore not comprehensive. If you are in any doubt regarding the Exchange Control Regulations, please consult your professional advisor.

#### **30.1 Emigrants from the common monetary area:**

- a former resident of the common monetary area who has emigrated, may use emigrant blocked funds to subscribe for shares in terms of this prospectus;
- all payments in respect of subscriptions of shares by an emigrant, using emigrant blocked funds, must be made through the authorised dealer in foreign exchange controlling the blocked assets;
- any shares issued pursuant to the use of emigrant blocked funds, will be credited to their blocked share accounts at the CSDP controlling their blocked portfolios;
- shares subsequently rematerialised and issued in certificated form, will be endorsed “Non-Resident” and will be sent to the authorised dealer in foreign exchange through whom the payment was made; and
- if applicable, refund monies payable in respect to unsuccessful applications, or partly successful applications, as the case may be, for shares in terms of this prospectus, emanating from emigrant blocked accounts, will be returned to the authorised dealer in foreign exchange through whom the payments were made, for credit to such applicant’s blocked accounts.

#### **30.2 Applicants resident outside the common monetary area:**

- a person who is not resident in the common monetary area should obtain advice as to whether any governmental and/or other legal consent is required and/or whether any formality must be observed to enable a subscription to be made in terms of the private placement;
- this prospectus is not an offer in any area or jurisdiction in which it is illegal to make such an offer. In such circumstances, this prospectus and any private placement application form have been sent for information purposes only; and
- applicants that are resident outside the common monetary area should note that, where shares are subsequently rematerialised and issued in certificated form, such share certificates will be endorsed “Non-Resident” in terms of the Exchange Control Regulations.

## PART FIVE: SHARE CAPITAL

### 31. SHARE CAPITAL [8]

#### 31.1 Authorised and issued share capital

The authorised and issued share capital of ARB, taking into account the private placement and listing costs as set out in paragraph 17, which are to be offset against the share premium, are set out below:

	R
<b>Authorised</b>	
1 000 000 000 shares of 0.01 cent each	100 000
<b>Issued, before the private placement</b>	
200 000 000 shares of 0.01 cent each	20 000
Share premium	–
<b>Issued, after the private placement</b>	
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.
- Save as set out in paragraph 33.1 below, there has been no sub-division or consolidation of shares during the three years prior to the date of issue of this prospectus.
- Save as provided for in paragraph 33.2 below, no offer has been made for the subscription or sale of shares during the three year period preceding the date of issue of this prospectus.
- The share premium was calculated assuming the private placement occurred at 530 cents per share and was fully subscribed.

### 32. MAJOR SHAREHOLDERS

The shareholders, other than directors, who are directly or indirectly beneficially interested in 5% or more of the issued share capital of ARB at the last practicable date are as follows:

Name of shareholder	Number of shares		Percentage held	
	Before the private placement	After the private placement	Before the private placement	After the private placement <sup>(1)</sup>
Clinton Cockerell	14 846 154	12 153 846	7.4	5.2
Bruce Sloley	14 846 154	12 153 846	7.4	5.2

**Note:**

1. The "After the private placement" column assumes that the private placement will be fully subscribed.

- No other shareholder, other than the directors and as set out in the table above, will, as far the directors of ARB are aware, directly or indirectly, hold 5% or more of the issued share capital of ARB following the private placement. The company will have a public shareholding of at least 300 shareholders that will hold a minimum of 20% of the shares on the day of listing. There has been no change in controlling shareholder in ARB during the previous five years.
- There will be a change in the status of Alan R Burke's controlling shareholding status as a result of the private placement and therefore, he will no longer be the controlling shareholder.
- Save for the restructuring undertaken in 2004/5 to the effect of the BEE transaction as set out in paragraph 35 below, there have been no changes in the trading objects of ARB and its subsidiaries during the last five years.

- Only one class of share will be in issue namely, ordinary shares with a par value of 0.01 cent each.
- Each of the current shareholders of the company (being directors and senior management) have agreed to the sell down restrictions set out under paragraph 9 above in respect of all of the ARB shares held by each of them after the private placement.

### 33. ALTERATIONS TO SHARE CAPITAL

#### 33.1 Alterations to authorised share capital [6(a)(ii), 6(a)(i)]

Before any corporate actions referred to below, the authorised and issued share capital of ARB was 20 000 ordinary shares with a par value of 100 cents each. On 15 October 2007, the company increased its authorised share capital by a further 80 000 ordinary shares of 100 cents each and effected a share split on a 10 000-for-1 basis in order to facilitate the private placement and listing.

#### 33.2 Issue and offers of shares by ARB and/or its subsidiaries[11 6(a)(iii)]

In the past three years, ARB has not issued or offered to issue any securities. During that period ARB IT Solutions (Pty) Ltd issued 100 shares of R1.00 each at par to ARB.

Save for the issue of shares as set out above, there were no other issues nor offers of shares by ARB or any of its subsidiaries, whether for cash or otherwise.

The ordinary resolutions to approve the above issue of shares were implemented at the time of the issues. In terms of an ordinary resolution approved by a 75% majority of shareholders passed on 15 October 2007, the directors have the power to allot and issue shares of the company for cash, subject to the following conditions:

- compliance with the provisions of the Act, the Listings Requirements and the memorandum and articles of association of ARB;
- that the securities be of a class already in issue;
- that securities be issued to public shareholders and not to related parties;
- that an announcement giving full details, including the impact on net asset value and earnings per share, be published at the time of any issue representing, on a cumulative basis within a financial year, 5% or more of the number of securities in issue prior to the issue/s;
- that issues in the aggregate in any one financial year shall not exceed 10% of the company's issued share capital of that class;
- that, in determining the price at which an issue of securities will be made in terms of this authority, the maximum discount permitted shall be 10% of the weighted average traded price of those securities over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors; and
- that the approval will be valid until the next annual general meeting or for 15 months from the date of the resolution, whichever period is the shorter.

#### 33.3 Unissued shares

In terms of a resolution passed at a general meeting of ARB on 15 October 2007, the authorised but unissued shares in the company will be under the control of the directors of ARB until its next annual general meeting, subject to the provisions of sections 221 and 222 of the Act and the Listings Requirements.

#### 33.4 Voting, rights and variation of rights

Set out below are extracts from the articles of association of the company relating to voting, rights and variation of rights:

##### ***Voting rights***

Subject to any special terms or restrictions as to voting upon which any shares may be issued, on a show of hands every member present or represented by proxy, shall have one vote, and upon a poll every member present or represented by proxy shall have one vote for every share held by him, subject, however, to the provisions of the Act.

### **Modification of rights**

If at any time the capital, by reason of the issue of preference shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the relevant provisions of the Act, be modified by agreement in writing between the company and any person purporting to contract on behalf of that class, provided such agreement is either ratified in writing by the holders of at least 75% of the issued shares of that class, or is confirmed by a resolution passed by 75% of the votes of the holders of the shares of that class present in person or by proxy at a separate general meeting of the holders of the shares of that class; and all the provisions hereinafter contained as to general meetings shall *mutatis mutandis* apply to every such meeting, except that the quorum thereof shall be a person or persons holding or duly representing one-third of the holders of issued shares of that class.

#### **33.5 No other listings [23]**

The issued shares of ARB will be listed on the JSE. No other shares of ARB are listed on any other stock exchange

#### **34. SHARE OPTION SCHEME [10]**

Save as disclosed in the share option scheme, as set out in Annexure 8, there are no contracts or arrangements, either actual or proposed, whereby any option or preferential right of any kind has been or will be given to any person to subscribe for any shares in the company or its subsidiaries.

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## **PART SIX: GENERAL**

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### **35. MATERIAL TRANSACTION**

On 1 December 2005, in order to effect the BEE transaction, ARB sold a 26% interest in ARB Electrical Wholesalers to Batsomi for an amount of R2 600. In terms of the agreement, Batsomi loaned an amount of R26 million to ARB Electrical Wholesalers.

### **36. PRINCIPAL IMMOVABLE PROPERTIES OWNED AND LEASED [6(c)]**

Details of the principal immovable properties held or occupied by the group are set out in Annexure 11.

### **37. DETAILS OF SUBSIDIARIES [6(e)(i)]**

Details of the company's subsidiaries are set out in Annexure 10.

### **38. MATERIAL CONTRACTS [16]**

Save for the agreements pertaining to the material transaction set out in paragraph 35 above, no other material contracts exist.

### **39. OTHER**

- The company has not paid any material technical or secretarial fees during the three years preceding the issue of this prospectus.
- No amount has been paid or has accrued as payable, or was proposed to be paid within the preceding three years, to any promoter, or to any partnership, syndicate or other association of which he/she/it is or was a member.
- The company has not disposed of any material property during the past three years, nor proposes to dispose of, at the date of this prospectus.
- Save for the properties disclosed below, no other property has been purchased in the past three years:

#### **Erf 322 Alrode Extension 2 Township**

- Date of purchase 20 May 2005.
- Purchase price R1 057 760.
- Purchase price paid in cash R105 776.
- Balance of purchase price funded by Investec bond facility R951 984.
- Seller: Momentum Property Investments (Pty) Ltd.
- Address: 6 Protea Place, Sandton.

#### **Erf 6794 Montague Gardens**

- Date of purchase 29 May 2007.
- Purchase price R5 335 000.
- Purchase price paid in cash R727 500.
- Balance of purchase price funded by Investec bond facility R4 607 500.
- Seller: Lagoon Front Property Developers CC.
- Address: 10 Gull Road, Bloubergstad Ext 1, 7441.

#### 40. **COMMISSIONS, DISCOUNTS AND BROKERAGES**

Other than as disclosed in paragraph 17 above, there have been no commissions, discounts, brokerages or other special terms granted during the three years preceding the date of the prospectus in connection with the issue or sale of any shares, stock or debentures in the capital of ARB.

#### 41. **LITIGATION STATEMENT**

There are no legal or arbitration proceedings, including any proceedings that are pending or threatened of which ARB is aware, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the group's financial position.

#### 42. **ADVISORS' INTERESTS**

None of the advisors, whose particulars are set out in the "Corporate information" section of this prospectus, hold any shares in the company or have agreed to acquire any shares in the company at the date of this prospectus.

#### 43. **EXPERTS' CONSENTS**

Each of the company's advisors, commercial bankers and the transfer secretaries have consented in writing to act in the capacities stated and to their names appearing in this prospectus and have not withdrawn their consent prior to the registration of this prospectus.

#### 44. **KING CODE**

The company's Corporate Governance Report is set out in Annexure 9.

#### 45. **DIRECTORS' RESPONSIBILITY STATEMENT**

The directors, whose names are set out in paragraph 6 above, collectively and individually, accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no other facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this prospectus contains all information required by law and the Listings Requirements.

#### 46. **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the registered office of the company, as set out in the corporate information, at any time during normal business hours from 08:00 to 17:00 for a period of 14 days from the date of this prospectus:

- the memoranda and articles of association of the ARB and its subsidiaries;
- the signed reports by the reporting accountants;
- the written consents of the company's advisors, commercial bankers and transfer secretaries to act in those capacities, which consents have not been withdrawn prior to registration;
- the company's share option scheme;
- the executive directors' service agreements;
- the audited annual financial statements of ARB for the financial years ended 30 June 2005, 2006 and 2007;
- the reviewed *pro forma* consolidated financial results for ARB for the year ended 30 June 2007;
- copies of the material contracts referred to in paragraph 38 above;
- the latest valuations relative to movable and immovable property; and
- a copy of this prospectus.

**47. PARAGRAPHS OF SCHEDULE 3 TO THE ACT WHICH ARE NOT APPLICABLE**

The numbers of the paragraphs in Schedule 3 to the Act, which are not applicable, are: 1(b), 2(d), 6(d), 6(e)(ii), 6(g), 6(h), 8(b), 8(d), 12, 13, 14, 16(b), 17(c), 18(b), 20(b), 21, 24, 26, 27 and Part III.

Signed at Durban by Alan Ronald Burke on his own behalf and on behalf of all the directors of the company on Wednesday, 31 October 2007, he being duly authorised in terms of powers of attorney granted to him by such directors.

SGD: AR Burke

SGD: AR Burke

For: William Roy Neasham

SGD: AR Burke

For: Craig Charles Robertson

SGD: AR Burke

For: Jacob Rasethlake Modise

SGD: AR Burke

For: Dumisani Francis Muhlwa

SGD: AR Burke

For: Simon Trouncer Downes



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**OTHER DIRECTORSHIPS HELD BY DIRECTORS**


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Set out below are the names of all the companies and partnerships of which the directors have been a director or partner at any time during the previous five years, indicating whether or not the individual is still a director or partner:

<b>Director</b>	<b>Directorships/Partnerships</b>
<b>Alan Ronald Burke</b>	Adila Investments (Pty) Ltd – dormant – 1989/007091/07 Alby Investments C.C-dormant – 1997/006858/07 Blue Plum Developments (Pty) Ltd – 2003/012573/07 Chantilly Developments C.C – 1999/024678/23 Clifton School-(Association incorporated under section 21) – 2000/006079/08 Colbourne Investments C.C – 1993/003370/23 Cuppitz Investments C.C – 1993/000119/23 Current Sales Africa C.C – dormant – 1994/023648/23 Durban Point Waterfront Management (Pty) Ltd – 1998/001781/08 Dock Point Properties (Pty) Ltd – 2004/021914/07 Drum Services C.C – dormant – 2007/020128/07 East Coast Current (Pty) Ltd – dormant- 1995/001122/07 Gatcombe Investments C.C – dormant – 1993/003472/23 Grantham Investments C.C – 1998/036459/23 Ladlepalm Investments C.C – 200/050320/23 Lawgale C.C – dormant – 1992/03474/23 Loan Master (Pty) Ltd – 1999/014071/07 Marine Point Properties (Pty) Ltd – 2004/023047/07 Millennium Power (Pty) Ltd – dormant – 2003/008349/07 Paken Properties C.C – 1989/003657/23 Rowan Tree 25 (Pty) Ltd – 2003/010160/07 Shanyela Dredging (Pty) Ltd – dormant – 2004/009393/07 Silhouette Investments C.C – dormant – 1990/004786/23 Sub 12 of Reserve 7A (Pty) Ltd – 2001/028710/07 Taylor Burke Projects (Pty) Ltd – 1989/006187/07 The Complete Leisure Investment Corporation (Pty) Ltd – 1998/019557/07 Ushaka Parkade (Pty) Ltd – 2004/022856/07 Ushaka Point Properties (Pty) Ltd – 2004/024539/07 Wild Break 104 (Pty) Ltd – dormant – 2002/009552/07 Winjam Shareblock (Pty) Ltd 1987/003921/07 World of Electric Cables C.C – dormant – 1992/022833/23
<b>Craig Charles Robertson</b>	Imali Investments C.C – 2006/223553/23 Mattessa Properties C.C – 1990/037775/23 North and Robertson Investments C.C – 1992/024671/23 ARB IT Solutions (Pty) Ltd – 2007/017066/07
<b>William Roy Neasham</b>	Big Buc's Investments C.C- dormant – 1994/009433/23 Cuppitz Investments C.C – 1993/000119/23 Frank Fehr Holdings (Pty) Ltd – 1974/003672/07

**Jacob Rasethlake Modise** Allied Electronics Corporation Ltd – 1947/024583/06  
Atholl Developments (Pty) Ltd – 1998/007102/07  
Batsomi Auto Holdings (Pty) Ltd – 2005/027623/07  
Batsomi Healthcare (Pty) Ltd – 2005/007628/07  
Batsomi Investments (Pty) Ltd – 1998/012640/07  
Batsomi Management Services (Pty) Ltd – 2003/022475/07  
Batsomi Power (Pty) Ltd – 2004/034051/07  
Blue IQ Investments (Pty) Ltd – 2006/117746/23  
Boikanyo Investments (Pty) Ltd – 2002/024202/07  
Ebuhlanthi Investments (Pty) Ltd – 1999/004835/07  
Eskom Holdings Limited – 2002/015527/06  
Lerako Resources Company (Pty) Ltd – 2003/020385/07  
Life Source Marketing (Pty) Ltd – 2005/019666/07  
Lifeworks (Pty) Ltd – 2002/011926/07  
Modise Hospitality Atlantic Beach (Pty) Ltd – 2000/005307/07  
Modise Hospitality Dainfern (Pty) Ltd – 2000/005306/07  
Modise Hospitality Plettenburg Bay (Pty) Ltd – 1997/004802/23  
Muvoni Contracting Services (Pty) Ltd – 2001/001780/07  
Omega Pharmaceuticals(Pty) Ltd – 2004/025275/07  
Smokey Mountain Trading 254 (Pty) Ltd – 2004/033947/07  
SPP Project Solutions (Pty) Ltd – 2003/016426/07  
Tladi Holdings (Pty) Ltd – 2004/030587/07  
Trans South African Investments (Pty) Ltd – 1995/007509/07

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**Dumisani Francis Muhlwa** Bird Machines(Pty) Ltd – 1990/007119/07  
Batsomi Auto Holdings(Pty) Llted – 2005/027623/07  
Batsomi Healthcare(Pty) Ltd – 2005/007628/07  
Batsomi Investments(Pty) Ltd – 2006/184236/23  
Batsomi Management Services (Pty) Ltd – 2003/022475/07  
Batsomi Power(Pty) Ltd – 2007/204683/23  
Lifeworks(Pty) Ltd – 2002/011926/07  
Muvoni Contracting Services(Pty) Ltd – 2001/001780/07

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**Simon Trouncer Downes** Shave & Gibson Group (Pty) Ltd – 2005/006695/07  
Shave & Gibson Developments (Pty) Ltd – 2006/002820/07  
Shave & Gibson Properties (Pty) Ltd – 2002/013926/07  
Antek Holdings (Pty) Ltd – 2006/106453/23  
Clifton School (Association incorporated under section 21) – 2000/066079/08  
Wynberg Properties Limited – 1935/006958/07

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**RELEVANT PROVISIONS OF THE ARTICLES OF ASSOCIATION [2(b), 2(e) 2(c)]**

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Extracts from the JSE approved articles of association of ARB are set out below:

**Appointment, terms of office and qualification of directors**

1. Casual vacancies may be filled by the directors and additional directors may be appointed by the directors, subject to any such appointment being confirmed at the next following annual general meeting.
2. Subject to any contract under which a director is appointed as managing director or as an employee, one-third (or the number nearest to but not less than one-third) of the directors – being those who shall have been longest in office since their last election shall retire at each annual general meeting. Vacancies shall be filled by election at any annual or other general meeting. Retiring directors are eligible for re-election, but no person not being a retiring director shall be eligible for election at any general meeting unless he or some other member intending to propose him has, at least five days before the meeting, left at the registered office a signed written notice signifying his candidature for office or intention to propose him.
3. Directors are not required to hold any shares in the company to qualify them.

(Articles 59, 60, 62, 63 and 64.)

**Remuneration of directors**

1. The remuneration of directors shall be determined by the company in general meeting.
2. If any director performs extra services or makes special exertions in going or residing abroad or otherwise for the purpose of the company, the company may remunerate him by a fixed sum or by a percentage of profits or otherwise as may be determined, in addition to or in substitution for his share in the remuneration determined by the company in general meeting.
3. A director may be appointed to any other office or place of profit in the company in conjunction with his directorship upon such terms as to remuneration, tenure of office or otherwise as may be arranged by a disinterested quorum of directors.

(Articles 66, 67 and 68.)

**Powers enabling a director to vote on a proposal, arrangement or contract in which he is materially interested**

No director shall be disqualified by his office from contracting with the company either as vendor, purchaser, lender or otherwise, or as an underwriter or guarantor for the commission or profit on any shares or securities or liability of the company, or of any company which the company may be interested in, nor shall any such contract or arrangement entered into by or on behalf of the company in which any director shall be in any way interested, nor shall any contract or arrangement entered into with any company or partnership of or in which any director shall be a member, director or partner or otherwise, be invalidated or voided by any such reason or by reason of the board of directors of the company not constituting an independent executive, nor shall any directors so or being so interested or acquiring any benefit under any contract or arrangement entered into by or on behalf of any person, company or partnership in relation to the affairs of the company be liable to account to the company for any profits or benefits realised by or under such contract or arrangement by reason of such director holding that office or by reason of the fiduciary relationship thereby established, and any director or directors so interested or acquiring any such benefits shall be entitled to vote at any board meeting or otherwise in relation to such contract as freely as if he or they were not interested.

(Article 70.)

## **Borrowing powers**

1. The directors may from time to time at their discretion raise or borrow moneys for the purpose of the company as they think fit.
2. The directors may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the issue of bonds, perpetual or redeemable secured or unsecured debentures, or debenture stock, or any mortgage, charge or other security, on the undertaking of the whole or any part of the property of the company (both present and future), provided that no special privilege as to allotment of shares or stock, attending and voting at general meetings, appointment of directors or otherwise shall be given, save with the sanction of the company in general meeting.

(Articles 33 and 34.)

## **SUBSIDIARIES**

### **Terms of office, qualification and remuneration of directors**

1. Unless the company in general meeting otherwise determines, directors shall remain in office until they resign or become disqualified from holding office.
2. The fees of the directors as such shall from time to time be determined by the company in general meeting.
3. If any director be called upon to perform extra services or makes special exertions in going or residing abroad or otherwise for the purpose of the company, the company may remunerate that director by a fixed sum or by a percentage of profits or otherwise as may be determined, in addition to or in substitution for his share in the remuneration determined by the company in general meeting.
4. Neither a director nor an alternate director shall be required to hold any shares in the company to qualify him as such.

(Articles 67, 69, 70 and 71.)

## **Borrowing powers**

1. The directors may in their discretion exercise all the powers of the company to raise or borrow or secure the payment of any sum or sums of money for the purposes of the company; provided that the total amount owing by the company in respect of money so raised, borrowed or secured shall not exceed the amount authorised by its listed holding company.
2. The directors may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the issue of bonds, perpetual or redeemable, secured or unsecured debentures, or debenture stock, or any mortgage, charge or other security, on the undertaking of the whole or any part of the property of the company (both present and future), provided that no special privilege as to allotment of shares or stock, attending and voting at general meetings, appointment of directors or otherwise shall be given, save with the sanction of the company in general meeting.

(Articles 36 and 37.)

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## HISTORICAL FINANCIAL INFORMATION

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The following commentary is based on the group's consolidated financial statements for the years ended 30 June 2005, 30 June 2006 and 30 June 2007. The 2006 and 2007 financial statements were audited by PKF Durban registered accountants and auditors without qualification, and the 2005 financial statements were reviewed by PKF Durban registered accountants and auditors and were unmodified. The independent accountants' report on the historical financial information is set out in Annexure 5 to this prospectus.

During this period, the group comprised ARB Holdings (Pty) Limited, an asset investment holding company and its subsidiary ARB Electrical Wholesalers (Pty) Limited. ARB Electrical Wholesalers (Pty) Ltd trades as an electrical wholesaler, with Velite (Pty) Limited as a dormant entity. It also included an investment in an associated entity, Millennium Power (Pty) Limited. The associate Millennium Power (Pty) Limited and the subsidiary Velite (Pty) Limited were disposed of on 1 July 2006. For the period covered by this report, and at the time of sale, Velite (Pty) Limited was dormant and was therefore not material to the financial position, changes in equity, results or cash flows of the Group. At the time of sale, Millennium Power (Pty) Limited was dormant and was not material to the financial position, changes in equity, results or cash flows of the Group. For the year ended 30 June 2006, ARB's share of Millennium Power (Pty) Limited's net profit after tax amounted to R121 375 (2005: loss of R44 261). For the years ended 30 June 2007, 2006 and 2005 ARB's share of ARB Electrical Wholesalers' net profit after tax amounted to R74.1 million, R33.2 million and R22.6 million, respectively. ARB IT Solutions (Pty) Limited only became a subsidiary on 1 July 2007.

The audit opinion's expressed for the 2006 and 2007 financial statements and the review audit opinion expressed for the 2005 financial statements were based on the results of ARB Holdings Limited (formerly ARB Holdings (Pty) Limited).

The increase in trading activities for 2006 and 2007 were as a result of the company having successfully opened new branches in Cape Town and Johannesburg, and the increased infrastructure spending by both government and the private sector.

There are no material changes in the nature of the business or any of its subsidiaries, nor have any material events accrued since the balance sheet date.

Save for the Share Option Scheme, no other schemes involve staff of the issuer.

**CONSOLIDATED BALANCE SHEETS AT 30 JUNE**

	Notes	Audited 2007 R'000	Audited 2006 R'000	Reviewed 2005 R'000
<b>ASSETS</b>				
NON-CURRENT ASSETS		79 683	39 239	29 389
Property, plant and equipment	2	77 310	37 371	28 363
Deferred tax	3	2 373	1 868	1 026
CURRENT ASSETS		409 377	280 136	171 962
Inventory	4	213 500	150 542	83 313
Trade and other receivables	5	195 854	129 544	73 503
Cash resources		23	50	15 146
<b>Total assets</b>		<b>489 060</b>	<b>319 375</b>	<b>201 351</b>
<b>EQUITY AND LIABILITIES</b>				
EQUITY AND RESERVES		218 994	91 364	39 168
Share capital	6	20	20	20
Revaluation reserve		23 893	6 483	3 323
Non-distributable reserve		9 374	9 374	–
Accumulated profits		152 120	67 927	27 109
Minority interest		33 587	7 560	8 716
NON-CURRENT LIABILITIES		48 650	38 814	36 024
Interest bearing borrowings	7	40 070	39 142	34 276
Deferred lease payments	8	–	47	–
Deferred taxation	3	8 580	(375)	1 748
CURRENT LIABILITIES		221 416	189 197	126 159
Trade and other payables		133 024	94 774	95 235
Current portion of interest bearing borrowings	7	9 930	4 790	8 377
Current portion of deferred lease payments	8	24	16	–
Shareholders' loans	9	37 165	14 158	–
Taxation payable		19 250	15 685	5 064
Bank overdraft		22 023	59 774	17 483
<b>Total equity and liabilities</b>		<b>489 060</b>	<b>319 375</b>	<b>201 351</b>
Net asset value per share (Rand)		9 270	4 190	1 523
Tangible net asset value per share (Rand)		9 270	4 190	1 523

**CONSOLIDATED INCOME STATEMENT FOR THE YEARS ENDED 30 JUNE**

	Notes	Audited 2007 R'000	Audited 2006 R'000	Reviewed 2005 R'000
<b>REVENUE</b>	1.4	1 047 642	607 955	417 916
<b>COST OF SALES</b>	1.5	808 871	472 973	336 334
<b>GROSS PROFIT</b>		238 771	134 982	81 582
<b>OTHER INCOME</b>	10	25 805	5 209	41
<b>OTHER EXPENSES</b>		(71 492)	(54 409)	(38 661)
<b>PROFIT</b> before interest and taxation	11	193 084	85 782	42 962
<b>INTEREST RECEIVED</b>		1 416	1 002	1 369
<b>INTEREST PAID</b>		(13 595)	(7 702)	(5 909)
<b>PROFIT</b> before taxation		180 905	79 082	38 422
<b>TAXATION</b>	12	53 275	23 386	14 872
<b>PROFIT</b> for year		127 630	55 696	23 550
<b>EARNINGS ATTRIBUTABLE TO:</b>		127 630	55 696	23 550
Ordinary shareholders		101 603	47 478	14 837
Minority interest		26 027	8 218	8 713
Earnings per share (cents)		508 015	237 390	74 185
Headline earnings per share (cents)		420 965	221 590	74 185

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 30 JUNE**

	<b>Share capital R 000s</b>	<b>Revaluation reserve R 000s</b>	<b>Non- distributable reserve R 000s</b>	<b>Minority interest R 000s</b>	<b>Accumulated profits R 000s</b>	<b>Accumulated Total R 000s</b>
<b>Balance at 1 July 2004</b>	20	3 323	–	3	42 272	45 618
Profit for year	–	–	–	8 713	14 837	23 550
Dividend paid	–	–	–	–	(30 000)	(30 000)
<b>Balance at 1 July 2005</b>	20	3 323	–	8 716	27 109	39 168
Profit for year	–	–	–	8 218	47 478	55 696
Dividend paid	–	–	–	–	(3 500)	(3 500)
Transfer of pre-acquisition reserves	–	–	9 374	(9 374)	–	–
Revaluation of property, plant and equipment net of taxation	–	3 160	–	–	(3 160)	–
<b>Balance at 1 July 2006</b>	20	6 483	9 374	7 560	67 927	91 364
Profit for year	–	–	–	26 027	101 603	127 630
Revaluation of property, plant and equipment net of taxation	–	17 410	–	–	(17 410)	–
<b>Balance at 30 June 2007</b>	20	23 893	9 374	33 587	152 120	218 994



**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEARS ENDED 30 JUNE**

	Note	Audited 2007 R'000	Audited 2006 R'000	Reviewed 2005 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		28 104	(65 783)	(11 510)
Cash received from customers		981 332	551 914	397 818
Cash paid to suppliers and employees		(899 789)	(591 767)	(358 122)
<b>Cash generated by operating activities</b>	14	81 543	(39 853)	38 696
Interest received		1 416	1 002	1 369
Interest paid		(13 595)	(7 702)	(5 909)
Dividend paid		–	(3 500)	(30 000)
Taxation paid		(41 260)	(11 355)	(11 916)
Secondary Tax on Companies paid		–	(4 375)	(3 750)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		(19 455)	(7 041)	(9 380)
<b>Expenditure to maintain operating capacity</b>				
Property, plant and equipment acquired		(19 746)	(7 301)	(10 541)
Proceeds from disposal of property, plant and equipment		292	260	1 161
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Loans raised		29 075	15 437	30 929
<b>INCREASE IN CASH RESOURCES</b>		37 724	(57 387)	10 039
<b>CASH BORROWINGS</b> at beginning of year		(59 724)	(2 337)	(12 376)
<b>CASH BORROWINGS</b> at end of year		(22 000)	(59 724)	(2 337)

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE

### 1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below and have been applied consistently to all periods presented as well as in preparing the opening International Financial Reporting Standards (IFRS) balance sheet at 1 July 2004.

- 1.1 The annual financial statements and group annual financial statements have been prepared in accordance with International Financial Reporting Standards and the Companies Act of South Africa.

The annual financial statements have been prepared using a combination of the historical cost and fair value bases of accounting. Those categories to which the fair value basis of accounting has been applied are indicated in the individual accounting policy notes below.

#### 1.2 Adoption of IFRS

In the current year, the group has adopted all of the new and revised Standards and Interpretations issued by the IASB and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operation and effective for the period ending 30 June 2007.

The comparative figures in respect of 2005 and 2006 have been restated to incorporate these accounting policies. A reconciliation of the effect of the transition to IFRS is given in note 19.

#### 1.3 Basis of consolidation

##### *Subsidiaries*

Subsidiaries which are those entities (including the share incentive trust) in which the group has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies, are consolidated. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Subsidiaries are consolidated from the date on which the control is transferred to the group and are no longer consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the net assets of the subsidiaries acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiaries acquired, the difference is recognised directly in the income statement. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group. Minority interest in the net assets (excluding Goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see Note 1.10) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interest of the Group, except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated.

#### 1.4 Revenue recognition

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates and Value-Added Tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

Dividends are recognised, in profit or loss, when the company's right to receive payment has been established.

### 1.5 **Cost of sales**

Cost of sales comprises costs that relate directly to revenue.

### 1.6 **Property, plant and equipment**

Property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is computed by allocating the depreciable amount of an asset on a systematic basis over its useful life and is applied separately to each identifiable component. Residual values and useful lives are assessed at the end of every financial year and the year's depreciation determined.

The carrying amounts of property, plant and equipment are reviewed annually for an indication whether or not the relevant asset is impaired. If any such indication exists and where the carrying amounts exceed the estimated recoverable amount, the assets or cash-generated units are written down to their recoverable amounts. Impairment losses and reversals are recognised directly in the income statement under the line item "other expenses", unless such reversals relate to previously recognised revaluation reserves in equity.

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the balance sheet date.

Any revaluation increase arising on revaluation of such land and buildings is credited in equity to the properties' revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the properties' revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to profit or loss. On subsequent sale or revaluation of a revalued property, the attributable revaluation surplus remaining in the properties' revaluation reserves is transferred directly to retained earnings.

Property, plant and equipment is depreciated over their useful lives as follows:

Plant and equipment	5 to 15 years
Office furniture and fittings	6 years
Office equipment	5 to 6 years
Computer equipment	3 years
Motor vehicles	4 to 5 years

### 1.7 **Investment properties**

Investment property in the company, which is property held to earn rentals and/or for capital appreciation, is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in fair value of investment property are included in profit or loss for the period in which they arise.

## 1.8 **Inventory**

Inventory consists of power and instrument cable, overhead line equipment and general electrical contacting materials purchased for resale and is valued at the lower of cost or net realisable value. Cost is determined using the weighted average cost basis. Adequate provision is made for obsolete, redundant and slow-moving inventory.

## 1.9 **Taxation**

### *Current tax*

The charge for current tax is based on the results for the year adjusted for items which are tax exempt or are not tax deductible. Tax is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

### *Deferred tax*

Deferred tax is provided on the comprehensive basis computed as the difference between the tax base and carrying amounts of assets and liabilities. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

## 1.10 **Business combinations (goodwill)**

The purchase method is used when an entity is acquired. On acquisition date, fair values are attributed to the identifiable assets, liabilities and contingent liabilities.

Fair values of the identifiable assets and liabilities are deemed by return to market value of those or similar items, where available, or by discounting expected future cash flows to achieve present values.

The cost of acquisition is the fair value of the group's contribution in the form of assets transferred, shares issued and liabilities assumed at the acquisition date plus costs attributable to the acquisition.

At acquisition date, goodwill is recognised when the cost of the acquisition exceeds the fair value of the group's interest in the net identifiable assets of the entity acquired. Up to 30 June 2004, goodwill was shown at cost less accumulated amortisation and impairment. With effect from 1 July 2005, goodwill is not amortised and subject to annual impairment test, and any impairment is recognised in the income statement immediately and will not be subsequently reversed. Accumulated amortisation written off in the previous year is not reversed.

## 1.11 **Impairment**

The carrying amounts of the assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, the recoverable amount is estimated as the higher of the net selling price and value in use.

In assessing value in use, the expected future cash flows are discounted to future value using pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. An impairment loss is recognised whenever the carrying amount exceeds the recoverable amount. Impairment losses and reversals of impairment losses are separately disclosed in the income statement, above the income before tax sub-total.

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash generating unit to which the asset belongs. An impairment loss is recognised whenever the carrying amount of the cash generating unit exceeds its recoverable amount.

A previous recognised impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior years.

#### 1.12 **Investments**

All investments are recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

#### 1.13 **Leased assets**

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

#### 1.14 **Borrowings**

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, using the effective interest rate method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings as interest.

#### 1.15 **Employee benefits**

All of the eligible employees are members of either the Investment Solutions or the Orion Money Purchase Provident Fund. These funds are defined contribution plans under which the amounts to be paid as retirement benefits are determined by reference to employers' contributions to the fund on behalf of employees. Contributions in respect of service in a particular period are recognised as an expense in that period.

#### 1.16 **Provisions, contingent liabilities and contingent assets**

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and when a reliable estimate can be made of the amount of the obligation. Where the effect of discontinuing is material, provisions are discounted. The discount rate used is a pre-tax rate.

#### 1.17 **Financial instruments**

##### *Financial assets*

Financial assets are recognised in the financial statements on the contractual commitment date. Regular way purchases of financial assets are accounted for at trade date/settlement date. Financial assets are initially measured at their cost; which is the fair value of the consideration given, plus the transaction costs. Subsequent to initial recognition, these instruments are measured as follows:

- Loans and receivables and held-to-maturity investments are measured at amortised costs using the effective interest method.
- Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost.
- Other financial assets, including derivatives, at fair values, without any deduction for transaction costs which may occur on sale or other disposal.
- Any gain or loss arising from a change in a financial asset is recognised as follows:
  - a gain or loss on a financial asset classified as at fair value through profit or loss is recognised in profit or loss;

- a gain or loss on an available-for-sale financial asset is recognised directly in equity, through the statement of changes in equity, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity is recognised in profit or loss; and
- financial assets carried at amortised cost: a gain or loss is recognised in profit or loss when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

#### *Financial liabilities*

Financial liabilities are recognised in the financial statements on the contractual commitment date.

Financial liabilities are initially measured at their cost; which is the fair value of the consideration given, less the transaction costs. Subsequent to initial recognition, these instruments are measured as follows:

- Financial liabilities at fair value through profit or loss, including derivatives that are liabilities, are measured at fair value.
- Any gain or loss arising from a change in a financial asset is recognised as follows:
  - a gain or loss on a financial liability classified at fair value through profit or loss is recognised in profit or loss;
  - a gain or loss on an available-for-sale financial liability is recognised directly in equity, through the statement of changes in equity, until the financial liability is derecognised, at which time the cumulative gain or loss previously recognised in equity is recognised in profit or loss; and
  - financial liabilities carried at amortised cost: a gain or loss is recognised in profit or loss when the financial liability is derecognised or impaired, and through the amortisation process.

#### **1.18 Set-off of financial assets and liabilities**

If a legally enforceable right exists to set-off recognised amounts of financial assets and liabilities and the company intends to settle on a net basis or to realise the asset and liability simultaneously, all related financial effects are netted.

#### **1.19 Dividends**

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

#### **1.20 Associates**

The company's investment in its associate is accounted for under the equity method, less impairment. An associate is an entity in which the company has significant influence and which is neither a subsidiary nor a joint venture of the company.

If, under the equity method, the company's share of losses of its associate equals or exceeds the carrying amount of the investment, the company will discontinue including its share of the associate's losses and the investment is reported at nil value.

#### **1.21 Critical accounting judgement**

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that may affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods. There are no judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year.

## 2. PROPERTY, PLANT AND EQUIPMENT

	<b>2007 Audited</b>		
	<b>Cost</b>	<b>Accumulated depreciation</b>	<b>Carrying value</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Land and buildings	61 882	–	61 882
Plant and equipment	4 460	1 620	2 840
Motor vehicles	17 072	6 070	11 002
Office furniture and fittings	839	272	567
Office equipment	673	370	303
Computer equipment	1 936	1 220	716
	<b>86 862</b>	<b>9 552</b>	<b>77 310</b>

	<b>2006 Audited</b>		
	<b>Cost</b>	<b>Accumulated depreciation</b>	<b>Carrying value</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Land and buildings	25 315	–	25 315
Plant and equipment	2 278	750	1 528
Motor vehicles	14 010	4 427	9 583
Office furniture and fittings	441	133	308
Office equipment	507	239	268
Computer equipment	929	560	369
	<b>43 480</b>	<b>6 109</b>	<b>37 371</b>

	<b>2005 Reviewed</b>		
	<b>Cost</b>	<b>Accumulated depreciation</b>	<b>Carrying value</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Land and buildings	19 185	–	19 185
Plant and equipment	1 508	451	1 057
Motor vehicles	10 061	3 061	7 000
Office furniture and fittings	356	60	296
Office equipment	504	119	385
Computer equipment	678	238	440
	<b>32 292</b>	<b>3 929</b>	<b>28 363</b>

The carrying amounts of property, plant and equipment can be reconciled as follows:

2. **PROPERTY, PLANT AND EQUIPMENT** (continued)

	Carrying value at beginning of year R'000	Additions R'000	Revaluations R'000	Disposals R'000	Depreciation R'000	Carrying value at end of year R'000
<b>2005 (Reviewed)</b>						
Land and buildings	17 100	2 085	–	–	–	19 185
Plant and equipment	291	973	–	(73)	(134)	1 057
Motor vehicles	1 841	5 945	–	(345)	(441)	7 000
Office furniture and fittings	154	356	–	(154)	(60)	296
Office equipment	260	504	–	(260)	(119)	385
Computer equipment	329	678	–	(329)	(238)	440
	19 975	10 541	–	(1 161)	(992)	28 363
<b>2006 (Audited)</b>						
Land and buildings	19 185	1 679	4 451	–	–	25 315
Plant and equipment	1 057	769	–	–	(298)	1 528
Motor vehicles	7 000	4 502	–	(249)	(1 670)	9 583
Office furniture and fittings	296	97	–	(10)	(75)	308
Office equipment	385	3	–	–	(120)	268
Computer equipment	440	251	–	–	(322)	369
	28 363	7 301	4 451	(259)	(2 485)	37 371
<b>2007 (Audited)</b>						
Land and buildings	25 315	12 046	24 521	–	–	61 882
Plant and equipment	1 528	2 183	–	–	(871)	2 840
Motor vehicles	9 583	3 947	–	(287)	(2 241)	11 002
Office furniture and fittings	308	398	–	–	(139)	567
Office equipment	268	167	–	–	(132)	303
Computer equipment	369	1 006	–	–	(659)	716
	37 371	19 747	24 521	(287)	(4 042)	77 310

**Land and buildings**

		Audited 2007 R'000	Audited 2006 R'000	Reviewed 2005 R'000
At cost		10 220	10 220	10 220
Transfer costs		35	35	35
Additions, at cost	– 2002	2 057	2 057	2 057
	– 2004	40	40	40
	– 2005	2 085	2 085	2 085
	– 2006	1 679	1 679	–
	– 2007	12 046	–	–
Revaluation	– 2004	4 748	4 748	4 748
	– 2006	4 451	4 451	–
	– 2007	24 521	–	–
		61 882	25 315	19 185

**Motor vehicles**

Motor vehicles with a book value of R11 714 431 (2006: R7 399 492) are subject to instalment sale agreements (refer note 7).



## Land and buildings

Land and buildings are encumbered as stated in note 13.

Described as Sub 20 of Lot 1543, Isipingo, situate at 10 Mack Road, Prospecton, in extent 23 500 square metres, and Sub 12 of Lot 2131, Pietermaritzburg, in extent 3 528 square metres, and Erf 7704, Richards Bay (extension 24), situate at 63 Dollar Drive, Richards Bay, in extent 4 210 square metres, Erf 19168, East London in extent 3 610 square metres, remaining extent of Erf 332, Alrode extension 2, Johannesburg, in extent 13 220 square metres, and Erf 2714 and 2715, Montague Gardens, situate at 14 – 16 Track Crescent, in extent 6 856 square metres (this property was only transferred subsequent to the year-end and the further acquisition costs are documented in note 16).

Land and buildings were revalued by Glen Macmillan, an independent valuer, on the open market valuation method on 1 August 2007.

	<b>Audited 2007 R'000</b>	<b>Audited 2006 R'000</b>	<b>Reviewed 2005 R'000</b>
<b>3. DEFERRED TAXATION</b>			
<b>Deferred tax asset</b>			
The balance comprises:			
– Lease smoothing effect	346	224	–
– Doubtful debt provision	982	974	394
– Leave pay provision	143	23	23
– Interest provision	86	59	99
– Inventory obsolescence provision	295	296	291
– Bonus provision	521	292	212
– Credit note provision	–	–	7
	<b>2 373</b>	<b>1 868</b>	<b>1 026</b>
Balance at beginning of year	1 868	1 026	877
Movements during the year attributable to:			
– Doubtful debt provision	8	580	95
– Interest provision	27	(40)	41
– Inventory obsolescence provision	(1)	5	6
– Bonus provision	229	80	15
– Leave pay provision	120	–	–
– Lease smoothing effect	122	224	–
– Credit note provision	–	(7)	(8)
Balance at end of year	<b>2 373</b>	<b>1 868</b>	<b>1 026</b>
<b>Deferred tax liability</b>			
The balance comprises:			
– Investment properties	(10 477)	(2 668)	(1 377)
– Property, plant and equipment	(913)	(689)	(371)
– Lease smoothing effect	(340)	(206)	–
– Unutilised STC credit	3 150	3 938	–
	<b>(8 580)</b>	<b>375</b>	<b>(1 748)</b>
Balance at beginning of year	375	(1 748)	(1 424)
Movements during the year attributable to:			
– Investment properties	(7 809)	(1 291)	47
– Property, plant and equipment	(224)	(317)	(371)
– Change in STC rate	(788)	–	–
– Lease smoothing effect	(134)	(206)	–
– Unutilised STC credit	–	3 937	–
Balance at end of year	<b>(8 580)</b>	<b>375</b>	<b>(1 748)</b>

	<b>Audited 2007 R'000</b>	<b>Audited 2006 R'000</b>	<b>Reviewed 2005 R'000</b>
<b>4. INVENTORY</b>			
Merchandise for resale	213 500	150 542	83 313
Inventory has been valued as stated in note 1.7.			
<b>5. TRADE AND OTHER RECEIVABLES</b>			
The subsidiary has entered into an undisclosed invoice discounting agreement whereby it has ceded all of its book debts in favour of Nedbank Limited as security for this facility.			
<b>6. SHARE CAPITAL</b>			
<b>Authorised and issued</b>			
20 000 ordinary par value shares of R1.00 each	20	20	20
<b>7. INTEREST BEARING BORROWINGS</b>			
<b>Unsecured</b>			
Batsomi Power (Pty) Ltd	25 550	26 019	–
This loan bears interest at prime minus 2% (2006: prime minus 2%) per annum. Interest is repayable monthly and capital is repayable bi-annually according to the sum of digits method.			
Umbani Mentis Electrical (Pty) Ltd			
Interest was payable at 0.5% below prime and was payable in monthly instalments of R142 112 and quarterly capital repayments of R1 500 000. This loan was repaid on 26 June 2006.			
	–	–	26 638
<b>Secured</b>			
Investec Bank Ltd	15 104	10 057	10 277
Secured over land and buildings valued at R61 882 280 (2006: R25 315 281) (Note 3). Interest is payable at the prime rate, less 1,5% (2006 – prime less 1,5%) per annum. Interest and capital are repayable in monthly instalments of R282 535 (2006 – R105 497).			
Instalment sale agreements	9 346	7 856	5 738
These are secured over motor vehicles with a book value of R11.7 million (2006 – R7.4 million) (Note 2). Interest is payable at rates linked to prime (2006 – Interest payable at rates linked to prime). Interest and capital are repayable in monthly instalments of R0.37 million (2006: R0.25 million).			
	50 000	43 932	42 653
Less: Current portion transferred to current liabilities	(9 930)	(4 790)	(8 377)
	40 070	39 142	34 276

	<b>Audited 2007 R'000</b>	<b>Audited 2006 R'000</b>	<b>Reviewed 2005 R'000</b>
<b>8. DEFERRED LEASE PAYMENTS</b>			
Arising on the straight-lining of payments made under operating leases:			
– Long-term portion	–	47	–
– Current portion	24	16	–
Total deferred lease payments	24	63	–

**9. SHAREHOLDERS' LOANS**

The Burke Investment Trust	36 647	13 200	–
B Sloley	–	11	–
C Cockerell	–	16	–
W Neasham	–	417	–
L B Pillai	518	514	–
	37 165	14 158	–

The above loans are unsecured and bear interest at prime minus 1.75% (2006: prime minus 1.75%). The above amounts are payable on demand and will be settled out of proceed from the private placement, or alternatively, can be repaid in the ordinary course of business.

**10. OTHER INCOME**

Other income includes:			
Fair value adjustment to land and buildings	24 521	4 451	–

**11. PROFIT BEFORE INTEREST AND TAXATION**

Profit before interest and taxation is stated after taking the following items into account:

**Income**

Surplus on disposal of property, plant and equipment	5	1	–
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**Expenditure**

Auditors' remuneration	220	197	115
– Audit fee	150	114	87
– Prior year under-provision	38	38	13
– Other services	32	45	15
Depreciation			
– Plant and equipment	4 042	2 485	992
Lease rentals			
– Premises	1 324	908	1 152
Provident fund contributions	2 500	1 847	1 398

	<b>Audited 2007 R'000</b>	<b>Audited 2006 R'000</b>	<b>Reviewed 2005 R'000</b>
<b>12. TAXATION</b>			
South African normal tax			
Current tax	44 826	21 976	10 941
Deferred tax			
Current year	8 449	(2 965)	199
Change in rate			(18)
	53 275	19 011	11 122
Secondary Tax on Companies	–	4 375	3 750
Tax for year	53 275	23 386	14 872
<b>Reconciliation of tax charge</b>	<b>%</b>	<b>%</b>	<b>%</b>
South African normal tax rate	29.00	29.00	29.00
<i>Adjusted for:</i>			
Exempt income	–	–	(0.05)
Permanent difference	0.89	0.02	–
STC rate change	(0.44)	–	–
Secondary Tax on Companies	–	0.55	9.76
Effective rate	29.45	29.57	38.71
The liability for Secondary Tax on Companies which would arise on the full distribution by cash dividend of all distributable reserves in the company amounted to	16 991	8 950	3 725

### 13. DIRECTORS' EMOLUMENTS

	<b>Basic salary R'000</b>	<b>Allowances R'000</b>	<b>Pension R'000</b>	<b>Medical Aid R'000s</b>	<b>Bonus R'000</b>	<b>Total R'000</b>
<b>2005</b>						
A R Burke	917	180	92	23	76	1 288
C C Robertson	642	144	64	26	53	929
W R Neasham	369	132	37	20	31	589
	<b>1 928</b>	<b>456</b>	<b>193</b>	<b>69</b>	<b>160</b>	<b>2 806</b>
<b>2006</b>						
A R Burke	912	180	91	31	76	1 290
C C Robertson	861	144	86	25	72	1 188
W R Neasham	701	108	70	21	58	958
	<b>2 474</b>	<b>432</b>	<b>247</b>	<b>77</b>	<b>206</b>	<b>3 436</b>
<b>2007</b>						
A R Burke	908	180	91	35	–	1 214
C C Robertson	1 079	144	108	25	–	1 356
W R Neasham	817	96	82	19	–	1 014
	<b>2 804</b>	<b>420</b>	<b>281</b>	<b>79</b>	<b>–</b>	<b>3 584</b>

	<b>Audited 2007 R'000</b>	<b>Group Audited 2006 R'000</b>	<b>Reviewed 2005 R'000</b>
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#### 14. NOTES TO THE CASH FLOW STATEMENT

##### **Cash generated by operating activities**

Profit before taxation	180 905	79 082	38 422
<i>Adjustments for:</i>			
Fair value adjustment to land and buildings	(24 521)	(4 451)	–
Depreciation	4 042	2 485	992
Interest received	(1 416)	(1 002)	(1 369)
Interest paid	13 595	7 702	5 909
Operating lease smoothing	(39)	63	–
Surplus on disposal of property, plant and equipment	(5)	(1)	–
	<b>172 561</b>	<b>83 878</b>	<b>43 954</b>
<i>Movements in working capital:</i>			
Increase in inventory	(62 958)	(67 229)	(27 313)
Increase in trade and other receivables	(66 310)	(56 041)	(20 098)
Increase/(Decrease) in trade and other payables	38 250	(461)	42 153
	<b>81 543</b>	<b>(39 853)</b>	<b>38 696</b>

#### 15. FINANCIAL RISK MANAGEMENT

Financial instruments are used to cover risks linked with the group's activity. Each instrument is tied to an asset or liability or an operational or financing transaction.

##### **Interest rate risk**

Interest bearing borrowings of the group are linked to prime. Interest rate risks are not hedged.

##### **Credit risk**

Financial assets which potentially subject the group to concentrations of credit risk consist principally of cash, short term deposits and trade receivables.

The group's cash and short-term deposits are placed with high credit quality financial institutions.

Trade receivables are presented net of the allowance for doubtful receivables. Credit risk with respect to trade receivables is limited due to the large number of customers comprising the group's customer base and their dispersion across different industries and geographical areas.

The carrying amounts of financial assets included in the balance sheet represent the group's exposure to credit risk in relation to these assets.

The group does not have any significant exposure to any individual customers.

##### **Liquidity risk**

The group has minimised its liquidity risk by monitoring forecast cash flows and ensuring that it has adequate banking facilities and borrowing capacity.

#### 16. COMMITMENTS

The group has two operating lease agreements in place as follows:

A Cape Town property, described as 41 Marconi Road is leased monthly from 1 June 2003 to 31 March 2008. The period of the lease is 60 months and the average monthly instalment of R26 731 is payable monthly in advance.

A Cape Town property on the corner of Montague Drive and Chain Avenue, is leased monthly from 1 September 2006 to 31 May 2007 and is thereafter renewable on a month-to-month basis. The monthly instalment of R20 000 is payable in advance.

	<b>Up to 1 year R'000</b>	<b>1 to 5 years R'000</b>	<b>Total R'000</b>
41 Marconi Road	297	–	297

The company is committed to purchasing Erf 6794 Montague Gardens for R5 335 000 of which R1 212 280 has been paid by way of deposit by year-end. The balance will be funded by the long-term loan.

#### 17. SEGMENT REPORT

No segment report has been prepared as the company and the group do not have separately identifiable reporting segments.

#### 18. RELATED PARTY TRANSACTIONS

	<b>Audited 2007 R'000</b>	<b>Audited 2006 R'000</b>	<b>Reviewed 2005 R'000</b>
<b>Interest paid</b>			
B Sloley	–	3	–
C Cockerell	–	9	62
C Robertson	–	12	29
W Neasham	3	33	–
L Pillai	53	41	31
Burke Investment Trust	2 350	1 564	1 114
Umbani Mentis Electrical (Pty) Ltd	–	2 399	2 464
Batsomi Power (Pty) Ltd	2 606	19	–

Interest is charged at market-related rates and the balances outstanding are reflected in notes 7 and 9.

#### **Rental paid**

Tri Invest 4 (Pty) Ltd	216	288	252
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## 19. FIRST-TIME ADOPTION OF IFRS

The effects of the transition to IFRS and the resulting changes in accounting policies are detailed below:

### IAS 16 – Property, Plant and Equipment

Property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is computed by allocating the depreciable amount of an asset on a systematic basis over its useful life and is applied separately to each identifiable component. Residual values and useful lives are assessed at the end of every financial year and the year's depreciation determined. Land and buildings are not depreciated.

	<b>2006</b>	<b>2005</b>
	<b>R'000</b>	<b>R'000</b>
<b>IFRS IAS 16</b>		
<b>Depreciation – property, plant and equipment</b>		
As previously reported	3 723	2 518
IFRS adjustment		
IAS 16 – Property, Plant and Equipment	(1 238)	(1 526)
Restated under IFRS	2 485	992
<b>Accumulated depreciation – property, plant and equipment</b>		
As previously reported	(8 484)	(5 209)
IFRS adjustment		
IAS 16 – Property, Plant and Equipment	2 375	1 280
Restated under IFRS	(6 109)	(3 929)
<b>Deferred taxation – property, plant and equipment</b>		
As previously reported	–	–
IFRS adjustment		
IAS 16 – Property, Plant and Equipment	(689)	(371)
Restated under IFRS	(689)	(371)
<b>Opening accumulated profit</b>		
As previously reported	66 240	26 200
IFRS adjustment		
IAS 16 – Property, Plant and Equipment	1 687	909
Restated under IFRS	67 927	27 109

## PRO FORMA FINANCIAL INFORMATION

The unaudited *pro forma* consolidated financial results for ARB group for the year ended 30 June 2007 are presented for illustrative purposes only, to provide information about how the private placement, may have impacted on the group's financial position and results, had the private placement been effective on 1 July 2006 for income statement purposes, and 30 June 2007 for balance sheet purposes, respectively. Due to the nature of the unaudited *pro forma* financial information, it may not give a fair presentation of the group's financial position and the results of its operations after the private placement.

The unaudited *pro forma* financial information should be read in conjunction with the reporting accountants' report thereon as set out in Annexure 6. The directors of ARB are responsible for the preparation of the unaudited *pro forma* financial information and have adopted uniform accounting policies which have been applied consistently throughout the year.

The definitions commencing on page 10 of this prospectus have been used in this report.

### Pro forma balance sheet

	<b>Audited 30 June 2007 R'000<sup>(1)</sup></b>	<b>Share issue R'000</b>	<b>Settlement of debt R'000<sup>(5)</sup></b>	<b>Unaudited Pro forma R'000<sup>(2)</sup></b>	<b>Percentage change</b>
<b>ASSETS</b>					
<b>Non-current assets</b>	<b>79 683</b>	–	–	<b>79 683</b>	
<b>Current assets</b>	<b>409 377</b>	<b>178 300</b>	<b>(109 190)</b>	<b>478 487</b>	
Inventory and receivables	409 354	–	–	409 354	
Cash <sup>(3)</sup>	23	178 300	(109 190)	69 133	
<b>Total assets</b>	<b>489 060</b>	<b>178 300</b>	<b>(190 190)</b>	<b>558 170</b>	
<b>EQUITY AND LIABILITIES</b>					
<b>Equity and reserves</b>	<b>218 993</b>	<b>178 300</b>	–	<b>397 293</b>	
Share capital and premium <sup>(4)</sup>	20	178 300	–	178 320	
Revaluation reserve	23 893	–	–	23 893	
Accumulated profits	152 120	–	–	152 120	
Minority interest	33 586	–	–	33 586	
Non distributable reserve	9 374	–	–	9 374	
<b>Non-current liabilities</b>	<b>48 650</b>	–	<b>(40 070)</b>	<b>8 580</b>	
<b>Current liabilities</b>	<b>221 417</b>	–	<b>(69 120)</b>	<b>152 297</b>	
Current liabilities and other liabilities	199 394	–	(47 097)	152 297	
Bank overdraft	22 023	–	(22 023)	–	
<b>Equity and liabilities</b>	<b>489 060</b>	<b>178 300</b>	<b>(109 190)</b>	<b>558 170</b>	
<i>Pro forma</i> number of shares in issue	200 000			235 000	
Net asset value per share (cents)	109.50			169.06	54.39
Net tangible asset value per share (cents)	109.50			169.06	54.39



**Notes:**

1. The financial information has been extracted, without adjustment, from the audited financial statements of ARB for the year ended 30 June 2007. These are set out in Annexure 3.
2. The unaudited *pro forma* balance sheet was prepared on the basis that the private placement in terms of the offer for subscription was completed on 30 June 2007 and a total amount of R185.5 million less estimated listing costs of R7.2 million as set out in paragraph 17 of the prospectus was raised.
3. Current assets have been adjusted to include the proceeds of the offer for subscription of R185.5 million less the estimated listing costs set out in paragraph 17.
4. Share capital has been adjusted to include the 35 million shares with a par value of 0.01 cent each allotted in terms of the private placement and includes share premium, less the estimated listing costs as set out in paragraph 17.
5. Cash received through the private placement was used to settle the following debts:

(a) Investec loan	R15.1 million
(b) Burke Investment Trust	R37.1 million
(c) Instalment sales agreements (Nedbank)	R9.3 million
(d) Batsomi	R25.6 million
(e) Bank overdraft	R22.0 million

**Note:** The debt balances are the closing balances at 30 June 2007.

**Pro forma income statement**

	<b>Audited 30 June 2007 R'000<sup>(1)</sup></b>	<b>Settlement of debt R'000</b>	<b>Unaudited Pro forma R'000<sup>(2)</sup></b>	<b>Percentage change</b>
<b>Gross revenue</b>	<b>1 047 642</b>	–	<b>1 047 642</b>	
Cost of sales	(808 871)	–	(808 871)	
<b>Gross profit</b>	<b>238 771</b>	–	<b>238 771</b>	
Other operating income	25 805	–	25 805	
Operating expenses	(71 492)	–	(71 492)	
<b>Operating profit</b>	<b>193 084</b>	–	<b>193 084</b>	
Interest received	1 416	–	1 416	
Interest paid <sup>(3)</sup>	(13 595)	13 595 <sup>(3)</sup>	–	
<b>Profit before tax</b>	<b>180 905</b>	<b>13 595</b>	<b>194 500</b>	
Taxation	(53 275)	(3 943)	(57 218)	
<b>Profit after tax</b>	<b>127 630</b>	<b>9 652</b>	<b>137 282</b>	
Minority interest	(26 027)	(1 942)	(27 969)	
<b>Profit attributable to ordinary shareholders</b>	<b>101 603</b>	<b>7 710</b>	<b>109 313</b>	
Headline earnings adjustments	(24 521)	–	(24 521)	
Tax on adjustments	7 111	–	7 111	
<b>Headline earnings attributable to ordinary shareholders</b>	<b>84 193</b>	<b>7 710</b>	<b>91 903</b>	
<i>Pro forma</i> number of shares in issue ('000)	200 000	–	235 000	
Earnings per share (cents)	50.80	–	46.52	(8.43)
Headline earnings per share (cents)	42.10	–	39.11	(7.11)

**Notes:**

1. The financial information has been extracted, without adjustment, from the audited financial statements for ARB for the year ended 30 June 2007. These are set out in Annexure 3.
2. The unaudited *pro forma* income statement was prepared on the basis that the offer for subscription was completed on 1 July 2006.
3. The adjustment to interest paid reflects the interest saved on the settlement of the debts as referred to in point 5 above, at the respective interest rates as set out in notes 7 and 9 in Annexure 3.

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**INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION [25]**

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"The Directors  
ARB Holdings Limited  
PO Box 26426  
Isipingo Beach  
4115

Dear Sirs

**INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF ARB HOLDINGS LIMITED****Introduction**

The definitions commencing on page 10 of the prospectus have been used in this report. ARB Holdings Limited intends to apply for a JSE listing.

**Purpose of this report**

At your request and for the purposes of the prospectus to be dated on or about 05 November 2007 in complying with the Listings Requirements, we present our report on the historical financial information of ARB Holdings Limited.

**Responsibility**

The directors of ARB Holdings Limited are responsible for the compilation, contents and preparation of the prospectus and for the accuracy of the information contained therein. The directors of ARB Holdings Limited are also responsible for the financial information to which this report on the historical financial information of the company relates, and from which the report has been prepared.

Our responsibility is to express an opinion on the report of historical financial information of ARB Holdings Limited and its subsidiaries.

**Historical financial information for the years ended 30 June 2005, 30 June 2006 and 30 June 2007**

We have audited the historical financial information of ARB Holdings Limited and its subsidiaries relating to the financial years ended 30 June 2006 and 30 June 2007 as set out in the report of historical information attached as Annexure 3 to the prospectus. We have reviewed the historical financial information for the financial year ended 30 June 2005.

**Basis of audit opinion at 30 June 2006 and 30 June 2007**

We conducted our audit in accordance with international Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the historical financial information at 30 June 2006 and 30 June 2007 are free from material misstatement.

An audit includes:

- examining on a test basis, evidence supporting the amounts and disclosures in the historical financial information;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall historical financial information presentation.

We believe that our audit work provides a reasonable basis for our opinion.

**Basis of the review opinion at 30 June 2005**

We conducted our review of ARB Holdings Limited in accordance with the International Standard on Review Engagements 2400. This standard requires that we plan and perform the review to obtain moderate assurance that the historical financial information at 30 June 2005 is free of material misstatement. A review is limited primarily to enquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

**Audit opinion at 30 June 2006 and 30 June 2007**

In our opinion, the financial information for the purposes of the prospectus, fairly presents, in all material respects, the financial position of ARB Holdings Limited and its subsidiaries at 30 June 2006 and 30 June 2007 in accordance with International Financial Reporting Standards and in the manner required by the Act and the Listings Requirements.

**Review opinion for the period ended 30 June 2005**

Based on our review, nothing has come to our attention that causes us to believe that the historic financial information included in the report of historical financial information at 30 June 2005 as set out in Annexure 3 is not fairly presented, in all material respects, in accordance with International Financial Reporting Standards and the Listings Requirements.

Yours faithfully

**PKF Durban**

*Registered Auditors*

*Chartered Accountants (SA)*

PO Box 1858  
Durban  
4000

31 October 2007  
*Per: Kevin Gertenbach*

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## INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE UNAUDITED *PRO FORMA* FINANCIAL INFORMATION

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"The Directors  
ARB Holdings Limited  
P O Box 26426  
Isipingo Beach  
4115

Dear Sirs

### INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE UNAUDITED *PRO FORMA* FINANCIAL INFORMATION OF ARB HOLDINGS LIMITED AND ITS SUBSIDIARIES

#### Introduction

We have performed our limited assurance engagement in respect of the *pro forma* financial information of ARB Holdings Limited set out in paragraph 13 of the prospectus, to be dated on or about 5 November 2007, issued in connection with the intended listing that is the subject of the prospectus of ARB Holdings Limited.

The *pro forma* financial information has been prepared in accordance with the requirements of the JSE Limited ("JSE") Listings Requirements, for illustrative purpose only, to provide information about how the listing might have affected the reported historical financial information presented had the transactions been undertaken at the commencement of the period or the date of the *pro forma* financial information being reported on.

Because of its nature, the *pro forma* financial information may not present a fair reflection of the financial position, changes in equity, results of operations or cash flows of ARB Holdings Limited, after the transaction.

#### Directors' responsibilities

The directors of ARB Holdings Limited are responsible for the compilation, contents and presentation of the *pro forma* financial information contained in the prospectus and for the financial information from which it has been prepared. Their responsibility includes determining that; the *pro forma* financial information contained in the prospectus has been properly compiled on the basis stated; the basis is consistent with the accounting policies of ARB Holdings Limited; and the *pro forma* adjustments are appropriate for the purposes of the *pro forma* financial information as disclosed in terms of the JSE Listings Requirements.

#### Reporting accountants' responsibility

Our responsibility is to express our limited assurance conclusion on the *pro forma* financial information included in the prospectus. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements applicable to *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the *Guide on Pro Forma Financial Information* issued by The South African Institute of Chartered Accountants. This standard requires us to obtain sufficient appropriate evidence on which to base our conclusion.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the *pro forma* financial information, beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

#### Sources of information and work performed

Our procedures consisted primarily of comparing the unadjusted financial information of ARB Holdings Limited with the source documents, considering the *pro forma* adjustments in light of the accounting policies of ARB Holdings Limited, considering the evidence supporting the *pro forma* adjustments and discussing the *pro forma* financial information with the directors of ARB Holdings Limited in respect of the corporate actions that are the subject of the prospectus.

In arriving at our conclusion, we have relied upon financial information prepared by the directors of ARB Holdings Limited and other information from various public, financial and industry sources.

While our work performed involved an analysis of the historical published audited financial information and other information provided to us, our assurance engagement does not constitute either an audit or review of any of the underlying financial information undertaken in accordance with the International Standards on Auditing or the International Standards on Review Engagements and, accordingly, we do not express an audit or review opinion.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

## **Conclusion**

Based on our examination of the evidence obtained, nothing has come to our attention, which causes us to believe that:

- the *pro forma* financial information has not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of ARB Holdings Limited;
- the adjustments are not appropriate for the purpose of the *pro forma* financial information as disclosed in terms of the Sections 8.17 and 8.30 JSE Listings Requirements.

Yours faithfully

## **PKF Durban**

*Registered Accountants and Auditors  
Chartered Accountants (SA)*

PO Box 1858  
Durban  
4000

31 October 2007  
*Per: Kevin Gertenbach*

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**INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE PROFIT FORECAST**

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"The Directors  
ARB Holdings Limited  
P O Box 26426  
Isipingo Beach  
4115

Dear Sirs

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE PROFIT FORECAST OF ARB HOLDINGS LIMITED**

We have examined the consolidated profit forecast and the related assumptions of ARB Holdings Limited for the year ending 30 June 2008, as set out in paragraph 14 of the main body of the prospectus to be dated on or about 5 November 2007.

This report and the conclusion contained herein are provided solely for the benefit of the board of directors and prospective shareholders of ARB Holdings Limited for the purpose of their consideration of the listing of ARB Holdings Limited. This report is not addressed to and may not be relied upon by any other third party for any purpose whatsoever.

The definitions commencing on page 10 of the prospectus have been used in this report.

**Directors' responsibility**

The directors of ARB Holdings Limited are responsible for the forecast, including the assumptions set out in the notes to the forecast information from which it has been prepared. This responsibility, arising from compliance with the Listings Requirements includes: determining whether the assumptions, barring unforeseen circumstances, provide a reasonable basis for the preparation of the forecast; whether the forecast has been properly compiled on the basis stated and whether the forecast is presented on a basis consistent with the accounting policies of the company or group in question.

**Reporting accountants' responsibilities**

Our responsibility is to provide a limited assurance report on the forecast prepared for the purpose of complying with the Listings Requirements and for inclusion in the prospectus to ARB Holdings Limited's shareholders. We conducted our assurance engagement in accordance with the International Standards on Assurance Engagements applicable to the Examination of Prospective Financial Information. This standard requires us to obtain sufficient appropriate evidence as to whether or not:

- management's best-estimate assumptions on which the forecast is based are not unreasonable and are consistent with the purpose of the information;
- the forecast is properly prepared on the basis of the assumptions;
- the forecast is properly presented and all material assumptions are adequately disclosed;
- the forecast is prepared and presented on a basis consistent with the accounting policies of the company or group in question for the company or the group concerned.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and, therefore, less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

## **Conclusion**

Based on our examination of the evidence obtained, nothing has come to our attention that causes us to believe that:

- the assumptions, barring unforeseen circumstances, do not provide a reasonable basis for the preparation of the forecast;
- the forecast has not been properly compiled on the basis stated;
- the forecast has not been properly presented and all material assumptions are not adequately disclosed;
- the forecast, is not presented on a basis consistent with the accounting policies of the company or group in question.

Actual results are likely to be different from the forecast, since anticipated events frequently do not occur as expected and the variation may be material, accordingly, no assurance is expressed regarding the achievability of the forecast.

Yours faithfully

### **PKF Durban**

*Registered Auditors*

*Chartered Accountants (SA)*

PO Box 1858  
Durban  
4000

31 October 2007  
*Per: Kevin Gertenbach*



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## SALIENT FEATURES OF THE SHARE OPTION SCHEME

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Set out below are the salient features of the share option scheme:

1. An employee share option scheme has been established in terms of which the directors of the company may grant options to employees (including executive directors) to acquire shares in the company in such form as on such terms as provided for by the share option scheme rules.
2. Employees and executive directors will be eligible to participate in the employee share option scheme only if and to the extent that offers are made to them.
3. The aggregate number of unissued shares that may be reserved for the share option scheme, together with the shares under option, may not exceed 15% (fifteen percent) of the company's issued share capital from time to time.
4. The aggregate number of shares which any employee is entitled to acquire under the share option scheme may not exceed 1% (one percent) of the company's issued share capital from time to time.
5. The price at which an option may be exercised will be equal to the closing of ARB shares on the JSE on the trading day preceding that on which the employee was granted the option.
6. Each option granted will remain in force for a period of 11 years from the date of granting of the option.
7. Each option granted will only be exercised on the following bases:
  - after 6 (six) years have elapsed from the date on which the option is granted, in respect of not more than 10% (ten percent) of the shares which are the subject of that option;
  - after 7 (seven) years have elapsed from the date on which the option is granted, in respect of not more than 25% (twenty-five percent) of the shares which are the subject of that option;
  - after 8 (eight) years have elapsed from the date on which the option is granted, in respect of not more than 45% (forty-five percent) of the shares which are the subject of that option;
  - after 9 (nine) years have elapsed from the date on which the option is granted, in respect of not more than 70% (seventy percent) of the shares which are the subject of that option;
  - after 10 (ten) years have elapsed from the date on which the option is granted, in respect of all the shares which are the subject of that option,

provided that, notwithstanding the foregoing, the directors shall be entitled, in their absolute discretion and from time to time, to permit an option to be exercised in respect of all or part of the shares which is the subject of that option.
8. An application will be made for the listing on the JSE of any shares issued in terms of the share option scheme.
9. Ownership of scheme shares, together with the associated benefits and risks, shall pass on delivery of the shares against payment in full of the strike price.
10. Scheme shares will be fully paid, rank *pari passu* with existing issued shares and be allotted and issued by the directors within 14 (fourteen) days after the due exercise of the option in terms of the provisions of the share option scheme.
11. A participant shall not be entitled, unless the directors otherwise agree in writing, to dispose of any shares acquired by him pursuant to his exercise of an option so long as he is an employee and for a period of twelve months from the date on which he ceases to be an employee.
12. Provision is made for adjustments where there is an allotment of additional shares by capitalisation of the company's profits and/or reserves and/or share premium.
13. Provision is made for adjustments when there is a consolidation, sub-division, re-organisation or reduction of the company's share capital.

14. The trustees may, if they consider that the circumstances warrant such action, with the consent of a participant, cancel a transaction resulting from the acceptance of an offer or the exercise of an option without any resultant claim against the participant or re-purchase any shares so purchased by a participant for a purchase price not exceeding the cost to the participant of those shares.
15. No amendment may be made to the share option scheme without the prior approval of the JSE and no amendment in respect of the following matters shall operate unless the amendment has received the approval of the shareholders of the company in general meeting, namely eligibility under the share option scheme, the object of the share option scheme, the maximum percentage of shares that may be reserved for the share option scheme, the maximum participation by any participant under the share option scheme, the price at which options are exercisable and the 11 (eleven)-year period of the options granted under the share option scheme.

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## CORPORATE GOVERNANCE

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The directors endorse, and accept full responsibility for, the application of the principles necessary to ensure that effective corporate governance is practiced consistently throughout the group. In discharging this responsibility, the intention is to comply with the requirements of the Code of Corporate Practices and Conduct ("the Code") as set out in the second King Report on Corporate Governance ("King II") in both letter and spirit. The group's approach to corporate governance strives to be stakeholder inclusive, based on good communication and integrated into every aspect of the group's business. One of the important objectives of the board would be to find the correct balance between conforming within the parameters of the Code of King II and performing in an entrepreneurial way.

The directors are pro-actively taking steps to ensure that all the elements required to make the group fully compliant with the recommendations incorporated in the Code have been implemented.

### Chairperson and Chief Executive Officer

The board is chaired by Alan R Burke, a non-executive director. The Chairperson is responsible for providing leadership to the board and overseeing its efficient operation.

The Chief Executive ("CEO"), Craig Robertson, is responsible for proposing and continuously updating, implementing and maintaining the strategic direction of the group, as well as ensuring that the day-to-day affairs of the group are appropriately supervised and controlled.

### Board

The board comprises two executive directors and four non-executive directors, one of whom is independent.

The board's responsibilities include providing the group with clear strategic direction, ensuring that there is adequate succession planning at board and senior management levels, overseeing operational performance and management, determining policies and processes which seek to ensure the integrity of ARB's risk management and internal controls, implementing and maintaining the group's communications policy and overseeing director selection, orientation and evaluation.

The board will retain full and effective control over the business of the group. The board has defined levels of materiality through a written delegation of authority, which sets out decisions the board wishes to reserve for itself. The delegation will be regularly reviewed and monitored.

The two executive directors have fixed terms of appointment and the non-executive directors are subject, by rotation, to retirement and re-election by shareholders at least every three years, in accordance with the company's articles of association.

The remuneration and nomination committee is responsible for vetting the individuals proposed for directorship and making recommendations to the full board for approval. Before nomination, appropriate background checks are performed on proposed new directors. New directors will be taken through a formal induction programme and be provided with all the necessary background information to familiarise themselves with issues affecting the company.

The board intends to meet at least four times a year with additional meetings called, if necessary or desirable. Information relevant to a meeting will be supplied on a timely basis to the board ensuring directors can make informed decisions. The directors have unrestricted access to the group information and management and, where appropriate, may seek the advice of independent professionals on matters concerning the affairs of the group, at the expense of the group.

### Board committees

The responsibilities delegated to the committees are being formally documented into terms of reference for that committee, which will be approved by the board and will be reviewed annually. It is intended that the effectiveness of the committees will be reviewed annually by the board.

### **Audit Governance and Risk Committee**

The Audit Governance and Risk Committee (“the audit committee”) will be chaired by an independent non-executive director, Simon Downes and comprise of at least two other directors, Jacob Modise and William Neasham.

It is intended that the committee will meet at least twice a year and will be responsible for assisting the board in fulfilling its responsibilities in respect of financial reporting issues, internal and external audit management, ensuring compliance with laws and regulations, risk management and procedures and the development/maintenance of an effective internal control system. The committee will assist with identifying, evaluating and managing significant risks faced by the group.

Committee members will have unrestricted access to information and management of the group and, where appropriate, may seek the advice of independent professionals on matters concerning the affairs of the committee, at the expense of the group.

One of the major functions of the committee shall be reviewing and monitoring the external auditors’ independence and objectivity and the effectiveness of the audit process, taking into account relevant South African professional and regulatory requirements. The audit committee will also set the principles for recommending to the board the use of the external auditors for non-audit purposes.

### **Remuneration and Nominations Committee**

The Remuneration and Nominations Committee will consist of three non-executive directors: Simon Downes, an independent chairperson, Jacob Modise and Alan R Burke. The committee will meet at least once a year and will be responsible for assisting the board in fulfilling its responsibilities in respect of maintaining an appropriate performance-related remuneration strategy, ensuring the group’s directors and senior management are fairly rewarded, providing for succession planning and assessing the effectiveness of the composition of the board.

### **Company Secretary**

The Company Secretary acts as advisor to the board and plays a pivotal role in ensuring compliance with statutory regulations and the Code, the induction of new directors, tabling information on relevant regulatory and legislative changes and giving guidance to the directors regarding their duties and responsibilities. The directors have unlimited access to the advice and services of the Company Secretary.

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**DETAILS OF SUBSIDIARY COMPANIES**


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Set out in the table below are details of the subsidiary companies, both of which are unlisted:

<b>Name, registration number, date, place of incorporation and length of time in business</b>	<b>Date became a subsidiary</b>	<b>Issued share capital</b>	<b>Percentage of issued share capital held by ARB</b>	<b>Nature of business and full names of directors of each subsidiary</b>
ARB Electrical Wholesalers (Pty) Ltd Registration number 2004/012797/07, incorporated on 12 May 2004 in South Africa and in business since incorporation	1 July 2004	R10 000	74	Electrical Wholesalers Directors: Alan Ronald Burke Craig Charles Robertson Jacob Rasethlake Modise Dumisani Francis Muhlwa Clinton Malcom Cockerell Bruce Stuart Sloley Jason Michael Burke William Roy Neasham
ARB IT Solutions (Pty) Ltd (formerly Zevoli 136 (Pty) Ltd) Registration number 2007/017066/07, incorporated on 22 June 2007 in South Africa not yet in business	1 July 2007	R100	100	Computer software company Directors: Craig Charles Robertson Derrick Muller

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**PRINCIPAL IMMOVABLE PROPERTIES OWNED AND LEASED**


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Details of the principal immovable properties held or occupied by the group are set below:

<b>Leased Landlord</b>	<b>Property description</b>	<b>Period of lease (years)</b>	<b>Area (m<sup>2</sup>)</b>	<b>Monthly rental (Rand)</b>
Crossroads Distribution (Pty) Ltd	Corner Montague Drive and Chain Avenue Cape Town	Month to month	2 000	20 000
JDD Properties (Pty) Ltd	41 Marconi Road Montague Gardens Cape Town	1 June 2006 to 31 March 2008	2 600	33 000
<b>Owned</b>				<b>Valuation<sup>(1)</sup> (Rand)</b>
Lot 19168 East London	Corner Rayon and Military Road East London	N/A	23 610	4 400 000
Erf 322 Alrode Extension	8 Bosworth Street Alrode	N/A	13 220	17 400 000
Lot 7704 Richards Bay (Ext 24)	63 Dollar Drive Richards Bay	N/A	4 210	4 500 000
Sub 20 of Lot 1543 Isipingo	10 Mack Road Prospecton	N/A	23 500	28 120 000
Sub 12 of Lot 2131 Pietermaritzburg	307 Boom Street Pietermaritzburg	N/A	3 528	6 250 000
Erf 6794 Montague Gardens	14 – 16 Track Crescent Montague Gardens	N/A	6 856	5 335 000 <sup>(2)</sup>

**Notes:**

1. The valuations were performed by G Macmillan (SACV No. 2964), an independent valuer using the open market valuation method at 1 August 2007.
2. The value is stated at cost of acquisition as the property was purchased on 29 May 2007 and only transferred after 30 June 2007.

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**DETAILS OF DIRECTORS AND SENIOR MANAGEMENT OF MATERIAL SUBSIDIARIES**


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In addition to the directors as set out in paragraph 6 (excluding Simon Downes), the details of full names, ages, qualifications, business addresses of senior management and directors of the material subsidiaries of ARB are set below:

<b>Name, age and qualification</b>	<b>Function and experience</b>	<b>Business address</b>	<b>Other directorships/ memberships within the previous five years</b>
Clinton Malcom Cockerell (48)	Director	10 Mack Road Prospecton Durban	Bowneth CC Cuppitz Investments CC Wellpark Trading CC
Bruce Stuart Sloley (52)	Director	10 Mack Road Prospecton Durban	N/A
Jason Michael Burke (28)	Director	10 Mack Road Prospecton Durban	N/A

**Note:** All directors are South Africa citizens.

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**EXTRACTS OF HISTORICAL INFORMATION FOR PAST FIVE YEARS [6 (f)]**


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<b>Consolidated</b>	<b>2007<sup>(1)</sup></b> <b>R'000</b>	<b>2006<sup>(1)</sup></b> <b>R'000</b>	<b>2005<sup>(1)</sup></b> <b>R'000</b>	<b>2004<sup>(2)</sup></b> <b>R'000</b>	<b>2003<sup>(2)</sup></b> <b>R'000</b>
Profit before tax	180 905	79 082	38 422	25 818	15 580
Profit after tax	127 630	55 696	23 550	17 408	10 689
Dividend paid	–	3 500	30 000	3 500	2 000
Dividend per share (cents)	–	17 500	150 000	17 500	10 000
Dividend cover (times)	–	3.18	0.76	4.97	5.34
<b>ARB Holdings</b>					
Profit before tax	39 898	49 501	37 141	25 818	15 580
Profit after tax	27 526	49 247	22 641	17 408	10 689
Dividend paid	–	3 500	30 000	3 500	2 000
Dividend per share (cents)	–	17 500	150 000	17 500	10 000
Dividend cover (times)	–	2.81	0.75	4.97	5.34
<b>ARB Electrical Wholesalers<sup>(3)</sup></b>					
Profit before tax	141 008	64 580	31 860	–	–
Profit after tax	100 104	41 449	22 616	–	–
ARB's share of profit after tax	74 077	33 231	13 903	–	–
Dividend paid	–	35 000	–	–	–
Dividend per share (cents)	–	350 000	–	–	–
Dividend cover (times)	–	1.18	–	–	–

**Notes:**

1. The figures have been presented in compliance with IFRS.
2. Years ended 30 June 2003 and 2004 are presented in accordance with GAAP and have not been adjusted to comply with IFRS.
3. ARB Electrical Wholesalers was incorporated in the 2005 year and therefore no income is reflected for the 2003 and 2004 year-ends.





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

PRIVATE PLACEMENT APPLICATION FORM
TO BE COMPLETED BY SELECTED INSTITUTIONAL, RETAIL AND PRIVATE CLIENT INVESTORS

In respect of the private placement by way of subscription of a maximum of 35 000 000 new ARB shares at a subscription price of between 480 cents and 530 cents per share and the sale of a maximum of 35 000 000 million shares by existing shareholders at a purchase price of between 480 cents and 530 cents per share, registered in terms of the prospectus issued on 5 November 2007 ("the prospectus")

Please refer to the instructions overleaf before completing this private placement application form.

Dematerialised shares

The private placement shares will be transferred to the qualifying investors in dematerialised form only. Accordingly, all successful qualifying investors must appoint a CSDP directly, or a broker, to receive and hold the dematerialised shares on their behalf. Should a shareholder require a physical share certificate for its shares, it will have to rematerialise its shares following the listing and should contact its CSDP or broker to do so.

Qualifying investors should complete the private placement application form and hand deliver or fax it to:

If delivered by hand or by courier:

Bridge Capital Advisors (Pty) Limited
Attention: Rowan Grobler
2nd Floor
27 Fricker Road
Illovo Boulevard
Illovo, 2196
Johannesburg

If faxed:

Attention: Rowan Grobler
+27 (0)11 268 6538

This private placement application form must be received no later than 12:00 on Wednesday, 7 November 2007.

Qualifying investors must contact their CSDP or broker and advise them that they have submitted the application form as instructed above. Pursuant to the application, qualifying investors must make arrangements with their CSDP or broker for payment to be made as stipulated in the agreement governing their relationship with their CSDP or broker, in respect of the private placement shares allocated to them in terms of the private placement by the settlement date, expected to be on Tuesday, 20 November 2007.

Reservation of rights

The directors of ARB reserve the right to accept or refuse any application(s), either in whole or in part, or to pro-rate any or all application(s) (whether or not received timeously) in such manner as they may, in their sole and absolute discretion, determine. The directors of ARB reserve the right to accept or reject, either in whole or in part, any private placement application form should the terms contained in this prospectus, of which this private placement application form forms part and the instructions herein not be properly complied with.

Applications must be for a minimum of 5 000 shares and thereafter in whole multiples of 1 000 shares.

Full name of corporate body [grid]

Contact person

To the directors:

ARB Holdings Limited

- 1. I/We, the undersigned, confirm that I/we have full legal capacity to contract and, having read the prospectus, hereby irrevocably apply for and request you to accept my/our application for the undermentioned number of shares in ARB at the price per share stipulated herein (or such lower prices as may be applicable) or any lesser number that may, in your absolute discretion, be allotted/transferred to me/us, subject to the articles of association of ARB.
2. I/We wish to receive my/our allocated shares in dematerialised form and will hand this private placement application form to Bridge Capital, and will provide the appropriate instructions to my/our CSDP or broker, as the case may be, with regard to the application herein and the payment thereof, as stipulated in the agreement governing my/our relationship with my/our CSDP or broker. I/We accept that payment in respect of these applications will be, in terms of the custody agreement entered into between me/us and my/our CSDP or broker, on a delivery versus payment basis.
3. I/We understand that the subscription for/acquisition of shares in terms of the prospectus is conditional on the granting of a listing of the shares of ARB, by Tuesday, 20 November 2007 or such later date as the directors may determine, on the JSE.

Dated 2007 Telephone number ( )

Signature

Assisted by (where applicable)

**SECTION A: TO BE COMPLETED BY INVITED INSTITUTIONAL INVESTORS ONLY**

Full name of corporate body

Contact person

Contact person telephone number

Postal address (preferably PO Box address)

Code

Total number of private placement shares applied for

**Note: Minimum 5 000 and in multiples of 1 000 private placement shares thereafter (enter figures only – not words)**

Price per share (cents)

**Required information must be completed by CSDP or stock broker with their stamp and signature affixed hereto**

CSDP name:

ABSA  FNB  Standard Bank   
 Nedbank  Socgen  Computershare

CSDP contact person

CSDP contact telephone number

SCA/Bank CSD account number

Scrip account number

Settlement bank account number

Stamp and signature of CSDP or stock broker

**SECTION B: TO BE COMPLETED BY INVITED RETAIL INVESTORS AND SELECTED PRIVATE CLIENTS ONLY**

Mr  Mrs  Miss  Other

Surname of individual or Name of corporate body

First names (if individual)

Contact number

ID Number (if individual)

Postal address (preferably PO Box address)

Code

Total number of private placement shares applied for

**Note: Minimum 5 000 and in multiples of 1 000 private placement shares thereafter (Enter figures only – not words)**

Price per share (cents)

**Required information must be completed by CSDP or stock broker with their stamp and signature affixed hereto**

CSDP name:

ABSA  FNB  Standard Bank   
 Nedbank  Socgen  Computershare

CSDP contact person

CSDP contact telephone number

SCA/Bank CSD account number

Scrip account number

Settlement bank account number

Broking member/Stock broking company

Stock broker contact person

Account number

Stamp and signature of CSDP or stock broker

**Instructions:**

- Applications may be made on this private placement application form only. Copies or reproductions of this private placement application form will be accepted at the discretion of the directors.
- Applications are irrevocable and may not be withdrawn once submitted to the Sponsor.
- Please refer to the terms and conditions of the private placement set out in Part Four of the prospectus. Applicants should consult their brokers, bankers or other professional advisors in case of doubt as to the correct completion of this private placement application form.
- Applications must be for a minimum of 5 000 shares and thereafter in whole multiples of 1 000 shares.
- CSDP's or brokers will be required to retain this application form for presentation to the directors if required.
- Applicants need to have appointed a CSDP or broker and must advise their CSDP or broker in terms of the custody agreement entered into between them and their CSDP or broker. Payment will be made on a delivery versus payment basis.
- No payment should be submitted with this form to Bridge Capital.
- No receipts will be issued for private placement application forms.
- All alterations on this private placement application form must be authenticated by full signature.
- Blocked Rand may be used by emigrants and non-residents of the common monetary area (comprising the Republics of South African and Namibia and the Kingdoms of Swaziland and Lesotho) and reference should be made to paragraph 30 of the prospectus, which deals with Exchange Control Regulations.



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

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## PRIVATE PLACEMENT APPLICATION FORM

### TO BE COMPLETED BY INVITED EMPLOYEES, FAMILY, FRIENDS AND BUSINESS ASSOCIATES ONLY

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In respect of the private placement by way of subscription of a maximum of 35 000 000 new ARB shares at a subscription price of between 480 cents and 530 cents per share and the sale of a maximum of 35 000 000 shares by existing shareholders at a purchase price of between 480 cents and 530 cents per share, registered in terms of the prospectus issued on 5 November 2007 ("the prospectus").

Please refer to the instructions overleaf before completing this private placement application form.

#### **Dematerialised shares**

The private placement shares will be transferred to the qualifying investors in dematerialised form only. Accordingly, all successful qualifying investors must appoint a CSDP directly, or a broker, to receive and hold the dematerialised shares on their behalf. Should a shareholder require a physical share certificate for its shares, it will have to rematerialise its shares following the listing and should contact its CSDP or broker to do so.

Qualifying investors should complete the private placement application form and hand deliver or fax it to:

#### ***If delivered by hand or by courier:***

Bridge Capital Advisors (Pty) Limited  
Attention: Rowan Grobler  
2nd Floor  
27 Fricker Road  
Illovo Boulevard  
Illovo, 2196  
Johannesburg

#### ***If faxed:***

Attention: Rowan Grobler  
+27 (0)11 268 6538

This private placement application form must be received no later than 12:00 Wednesday, 7 November 2007.

Qualifying investors must contact their CSDP or broker and advise them that they have submitted the application form as instructed above. Pursuant to the application, qualifying investors must make arrangements with their CSDP or broker for payment to be made as stipulated in the agreement governing their relationship with their CSDP or broker, in respect of the private placement shares allocated to them in terms of the private placement by the settlement date, expected to be on Tuesday, 20 November 2007.

#### **Reservation of rights**

The directors of ARB reserve the right to accept or refuse any application(s), either in whole or in part, or to pro-rate any or all application(s) (whether or not received timeously) in such manner as they may, in their sole and absolute discretion, determine. The directors of ARB reserve the right to accept or reject, either in whole or in part, any private placement application form should the terms contained in this prospectus, of which this private placement application form forms part, and the instructions herein not be properly complied with.

**Applications must be for a minimum of 1 000 shares and thereafter in whole multiples of 1 000 shares.**

#### **To the directors:**

##### **ARB Holdings Limited**

I, the undersigned, confirm that I have full legal capacity to contract and, having read the prospectus, hereby irrevocably apply for and request you to accept my application for the under mentioned number of shares in ARB at the price per share stipulated herein (or such lower prices as may be applicable) or any lesser number that may, in your absolute discretion, be allotted/transferred to me/us, subject to the articles of association of ARB.

I wish to receive my allocated shares in dematerialised form and will hand this private placement application form to Bridge Capital, and will provide the appropriate instructions to my CSDP or broker, as the case may be, with regard to the application herein and the payment thereof, as stipulated in the agreement governing my relationship with my CSDP or broker. I accept that payment in respect of these applications will be, in terms of the custody agreement entered into between me and my CSDP or broker, on a delivery versus payment basis.

I understand that the subscription for/acquisition of shares in terms of the prospectus is conditional on the granting of a listing of the shares of ARB, by Tuesday, 20 November 2007 or such later date as the directors may determine, on the JSE.

Dated \_\_\_\_\_ 2007 Telephone number ( ) \_\_\_\_\_

Signature \_\_\_\_\_

Assisted by (where applicable) \_\_\_\_\_

**SECTION C: TO BE COMPLETED BY INVITED EMPLOYEES, FAMILY, FRIENDS AND BUSINESS ASSOCIATES ONLY**

Mr  Mrs  Miss  Other

Surname of individual or  
Name of corporate body

First names (if individual)

Contact number employee

ID Number (if individual)

Relationship to ARB (family, friend,  
business associate), if applicable

Contact person at ARB

Postal address (preferably PO Box address)

Code

Total number of private placement shares applied for

**Note: Minimum 1 000 and in multiples of 1 000 private placement shares thereafter (Enter figures only – not words)**

Price per share (cents)

**Required information must be completed by CSDP or stock broker with their stamp and signature affixed hereto**

CSDP name:

ABSA  FNB  Standard Bank   
Nedbank  Socgen  Computershare

CSDP contact person

CSDP contact telephone number

SCA/Bank CSD account number

Scrip account number

Settlement bank account number

Broking member/Stock broking company

Stock broker contact person

Account number

Stamp and signature of  
CSDP or stock broker

**Instructions:**

1. Applications may be made on this private placement application form only. Copies or reproductions of this private placement application form will be accepted at the discretion of the directors.
2. Applications are irrevocable and may not be withdrawn once submitted to Bridge Capital.
3. Please refer to the terms and conditions of the private placement set out in Part Four of the prospectus. Applicants should consult their brokers, bankers or other professional advisors in case of doubt as to the correct completion of this private placement application form.
4. Staff applications must be for a minimum of 1 000 shares and thereafter in whole multiples of 1 000 shares.
5. CSDP's or brokers will be required to retain this form for presentation to the directors if required.
6. Applicants need to have appointed a CSDP or broker and must advise their CSDP or broker in terms of the custody agreement entered into between them and their CSDP or broker. Payment will be made on a delivery versus payment basis.
7. No payment should be submitted with this private placement application form to Bridge Capital.
8. No receipts will be issued for private placement application forms.
9. All alterations on this private placement application form must be authenticated by full signature.
10. Blocked Rand may be used by emigrants and non-residents of the common monetary area (comprising the Republics of South African and Namibia and the Kingdoms of Swaziland and Lesotho) and reference should be made to paragraph 30 of the prospectus, which deals with Exchange Control Regulations.