

Summarised audited consolidated results

for the year ended 30 June 2015,
dividend announcement and notice
of Annual General Meeting

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Salient features

- **Headline earnings** per share down 0,6% to 49,99 cents
- **Annual dividend** unchanged at 20,1 cents per share plus a special dividend of 10,0 cents per share
- **Ungearred** with R226,8 million net cash on hand

[Registration number: 1986/002975/06] Share code: ARH ISIN: ZAE000109435 ["ARB" or "the Company" or "the Group"]

Summarised Group statements of comprehensive income

| | % Change | Audited year to 30 June 2015 R000's | Audited year to 30 June 2014 R000's |
|--|----------|-------------------------------------|-------------------------------------|
| Revenue | (3%) | 2 150 764 | 2 216 659 |
| Cost of sales | | 1 633 459 | 1 689 709 |
| Gross profit | (2%) | 517 305 | 526 950 |
| Other income | | 4 061 | 4 878 |
| Operating expenses | | (324 839) | (328 798) |
| Profit before interest and taxation | (3%) | 196 527 | 203 030 |
| Interest received | | 15 175 | 11 442 |
| Interest paid | | (95) | (190) |
| Profit before taxation | (1%) | 211 607 | 214 282 |
| Taxation | | (58 481) | (59 708) |
| Profit for the year | (1%) | 153 126 | 154 574 |
| Revaluation of property, plant and equipment (net of taxation) | | 10 202 | (457) |
| Total comprehensive income for the year | 6% | 163 328 | 154 117 |
| Profit for the year attributable to: | (1%) | 153 126 | 154 574 |
| Minority interests | (2%) | (35 667) | (36 383) |
| Ordinary shareholders | (1%) | 117 459 | 118 191 |
| Total comprehensive income attributable to: | 6% | 163 328 | 154 117 |
| Minority interests | (2%) | (35 667) | (36 383) |
| Ordinary shareholders | 8% | 127 661 | 117 734 |

| | % Change | Audited year to 30 June 2015 R000's | Audited year to 30 June 2014 R000's |
|--|----------|-------------------------------------|-------------------------------------|
| Reconciliation between earnings and headline earnings | | | |
| Profit for the year attributable to ordinary shareholders | (1%) | 117 459 | 118 191 |
| Less: Loss/(surplus) on disposal of property, plant and equipment (net of taxation and minorities) | | 12 | (31) |
| Headline earnings attributable to ordinary shareholders | (1%) | 117 471 | 118 160 |
| Ordinary shares in issue (000's) | | 235 000 | 235 000 |
| Weighted ordinary shares in issue (000's) | | 235 000 | 235 000 |
| Diluted ordinary shares in issue (000's) | | 235 000 | 235 000 |
| Basic earnings per share (cents)* | (1%) | 49,98 | 50,29 |
| Headline earnings per share (cents)* | (1%) | 49,99 | 50,28 |

* There are no dilutive instruments in issue.

Summarised Group statements of financial position

| | % | Audited 30 June 2015 | Audited 30 June 2014 |
|--|---|----------------------|----------------------|
| | | | |

Summarised Group statements of changes in equity

| | Share capital R000's | Share premium R000's | Revaluation reserve R000's | Accumulated profit R000's | Minority interests R000's | Total R000's |
|--|----------------------|----------------------|----------------------------|---------------------------|---------------------------|-----------------|
| Balance at 30 June 2013 (audited) | 24 | 116 150 | 60 557 | 479 501 | 172 855 | 829 087 |
| Total comprehensive income for the year | - | - | (457) | 118 191 | 36 383 | 154 117 |
| Dividends paid | - | - | - | (61 570) | (9 400) | (70 970) |
| Balance at 30 June 2014 (audited) | 24 | 116 150 | 60 100 | 536 122 | 199 838 | 912 234 |
| Total comprehensive income for the year | - | - | 10 202 | 117 459 | 35 667 | 163 328 |
| Dividends paid | - | - | - | (70 735) | (19 016) | (89 751) |
| Balance at 30 June 2015 (audited) | 24 | 116 150 | 70 302 | 582 846 | 216 489 | 985 811 |

Summarised Group segmental reports

| | Electrical R000's | Lighting R000's | Corporate R000's | Inter-company eliminations R000's | Total R000's |
|--|-------------------|-----------------|------------------|-----------------------------------|------------------|
| Audited for the year ended 30 June 2015 | | | | | |
| Segment revenue | 1 740 585 | 425 499 | 38 219 | (53 539) | 2 150 764 |
| Profit before interest and taxation | 122 676 | 43 800 | 30 051 | - | 196 527 |
| Segment assets | 805 412 | 239 195 | 374 101 | (138 602) | 1 280 106 |
| Segment liabilities | 211 318 | 121 629 | 56 238 | (94 890) | 294 295 |
| Net segment assets | 594 094 | 117 566 | 317 863 | (43 712) | 985 811 |
| Audited for the year ended 30 June 2014 | | | | | |
| Segment revenue | 1 875 877 | 350 815 | 35 058 | (45 091) | 2 216 659 |
| Profit before interest and taxation | 138 632 | 39 511 | 26 732 | (1 845) | 203 030 |
| Segment assets | 827 199 | 183 788 | 324 890 | (102 215) | 1 233 662 |
| Segment liabilities | 268 172 | 84 728 | 27 031 | (58 503) | 321 428 |
| Net segment assets | 559 027 | 99 060 | 297 859 | (43 712) | 912 234 |

BASIS OF PREPARATION

The summarised audited consolidated annual financial statements for the year ended 30 June 2015 ("the year") have been prepared in accordance with International Financial Reporting Standards ("IFRS"), IAS 34 Interim Financial Reporting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act of South Africa, and the JSE Listings Requirements.

The accounting policies used in the preparation of these results are in terms of IFRS and are consistent, in all material respects, with those applied in prior years and except for the first time adoption of the new and amended standards, are consistent with those applied in the previous annual financial statements for the year ended 30 June 2014. During the current year the Group adopted those standards and interpretations in issue and effective for the year. The impact of adopting these new and amended standards and interpretations has not had a significant impact on the Group's accounting policies adopted.

The following new standards were adopted during the period:

- Amendment to IFRS 2 – Amendments to the definitions of all performance, service, vesting and market conditions
- Amendment to IFRS 3 – Measurement requirements of contingent considerations and amendments to scope regarding formation of joint arrangement

- Amendment to IFRS 8 – Judgements made to the aggregation criteria and certain reconciliations
- Amendments to IFRS 13 – Measurement of short term receivables
- Amendments to IAS 16 – Proportionate restatement of accumulated depreciation
- Amendments to IAS 24 – Definition and disclosure requirements for key management of personnel
- Amendments to IAS 40 – Clarify the interrelationship between IFRS 3 and IAS 40

These summarised financial statements have been derived from the consolidated financial statements for the year ended 30 June 2015 which have been audited by PKF Durban, whose unqualified audit opinion on these consolidated financial statements is available for inspection at the Company's registered office, together with the financial statements which will be utilised in preparation of the integrated report for circulation to the shareholders together with the notice for the Annual General Meeting. This summarised report is extracted from audited information, but is not itself audited.

The auditor's report does not necessarily cover all of the information included in this announcement. The directors take full responsibility for the preparation of these summarised audited consolidated financial results for the year ended 30 June 2015 and for ensuring that the financial information has been correctly extracted from the underlying audited annual financial statements.

The audited annual financial statements have been prepared under the supervision of the Acting Financial Director, WR Neasham, CA(SA).

| | % Change | Audited 30 June 2015 R000's | Audited 30 June 2014 R000's |
|--|-------------|--------------------------------------|--------------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 221 672 | 205 525 |
| Intangible assets | | 83 659 | 83 971 |
| Deferred taxation | | 8 149 | 13 188 |
| Current assets | | | |
| Inventory | | 387 973 | 391 348 |
| Trade and other receivables | | 351 345 | 341 924 |
| Taxation overpaid | | 200 | 122 |
| Deferred lease payments | | 328 | - |
| Cash resources | | 226 780 | 197 584 |
| Total assets | | 1 280 106 | 1 233 662 |
| EQUITY AND LIABILITIES | | | |
| Equity and reserves | | | |
| Share capital | | 24 | 24 |
| Share premium | | 116 150 | 116 150 |
| Revaluation reserve | | 70 302 | 60 100 |
| Accumulated profit | | 582 846 | 536 122 |
| Attributable to ordinary shareholders | 8% | 769 322 | 712 396 |
| Minority interests | | 216 489 | 199 838 |
| Total shareholders' funds | 8% | 985 811 | 912 234 |
| Non-current liabilities | | | |
| Deferred taxation | | 38 626 | 34 127 |
| Deferred lease payments | | 981 | - |
| Current liabilities | | | |
| Vendor loan | | - | 18 |
| Trade and other payables | | 252 185 | 284 118 |
| Deferred lease payments | | 11 | 440 |
| Taxation payable | | 2 492 | 2 725 |
| Total equity and liabilities | | 1 280 106 | 1 233 662 |
| Ordinary shares in issue (000's) | | 235 000 | 235 000 |
| Net asset value per share (cents) | 8% | 327,37 | 303,15 |
| Net tangible asset value per share (cents) | 10% | 302,44 | 275,94 |

Summarised Group statements of cash flow

| | % Change | Audited 30 June 2015 R000's | Audited 30 June 2014 R000's |
|---|-------------|--------------------------------------|--------------------------------------|
| Cash generated by trading | (3%) | 208 271 | 214 511 |
| Increase in net working capital | | (37 979) | (70 855) |
| Cash generated by operating activities | 19% | 170 292 | 143 656 |
| Interest received | | 15 175 | 11 442 |
| Interest paid | | (95) | (190) |
| Dividends paid | | (89 751) | (70 970) |
| Taxation paid | | (52 470) | (62 176) |
| Cash flows from operating activities | | 43 151 | 21 762 |
| Cash flows from investing activities | | (13 937) | (24 690) |
| Cash flows from financing activities | | (18) | (2 241) |
| Increase/(decrease) in cash resources | | 29 196 | (5 169) |
| Cash resources at beginning of year | | 197 584 | 202 753 |
| Cash resources at end of year | | 226 780 | 197 584 |

Directors: AR Burke (Chairman)*; ST Downes*; RB Patmore*; WR Neasham (CEO and Acting Financial Director); G Pretorius*
* Non-executive ° Independent # Lead independent

Registered office: 10 Mack Road, Prospecton, Durban, 4110 (PO Box 26426, Isipingo Beach, 4115)

Company secretary: M Louw, 11 Larch Nook, Zwartkop X4, Centurion, 0046 (PO Box 23305, Gezina, 0031)

Auditors: PKF Durban (audit partner: Tania Marti-Warren), 2nd Floor, 12 on Palm Boulevard, Gateway, 4319 (PO Box 1858, Durban, 4000)

Sponsor: Grindrod Bank Limited, 4th Floor, Grindrod Towers, 8A Protea Place, Sandton, Johannesburg, 2146 (PO Box 78011, Sandton, 2146)

Transfer secretaries: Computershare Investor Services (Pty) Ltd, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107)

Investor relations: Keyter Rech Investor Solutions CC, Fountain Grove Office Park, No 5 2nd Road, Hyde Park, 2196 (PO Box 653078, Benmore, 2010)

Commentary

The board of directors of ARB ("the Board") is pleased to present the Group's audited results for the year.

The Lighting Division continued to achieve market share gains while the Electrical Division has shown resilience in the continued challenging trading environment. Both divisions continue to review and improve operational efficiencies to ensure that the Group is able to sustain its earnings.

Financial review

The Group revenue declined 3,0% to R2,15 billion. The decline in revenue was as a result of a decline in the Electrical Division's turnover, attributable to the lack of infrastructure spend and Eskom's funding challenges which have affected the sales of its overhead line division, particularly in the Eastern Cape and KwaZulu-Natal regions. The Lighting Division continues to show strong market share gains.

The trading margin remains under pressure in both divisions. At Group level it improved from 23,8% to 24,1% due to the higher margin contributed by the Lighting Division. Overheads continue to be well controlled and there was no year on year growth in overheads.

Operating profit declined by 3,2% to R196,5 million, resulting in an operating margin of 9,1% compared to 9,2% for the prior year.

Net interest received continued to increase despite the payment of annual and special dividends totalling R89,75 million in September 2014.

Headline earnings per share decreased marginally by 0,6% to 49,99 cents (2014: 50,28 cents).

The Group's operations remained strongly cash generative.

Net working capital increased to 22,7% of revenue (2014: 20,3%) but is still within the Group's targeted range of 20% to 25% of turnover. The Electrical Division took steps to reduce their inventory levels in line with the inventory policy which has been established to limit possible inventory losses in a volatile copper price environment. The Lighting Division is currently overstocked, partially as a result of the delayed offtake by a newly contracted customer. Steps are being taken to manage these inventory levels within the Group's parameters. The trade receivables book continued to be well managed in an increasingly challenging credit environment. The Lighting Division had credit insurance on its trade receivables throughout the period, while the Electrical Division insured its trade receivables with effect from 1 May 2015.

Net capital expenditure for the period amounted to R13,9 million (2014: R24,7 million), of which R5,1 million was utilised to complete the construction of the new Electrical Division's Rustenburg premises (construction commenced in April 2014).

The Group's statement of financial position remained robust reflecting a net asset value per share of 327,37 cents (2014: 303,15 cents) and a net ungeared cash position of R226,8 million (2014: R197,6 million).

The Group's after-tax return on average equity in the current year is now 15,9%, slightly lower than the 17,3% achieved in the prior year.

Divisional review

Electrical Division (revenue down 7,2% and operating profit down 11,5%)

This division has battled significant headwinds with the dearth of major infrastructure projects, and the lack of significant capital expenditure by Eskom in the rural electrification programme. Full year revenue declined 7,2% to R1,74 billion (2014: R1,88 billion). Gross margins improved due to the leveraging of trading and procurement efficiencies. Operating profits decreased by 11,5% to R122,7 million (2014: R138,6 million). The Electrical Division reflected an operating margin of 7,0% (2014: 7,4%).

Lighting Division (revenue up 21,3% and operating profit up 10,9%)

The introduction of new product categories and the focus on key customer gains enabled the Lighting Division to maintain its strong first half performance and grow full year revenues by 21,3% to R425,5 million (2014: R350,8 million). Given the competitive environment and the volatile exchange rate, gross margins were lower. Overheads increased due to the delay in the issue of Letters of Authority ("LOAs") by the National Regulator of Compliance Specifications ("NRCS"), and employee cost increases incurred due to the growth in market share. As a result, the operating margin reduced to 10,3% (2014: 11,3%).

Corporate Division (revenue up 9,0% and operating profit up 12,4%)

The Corporate Division represents the Group's ungeared property portfolio, the centralised treasury function and ARB IT Solutions (Pty) Limited. Given the largely fixed nature of its revenue and overheads the Corporate Division's results for the period were in line with expectations.

The market value of the Group's portfolio of 16 properties is valued at R181 million (2013: R163 million), of which one site situated in Polokwane, is currently undeveloped land.

Corporate activity and expansion

While no new corporate activity was undertaken during the year, acquisitions remain an integral part of the Group's growth and expansion strategy.

Potential acquisitions have been and will continue to be evaluated. In evaluating acquisition opportunities the Board considers the strategic fit and merits of each opportunity and is guided by the principle that the terms and structure of any acquisitions should be value accretive to ARB shareholders.

Prospects

The combination of moderating economic growth, the subdued levels of fixed investment activity and the unresolved challenges relating to Eskom suggests a continuation of the tough market conditions experienced over the past few years.

Given these headwinds, the Group will maintain its focus on optimising operational efficiencies in its existing businesses as well as continuing to evaluate strategically-aligned trading and distribution-related acquisitions.

The above prospects statements have not been reviewed or reported on by the Company's independent external auditors.

Dividends

In view of the Group's continued strong cash generation and its ungeared balance sheet, the Board has resolved to declare a dividend of 20,1 cents per share (2014: 20,1 cents per share) for the year ended 30 June 2015, representing the maximum payout in terms of the Company's dividend policy. In addition, the Board has resolved to declare a further special dividend of 10,0 cents per share in order to return excess cash to shareholders.

The relevant dates for the dividends are as follows:

| | |
|--|---------------------------|
| Declaration date | Thursday, 20 August 2015 |
| Last day to trade <i>cum</i> dividend | Friday, 4 September 2015 |
| Shares commence trading <i>ex</i> dividend | Monday, 7 September 2015 |
| Record date | Friday, 11 September 2015 |
| Payment date | Monday, 14 September 2015 |

Share certificates may not be dematerialised or rematerialised between Monday, 7 September 2015 and Friday, 11 September 2015, both days inclusive.

In compliance with the JSE Listings Requirements, the following additional information is disclosed:

- the dividend and special dividend have been declared out of income reserves;
- the local dividend tax rate is 15%;
- there are no Secondary Tax on Companies credits utilised against the dividends;
- the gross local dividend amount is 20,10000 cents per share for shareholders exempt from paying Dividends Tax;
- the gross local special dividend amount is 10,00000 cents per share for shareholders exempt from paying Dividends Tax;
- the net local dividend amount is 17,08500 cents per share for shareholders liable to pay Dividends Tax;
- the net local special dividend amount is 8,50000 cents per share for shareholders liable to pay Dividends Tax;
- the issued share capital of ARB is 235 000 000 ordinary shares of 0,01 cent each; and
- ARB's income tax reference number is 9010/138/20/5.

Changes to the Board

As previously announced on SENS on 13 February 2015, William (Billy) Neasham was appointed as the Group's Chief Executive Officer and Jacob Modise resigned as a non-executive director of the Board following his appointment as Chairman of NERSA.

The Board also announced the appointment of Grant Scrutton CA(SA), as the Group Financial Director with effect from 1 October 2015.

Gerrit (Boel) Pretorius will be retiring from the Board at the forthcoming Annual General Meeting.

Subsequent events

No significant events have occurred during the period between the reporting date and the date of this announcement that require additional disclosure or adjustment to the financial statements.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of shareholders of ARB will be held at 10:00 on Thursday, 12 November 2015, at the Company's registered office located at 10 Mack Road, Prospecton, Durban. The notice of Annual General Meeting will be contained in the integrated report which will be posted to shareholders by no later than 28 September 2015.

The record date, for purposes of determining which shareholders are entitled to receive the notice of Annual General Meeting, will be 16 September 2015.

The last day to trade and the record date, in order for shareholders to be eligible to participate in and vote at the Annual General Meeting, will be 30 October 2015 and 6 November 2015, respectively.

Appreciation

We would like to acknowledge our management and staff, our fellow directors as well as our valued customers, suppliers, business partners, advisors and shareholders for their continued support.

For and on behalf of the Board

Alan R Burke
Chairman

20 August 2015

William (Billy) Neasham
Chief Executive Officer