

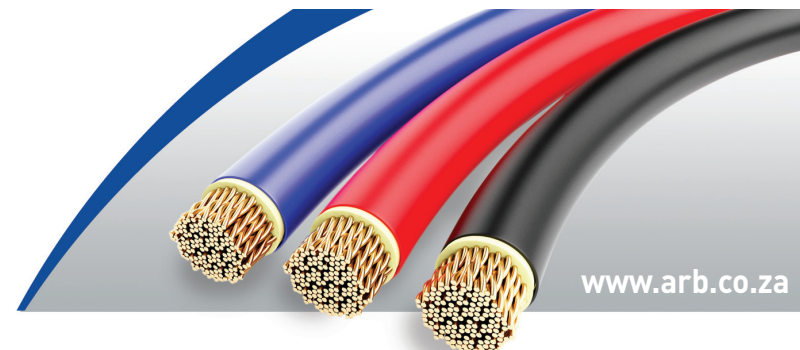


# Unaudited Interim Results

FOR THE SIX MONTHS ENDED 31 DECEMBER 2011

## Highlights

- Revenue up 13%
- Operating profit up 8%
- Ungeared with R240 million cash on hand
- Acquisition of Eurolux completed



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ARB HOLDINGS LIMITED

(Registration Number 1986/002975/06)

Share Code: ARH ISIN: ZAE000109435

("ARB" or "the company" or "the group")

### Basis of preparation

The condensed unaudited consolidated interim financial statements for the six months ended 31 December 2011 have been prepared in compliance with International Financial Reporting Standards ("IFRS"), IAS34 – Interim Financial Reporting, the AC500 series of interpretations, the South African Companies' Act and the Listings Requirements of the JSE Limited. The accounting policies applied are consistent with those applied in the annual financial statements for the year ended 30 June 2011 and the six months ended 31 December 2010. The condensed consolidated interim financial statements have not been audited or reviewed by the group's auditors. The unaudited interim financial statements have been prepared under the supervision of the Financial Director, WR Neasham, CA(SA).

### Condensed group statement of comprehensive income

	Unaudited 6 months to 31 December 2011 R000's	Unaudited 6 months to 31 December 2010 R000's	Audited year to 30 June 2011 R000's
<b>Revenue</b>	<b>693 497</b>	614 702	1 256 330
Cost of sales	<b>562 939</b>	500 008	1 021 499
<b>Gross profit</b>	<b>130 558</b>	114 694	234 831
Other income	<b>2 812</b>	1 123	1 730
Operating expenses	<b>(73 362)</b>	(60 474)	(126 315)
<b>Profit before interest and taxation</b>	<b>60 008</b>	55 343	110 246
Interest received	<b>9 238</b>	9 353	16 907
Interest paid	<b>(194)</b>	(70)	(137)
<b>Profit before taxation</b>	<b>69 052</b>	64 626	127 016
Taxation	<b>22 812</b>	21 120	38 338
<b>Profit for the period</b>	<b>46 240</b>	43 506	88 678
Revaluation of property, plant and equipment (net of taxation)	-	-	2 802
<b>Total comprehensive income for the period</b>	<b>46 240</b>	43 506	91 480
<b>Profit for the period attributable to:</b>	<b>46 240</b>	43 506	88 678
Non-controlling interest	<b>9 354</b>	8 092	16 662
Ordinary shareholders	<b>36 886</b>	35 414	72 016
<b>Total comprehensive income attributable to:</b>	<b>46 240</b>	43 506	91 480
Non-controlling interest	<b>9 354</b>	8 092	16 662
Ordinary shareholders	<b>36 886</b>	35 414	74 818
<b>Reconciliation of headline earnings</b>			
Profit for the period attributable to ordinary shareholders	<b>36 886</b>	35 414	72 016
Surplus on disposal of property, plant and equipment (net of taxation)	<b>(24)</b>	-	(7)
<b>Headline earnings</b>	<b>36 862</b>	35 414	72 009
Number of shares in issue (000's)	<b>235 000</b>	235 000	235 000
Weighted average number of shares (000's)	<b>235 000</b>	235 000	235 000
Diluted number of shares (000's)	<b>235 480</b>	235 480	235 480
Earnings per share (cents)	<b>15,70</b>	15,07	30,65
Diluted earnings per share (cents)	<b>15,66</b>	15,04	30,58
Headline earnings per share (cents)	<b>15,69</b>	15,07	30,64
Diluted headline earnings per share (cents)	<b>15,65</b>	15,04	30,57

### Condensed group statement of changes in equity

	Share capital R000's	Share premium R000's	Revaluation reserve R000's	Accumulated profit R000's	Non-controlling interest R000's	Total R000's
<b>Balance at 30 June 2010 (audited)</b>	24	147 875	43 587	319 774	83 723	594 983
Total comprehensive income for the period	-	-	-	35 414	8 092	43 506
Dividends paid	-	-	-	(27 025)	(4 160)	(31 185)
Reduction of share premium	-	(31 725)	-	-	-	(31 725)
<b>Balance at 31 December 2010 (unaudited)</b>	24	116 150	43 587	328 163	87 655	575 579
Total comprehensive income for the period	-	-	2 802	36 602	8 570	47 974
<b>Balance at 30 June 2011 (audited)</b>	<b>24</b>	<b>116 150</b>	<b>46 389</b>	<b>364 765</b>	<b>96 225</b>	<b>623 553</b>
Total comprehensive income for the period	-	-	-	36 886	9 354	46 240
Dividends paid	-	-	-	(28 788)	(5 538)	(34 326)
<b>Balance at 31 December 2011 (unaudited)</b>	<b>24</b>	<b>116 150</b>	<b>46 389</b>	<b>372 863</b>	<b>100 041</b>	<b>635 467</b>

### Condensed group segment report

	Investment and rental income R000's	Electrical wholesaling R000's	IT services R000's	Inter-company eliminations and re-allocations R000's	Total R000's
<b>Unaudited for the 6 months ended 31 December 2011</b>					
Segment revenue	<b>33 523</b>	<b>693 766</b>	<b>2 602</b>	<b>(36 394)</b>	<b>693 497</b>
Profit before taxation	<b>31 533</b>	<b>52 942</b>	<b>340</b>	<b>(15 763)</b>	<b>69 052</b>
Depreciation	<b>1 236</b>	<b>1 242</b>	<b>17</b>	-	<b>2 495</b>
Capital expenditure	<b>2 970</b>	<b>861</b>	<b>163</b>	-	<b>3 994</b>
Segment assets	<b>340 271</b>	<b>491 494</b>	<b>3 341</b>	<b>(76 160)</b>	<b>758 946</b>
Segment liabilities	<b>70 696</b>	<b>105 347</b>	<b>460</b>	<b>(53 024)</b>	<b>123 479</b>
<b>Unaudited for the 6 months ended 31 December 2010</b>					
Segment revenue	26 761	615 527	2 236	(29 822)	614 702
Profit before taxation	29 485	46 570	412	(11 841)	64 626
Depreciation	848	1 128	25	-	2 001
Capital expenditure	8 861	1 229	12	-	10 102
Segment assets	320 300	420 769	2 410	(68 703)	674 776
Segment liabilities	60 536	82 657	347	(44 342)	99 198
<b>Audited for the year ended 30 June 2011</b>					
Segment revenue	27 423	1 257 648	5 330	(34 071)	1 256 330
Profit before taxation	47 711	92 215	1 144	(14 054)	127 016
Depreciation	2 342	2 812	52	-	5 206
Capital expenditure	13 190	4 326	27	-	17 543
Segment assets	331 020	513 960	3 166	(64 810)	783 336
Segment liabilities	58 131	142 748	560	(41 656)	159 783

Unaudited earnings per share (cents)	15,66	15,04	30,36
Headline earnings per share (cents)	15,69	15,07	30,64
Diluted headline earnings per share (cents)	15,65	15,04	30,57

### Condensed group statement of financial position

	Unaudited 31 December 2011 R000's	Unaudited 31 December 2010 R000's	Audited 30 June 2011 R000's
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	153 939	146 266	153 679
Intangible asset	756	465	593
Deferred taxation	2 489	3 061	2 223
<b>Current assets</b>			
Inventory	189 325	191 752	170 242
Trade and other receivables	171 994	145 526	190 448
Deferred lease payments	-	27	-
Taxation overpaid	95	822	617
Cash resources	240 348	186 857	265 534
<b>Total assets</b>	<b>758 946</b>	<b>674 776</b>	<b>783 336</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity and reserves</b>			
Share capital	24	24	24
Share premium	116 150	116 150	116 150
Revaluation reserve	46 389	43 587	46 389
Accumulated profit	372 863	328 163	364 765
<b>Attributable to ordinary shareholders</b>	<b>535 426</b>	<b>487 924</b>	<b>527 328</b>
Non-controlling interest	100 041	87 655	96 225
<b>Total shareholders' funds</b>	<b>635 467</b>	<b>575 579</b>	<b>623 553</b>
<b>Non-current liabilities</b>			
Deferred lease payments	296	156	118
Deferred taxation	20 517	19 584	20 657
<b>Current liabilities</b>			
Trade and other payables	101 801	78 001	138 581
Deferred lease payments	18	-	37
Taxation payable	847	1 456	390
<b>Total equity and liabilities</b>	<b>758 946</b>	<b>674 776</b>	<b>783 336</b>
Number of shares in issue (000's)	235 000	235 000	235 000
Net asset value per share (cents)	227,84	207,63	224,39
Net tangible asset value per share (cents)	226,46	206,12	223,20

### Condensed group statement of cash flows

	Unaudited 6 months to 31 December 2011 R000's	Unaudited 6 months to 30 June 2011 R000's	Audited year to 30 June 2011 R000's
<b>Cash generated by operating activities</b>			
Interest received	9 238	9 353	16 907
Interest paid	(194)	(70)	(137)
Dividends paid	(34 326)	(31 185)	(31 185)
Taxation paid	(18 807)	(17 396)	(34 653)
Secondary tax on companies paid	(3 432)	(3 019)	(3 019)
<b>Cash flows from operating activities</b>	<b>(22 298)</b>	<b>(32 719)</b>	<b>52 802</b>
<b>Cash flows from investing activities</b>	<b>(2 888)</b>	<b>(9 637)</b>	<b>(16 481)</b>
<b>Cash flows from financing activities</b>			
Capital distribution from share premium	-	(31 725)	(31 725)
<b>Net decrease in cash resources</b>	<b>(25 186)</b>	<b>(74 081)</b>	<b>4 596</b>
Cash resources at beginning of period	265 534	260 938	260 938
<b>Cash resources at end of period</b>	<b>240 348</b>	<b>186 857</b>	<b>265 534</b>

Capital expenditure  
Segment assets  
Segment liabilities

13 170	4 326	21	-	17 543
331 020	513 960	3 166	(64 810)	783 336
58 131	142 748	560	(41 656)	159 783

### Commentary

The board of ARB ("the board") is pleased to present the group's interim results for the six months ended 31 December 2011 ("the period").

ARB Electrical, the group's 74% held empowered electrical wholesaler, increased its operating profit by 15%. The strong trading performance was diluted by the group's transaction costs of approximately R1,5 million relating to the Eurolux acquisition. These costs, coupled with net interest received relatively flat, resulted in headline earnings per share increasing by 4%.

### Financial review

Despite the challenging and competitive trading conditions experienced during the period, the group achieved revenue growth of 13% and maintained its gross margin at 18,8%. Operating profit, after accounting for the Eurolux transaction costs, increased by 8%.

Net interest received decreased only marginally despite shareholder payments during the period of approximately R34 million and taxation paid of approximately R22 million reflecting the group's disciplined approach to cash management.

Consistent with the prior period, the group's effective tax rate was 33% due to the payment of STC on dividends paid during the period.

Headline earnings per share grew by 4% to 15,69 cents (2010: 15,07 cents).

The group's statement of financial position remains robust reflecting a net tangible asset value per share of 226,46 cents (2010: 206,12 cents) and a net ungeared cash position of R240 million.

Net working capital as a percentage of annualised revenue declined from 21% in the prior period to 19%. Inventory days reduced despite the 13% growth in revenue while trade receivables (net of VAT) were maintained at below 40 days. Payable days (net of VAT) were maintained below 30 days as the group continued to take advantage of early settlement discounts offered by its suppliers.

Net capital expenditure for the period amounted to approximately R3 million.

### Corporate activity and expansion

The acquisition of a controlling interest in Eurolux (Pty) Limited ("Eurolux") was the highlight for the period and represents a significant milestone in the delivery of ARB's long-term strategy to offer a diversified range of electrical and related industrial products to a broad spectrum of industries and market segments.

### Acquisition of a controlling interest in Eurolux

The acquisition of a 60% controlling interest in Eurolux for a cash consideration of R81 million was announced on 25 October 2011 and became effective on 3 January 2012 ("the Effective Date"). ARB's share of Eurolux's net tangible asset value as at the Effective Date was approximately R33,3 million. The purchase price allocation required in terms of IFRS 3 is currently being finalised.

Founded in 1991, Eurolux is a leading importer and distributor of lamps, light fittings and ancillary electrical products.

It is anticipated that the Acquisition will be earnings-enhancing and value-creating for ARB shareholders from the outset.

### ARB Connect

Although still in the startup phase, the first two ARB Connect stores opened in the last quarter of the previous financial year have provided a strong foundation for the continued penetration of the domestic and retail market segments.

### Reminder of cautionary announcement

In the pursuit to deliver sustainable earnings growth, management is committed to growing the group organically as well through acquisitions. The strong statement of financial position enables us to pursue opportunities which meet the board's strict

evaluation criteria. In this regard shareholders are reminded of the cautionary announcement dated 17 January 2012 and are advised to continue to exercise caution when dealing in the company's securities until a further announcement is made.

### Prospects

In the absence of any tangible evidence to suggest an improvement in the general economy, the group continues to explore several opportunities, both organic and acquisitive. Furthermore, the inclusion of Eurolux's results from 3 January 2012 will contribute positively to the group results for the remainder of the current financial year.

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

### Dividends

ARB's policy is to distribute a single, annual dividend for the full year of up to a maximum of 40% of net profit after taxation. In line with this policy, no interim dividend has been declared.

### Subsequent events

Save for the Eurolux acquisition becoming effective on 3 January 2012 and the payment of the purchase price of R81 million on 16 January 2012, no significant events have occurred in the period between the reporting date and the date of this announcement.

### Appreciation

We would like to acknowledge our management and staff for their hard work and commitment, our fellow directors for their continued wise counsel and to our valued customers, suppliers, business partners, advisors and shareholders for their ongoing support.

For and on behalf of the board.

Alan R Burke

Chairman

Byron Nichles

Chief Executive Officer

09 February 2012

### Directors:

AR Burke (Chairman)\*; ST Downes\*\*; JR Modise\*; WR Neasham (Financial Director); B Nichles (Chief Executive Officer); RB Patmore\*\*\*; G Pretorius\*\*; CC Robertson  
\* non-executive ^ independent \* lead independent director

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### Company secretary:

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### Auditors:

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### Sponsor:

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### Transfer secretaries:

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