

HIGHLIGHTS

- Successful listing on JSE November 2007
- Performance in line with prelisting forecasts
- Revenue up 28,3% y-o-y
- Headline earnings up 23,7% y-o-y
- Dividend of 13 cents per share

ABRIDGED GROUP INCOME STATEMENTS

	Audited Year to June 2008 R000's	Audited Year to June 2007 R000's
Revenue	1 343 909	1 047 642
Profit before interest and taxation	195 115	168 563
Interest received	7 492	1 416
Interest paid	(6 541)	(13 595)
Profit before taxation	196 066	156 384
Taxation	60 992	46 164
Profit for the year	135 074	110 220
Minority interest	30 930	26 027
Profit attributable to ordinary shareholders	104 144	84 193
Headline earnings adjustment	(6)	–
Tax on adjustments	2	–
Headline earnings	104 140	84 193
Ordinary number of shares in issue (000's)	235 000	200 000
Weighted average number of shares (000's)	221 325	200 000
Diluted number of shares (000's)	221 325	200 000
Earnings per share (cents)	47,05	42,10
Diluted earnings per share (cents)	47,05	42,10
Headline earnings per share (cents)	47,05	42,10
Diluted headline earnings per share (cents)	47,05	42,10

ABRIDGED GROUP CASH FLOW STATEMENTS

	Audited Year to June 2008 R000's	Audited Year to June 2007 R000's
Cash generated by operating activities	183 688	81 542
Interest received	7 492	1 416
Interest paid	(6 541)	(13 595)
Taxation paid	(68 660)	(41 261)
Secondary tax on companies paid	(3 275)	–
Cash flows from operating activities	112 704	28 102
Cash flows from investing activities	(10 417)	(15 507)
Cash flows from financing activities		
Proceeds of share issue	171 379	–
Dividends paid	(57 700)	–
Interest-bearing loans repaid	(81 460)	25 129
Net increase in cash and cash equivalents	134 506	37 724
Cash and cash equivalents at beginning of year	(22 000)	(59 724)
Cash and cash equivalents at end of year	112 506	(22 000)

STATEMENT OF CHANGES IN EQUITY

	Share capital and share premium R000's	Revaluation reserve R000's	Non-distributable reserve R000's	Accumulated profits R000's	Minority interest R000's	Total R000's
Balance at 30 June 2006	20	6 483	9 374	67 927	7 560	91 364
Profit for the year	–	–	–	84 193	26 027	110 220
Revaluation of property, plant and equipment net of tax	–	17 410	–	–	–	17 410
Balance at 30 June 2007	20	23 893	9 374	152 120	33 587	218 994
Net proceeds of share issue	171 379	–	–	–	–	171 379
Transfer to accumulated profits	–	–	(9 374)	9 374	–	–
Profit for the year	–	–	–	104 144	30 930	135 074
Revaluation of property, plant and equipment net of tax	–	6 004	–	–	–	6 004
Dividends paid	–	–	–	(56 660)	(1 040)	(57 700)
Balance at 30 June 2008	171 399	29 897	–	208 978	63 477	473 751

COMMENTARY

Introduction

The board of ARB is pleased to present the maiden annual results since listing for the year ended 30 June 2008 ("the year"). The group's performance is in line with pre-listing forecasts notwithstanding a weakened economy which reversed a number of the underlying material assumptions set out in the prospectus.

On 20 November 2007 the group successfully debuted on the Main Board of the JSE Limited ("JSE") in the 'Electronic and Electrical Equipment' sector. This has significantly raised ARB's profile, translating into an expanded customer base and enhancing prospects.

Basis of preparation

The audited annual financial statements for the year have been prepared in compliance with International Financial Reporting Standards ("IFRS"), IAS 34 and the South African Companies Act, 1973. The accounting policies applied in preparing these audited annual financial statements are consistent with those applied in the annual financial statements for the year ended 30 June 2007.

The annual financial statements have been audited by the group's auditors PKF (Durban), and their unqualified audit opinion is available for inspection at the group's registered office.

Financial review

Revenue increased by 28,3% to R1,34 billion from R1,05 billion in the previous year. Profit attributable to ordinary shareholders grew to R104,1 million from R84,2 million, 3% ahead of the forecast in the prospectus. Headline earnings of R104,1 million, up 23,7% year-on-year, translated into headline earnings per share of 47,05 cents compared to 42,10 cents.

Operating margins reduced slightly through planned expansion as anticipated in ARB's prospectus.

Cash raised from listing of R171,4 million was used to expunge debt, extend ARB's geographical footprint and fund further expansion in existing markets.

Stock levels increased ahead of forecast in the last quarter of the year. This investment in inventory positions ARB to leverage a broadened product range in anticipation of high demand.

Operational review

During the year ARB expanded into key geographical markets to positive effect, particularly in the Gauteng and Cape regions. The group purchased larger premises in Gauteng to capitalise on growth fuelled by infrastructure spend. The Gauteng operations accounted for 35,6% of group revenue for the year. In May 2008, ARB further expanded into coal-rich Mpumalanga with the opening of a new branch in the provincial capital, Nelspruit.

The majority of ARB's client base comprises industrial groups in high growth sectors, Eskom, parastatals, major construction groups and electrical contractors. This augurs well for ARB's continued growth. The slowdown in the residential development market has impacted minimally with only a negligible percentage of revenue derived from this market.

Prospects

A new division, ARB Mining, was established subsequent to year-end to take advantage of the buoyant mining sector in South Africa. ARB is currently undergoing accreditation with a number of key mining houses and some early signs of success are encouraging.

In addition the group has established ARB Global to focus exclusively on exports into Africa. The new division is expected to benefit from infrastructure development and growth in industry on the continent.

The directors anticipate further growth in market share as a result of investment in ARB's presence in Gauteng, Cape Town and Nelspruit.

ABRIDGED GROUP BALANCE SHEETS

	Audited 30 June 2008 R000's	Audited 30 June 2007 R000's
ASSETS		
Non-current assets		
Property, plant and equipment	94 168	77 310
Deferred tax	2 113	2 373
Current assets		
Inventory	307 966	213 500
Trade and other receivables	235 033	195 854
Taxation prepaid	122	–
Cash resources	112 589	23
TOTAL ASSETS	751 991	489 060
EQUITY AND LIABILITIES		
Equity and reserves		
Share capital	24	20
Share premium	171 375	–
Non-distributable reserve	–	9 374
Revaluation reserve	29 897	23 893
Accumulated profits	208 978	152 120
Total ordinary shareholders' funds	410 274	185 407
Minority interest	63 477	33 587
Total shareholders' funds	473 751	218 994
Non-current liabilities		
Interest-bearing borrowings	4 212	40 070
Deferred lease liability	68	–
Deferred taxation	14 033	8 580
Current liabilities		
Trade and other payables	248 407	130 585
Provisions	2 670	2 439
Interest-bearing borrowings	3 716	9 930
Deferred lease payments	–	24
Shareholders' loans	–	37 165
Taxation payable	5 051	19 250
Bank overdraft	83	22 023
TOTAL EQUITY AND LIABILITIES	751 991	489 060
Number of ordinary shares in issue (000's)	235 000	200 000
Net asset value per share (cents)	174,58	92,70

Comparative ordinary number of shares in issue is stated after taking into account the share split on 15 October 2007 of 10 000 for one share.

Increased government and Eskom infrastructure expenditure is expected to drive sales growth for ARB. Despite the current power crisis, the electrification of rural areas continues unabated particularly in schools and clinics as well as in low-cost housing. Eskom has confirmed that no budget cuts are planned in low-cost housing connections in 2008/9.

A deep skills base with good succession planning has ensured that a young, but experienced senior management tier is in place, providing sustainability of leadership to guide the group's future growth.

ARB will continue to evaluate appropriate acquisition opportunities in complementary industries.

Dividend

ARB has declared a dividend for the year of 13 cents per share. This is in line with the policy set out in the prospectus to distribute a final dividend of up to a maximum of one third of net profit after taxation.

The salient dates for the dividend are as follows:

Last day to trade shares <i>cum</i> dividend	Friday, 12 September 2008
Shares commence trading <i>ex</i> dividend	Friday, 15 September 2008
Record date	Monday, 19 September 2008
Payment date	Monday, 22 September 2008

Share certificates may not be dematerialised or rematerialised between Monday, 15 September 2008 and Friday, 19 September 2008, both days inclusive.

Appreciation

We thank our management teams and employees for their hard work and commitment which contributed to the group's successful listing on the Main Board JSE as well as the excellent performance for the year. We also thank our fellow directors for their counsel and extend our appreciation to our business partners, advisors, suppliers and customers for their ongoing support. We welcome our new stakeholders who have joined us on or since listing, and look forward to continuing to deliver value for them.

For and on behalf of the board.

Alan R Burke **Craig Robertson** **Billy Neasham**
Chairman *Chief Executive Officer* *Financial Director*

27 August 2008

Directors

AR Burke (*Chairman*)*; CC Robertson (*CEO*); WR Neasham (*FD*); ST Downes *>; JR Modise*; DF Muhlwa*

*Non-executive >Independent

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Investor relations

Envisage Investor & Corporate Relations