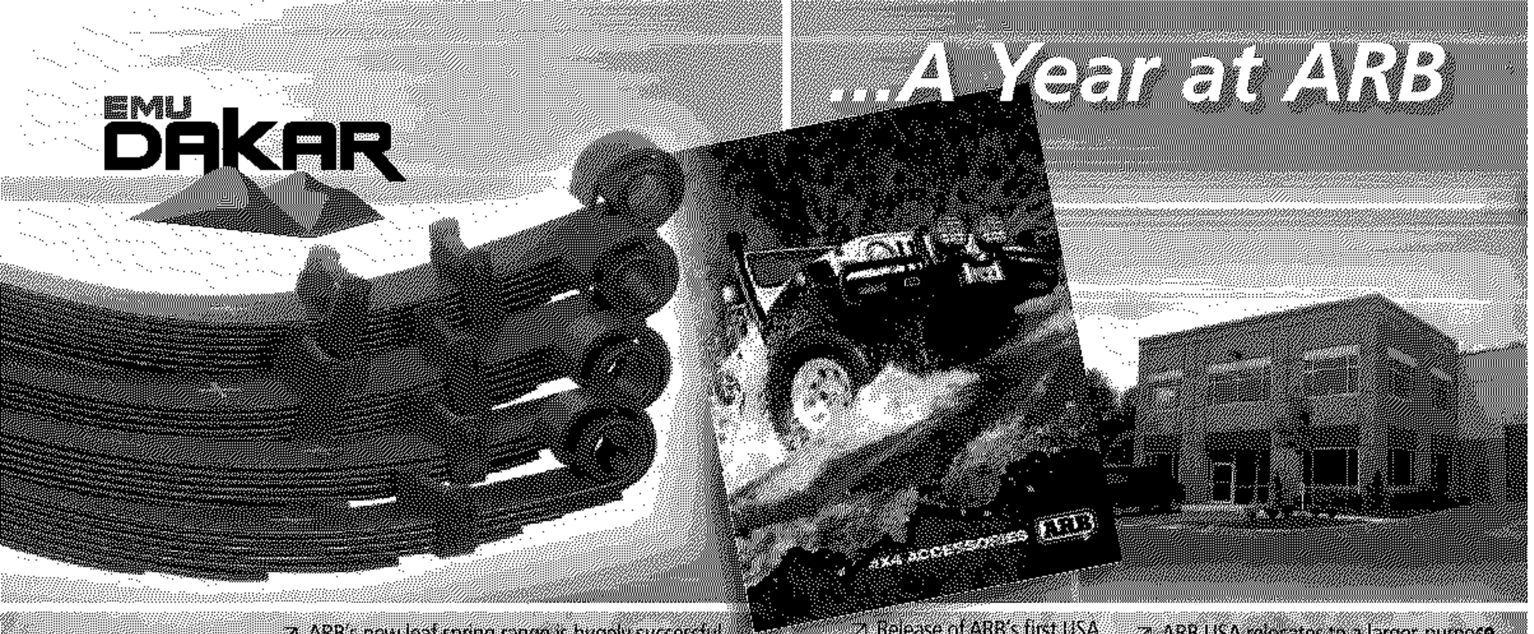
ARB CORPORATION LIMITED

ABN 31 006 708 756

ANNUAL REPORT 2005

...A Year at ARB



↗ ARB's new leaf spring range is hugely successful

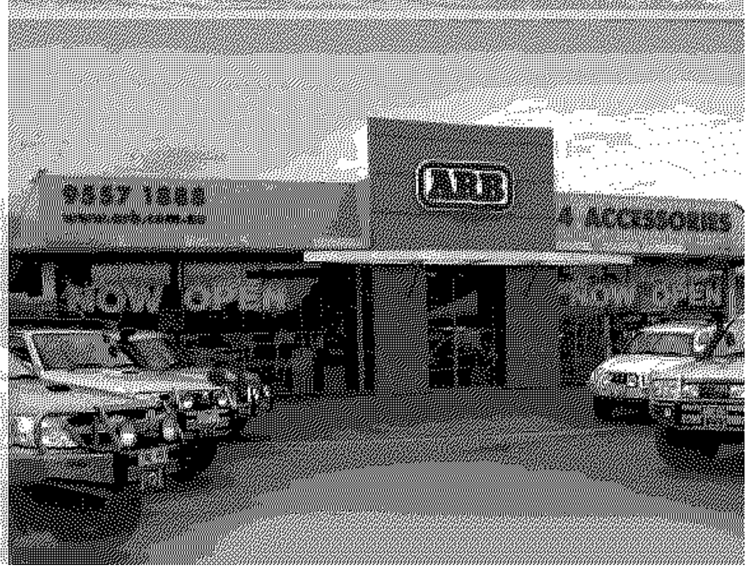
Continued development of innovative products to suit the latest model vehicle releases ↘

↗ Release of ARB's first USA specific full size catalogue

↗ ARB USA relocates to a larger, purpose built facility in Seattle, Washington

Air Locker sales
↙ break new records

New ARB stores open in Melbourne, Sydney,
↙ Albury, Bendigo, Tamworth & Wollongong



Corporate Information

Directors
Roger G Brown M.B.A.,B.E.
Andrew H Brown
John R Forsyth M.B.A.,B.E.,M.I.E.(Aust)
Robert D Fraser B.Ec., LLB (Hons)

Company Secretary
John R Forsyth M.B.A.,B.E.,M.I.E.(Aust)

Principal Registered Office
42-44 Garden Street
Kilsyth Victoria 3137 Australia
Tel:(03) 9761 6622 Fax:(03) 9761 6807

Auditors
Pitcher Partners
Level 19
15 William Street
Melbourne Victoria 3000

Location of Register of Securities
Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street
Abbotsford Victoria 3067

Stock Exchange
Australian Stock Exchange Limited
530 Collins Street
Melbourne Victoria 3000

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Notice of Annual General Meeting

NOTICE is hereby given that the Annual General Meeting of ARB Corporation Limited, will be held at the Theatrette - Ground Floor, Stock Exchange Centre, 530 Collins Street, Melbourne, on Thursday, 13 October 2005 at 11:00 a.m.

Share Transfers

For the purposes of the meeting, securities will be taken to be held by the persons who are registered holders at 10:00 p.m. on 7 October 2005. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Ordinary Business

1. To receive, consider and adopt the Audited Statements of Financial Performance, Statements of Financial Position and Statements of Cash Flows of the Company and of the economic entity for the year ended 30 June 2005 and the reports by the Directors and Auditors thereon.

2. To adopt the Remuneration Report.

3. To elect a Director in place of Andrew H Brown who retires by rotation in accordance with the Constitution but being eligible offers himself for re-election.

By order of the Board

John R Forsyth M.B.A.,B.E.,M.I.E.(Aust)
Secretary

25 August 2005

Proxies

A member entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specific portion of the member's voting rights.

A proxy need not be a member.

The instrument appointing the proxy must be in writing under the hand of the appointor or the appointor's attorney or if such appointor is a corporation under its common seal or the hand of its attorney or secretary.

To be effective, the instrument appointing the proxy (and power of attorney if any under which it is signed) must be received at the registered office of the Company not less than 48 hours before the time for holding the meeting. Proxy nomination forms may be faxed to the Company Secretary: John Forsyth on Fax : (03) 9721 9094.

RESULTS

The directors of ARB Corporation Limited ("**ARB**" or the "**Company**") advise that the Company achieved a net profit after tax of $14.2 million in the 2004/05 year. This represents an increase of 17.2% over the previous year. The profit was achieved on a 14.3% sales increase to $116.5 million.

While the directors were pleased that the Company continued to increase its underlying operating earnings, the rate of growth was lower than in previous years because the result included a profit on sale of the Company's retail store in Abbotsford, Victoria of $1.6 million.

In particular, the second half of the financial year proved to be difficult due to a softening in sales growth and a reduction in sales margins. The factors which affected the result in thc second half of the year and the initiatives undertaken to address these issues are discussed below.

A summary of the 2004/2005 result is presented below:

Year to	**June 2005 $'000**	**June 2004 $'000**	**Change**
Sales Revenue	**114,729**	**100,652**	**14.0%**
Total Revenues	120,483**	101,878	
EBIT	18,494*	17,412	
Gross Interest	724	285	
Pre-tax Op Profit	**17,770***	**17,127**	**3.8%**
Profit from Sale of Property	2,516	0	
less Tax	6,114	5,033	
Net Profit	**14,172**	**12,094**	**17.2%**
EPS – cents	21.8	19.2	
DPS – cents	30.5	9.5	
Franked Amount	100%	100%	

* Excludes profit from sale of property. **Includes revenue from property sale.

The Company intends to pay a final fully franked dividend of 6.5 cents per share on the 28th October 2005, bringing total ordinary dividends for the year to 10.5 cents per share. The Record Date for the final dividend will be the 14th October 2005.

ARB also paid to shareholders a fully franked Special Dividend of 20 cents per share on the 7th December 2004. The Special Dividend was funded through an underwritten Bonus Share Plan and Dividend Reinvestment Plan (both now suspended following payment of the Special Dividend) and was therefore effectively cash neutral to the Company, apart from the associated underwriting cost.

As noted above, ARB's gross margin on sales was affected adversely especially in the second half of 2004/05. The decline was caused largely by the following factors:

(i) Over the year the cost of steel, ARB's major material input, rose in total by over 40%. The Company's suppliers provided almost no notice of a number of price rises, preventing us from passing on the increased costs to our customers in a timely manner.

(ii) In October 2004, ARB completed the expansion of its warehouse and factory facility at Kilsyth, Victoria. However, like a number of other manufacturers, we experienced great difficulty in hiring extra skilled staff especially in the welding area. The on-going cost of hiring and training unskilled people has resulted in higher production costs in the manufacturing plant and restricted production output.

(iii) The AUD vs. USD exchange rate moved to our disadvantage. The rate averaged 72 cents in the first half of the year compared with 77 cents in the second half. The higher Australian dollar dampens export growth and reduces margins in our US subsidiary, Air Locker, Inc.

(iv) A number of operational matters, which are discussed later, were addressed during the second half. These are expected to produce long term returns for ARB but had an adverse impact in the short term.

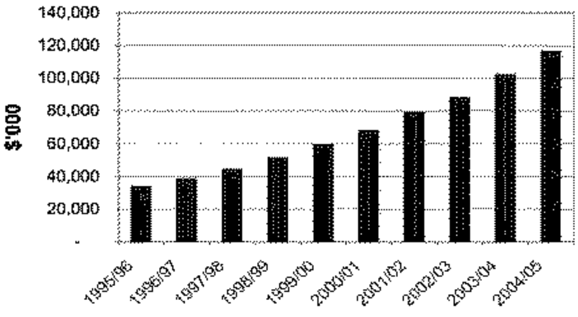
In February 2005, ARB introduced two technically new products into the fabricated products area of the factory. The introduction of both of these products proved to be more difficult than we had anticipated and resulted in factory losses being incurred for a number of months. ARB moved quickly to address this situation and the factory has been running profitably again since the end of May 2005. ARB should now benefit from the large forward order book for these products.

Air Locker, Inc, our USA subsidiary had another strong year notwithstanding the effect of the higher Australian dollar. Sales in US dollar terms increased by 18.6% over the previous year (13% when converted to Australian dollars). Sales in the USA now represent 47% of ARB's total export sales of $A36 million.

The Company's other subsidiary, Kingsley Enterprises Pty Limited, was restructured after the expected loss of a large original equipment contract which affected its performance in the second half. Kingsley is now placing more emphasis on importing and wholesaling and less on manufacturing. As a result, the planned relocation of the business has been deferred and the land held for relocation has been sold. Kingsley still made a valuable contribution to ARB's overall performance and the restructuring has now improved profitability.

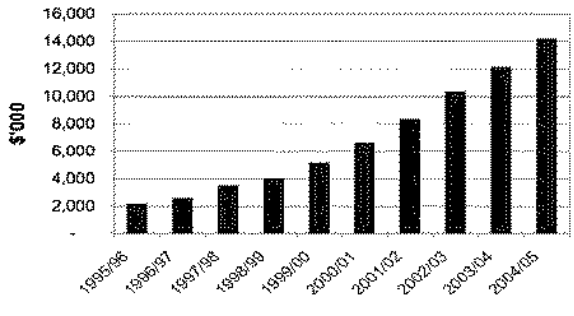
10 YEAR HISTORICAL PERFORMANCE

The sales, profit and earnings per share performance of the Company over the past 10 years is illustrated in the graphs below.



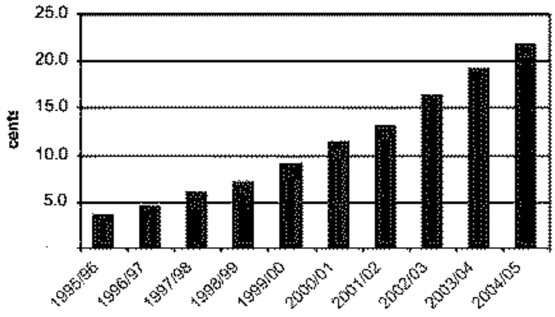
SALES REVENUE

Annual sales revenue has grown at an average compound rate of 15% over the past 10 years.



NET PROFIT AFTER TAX

Net profit after tax has grown at an average compound rate of 24% over the past 10 years (including profit from property sale in 2005).



EARNINGS PER SHARE

Earnings per share have grown at an average compound rate of 22% over the past 10 years.

OPERATING FACILITIES

In June 2005, Air Locker, Inc moved into a new warehouse and office building in Renton, Washington. The move has significantly improved the operational efficiencies and activities of the business which will facilitate the planned growth over the next few years. ARB will own the building when the purchase is finalised in the near future.

The Abbotsford, Victoria retail showroom building has been sold and leased back to the Company for two years. Some time ago a decision was made to move to a location more suited to ARB's business and the property sale is part of that process. ARB expects to establish a retail showroom in a new location before the lease at Abbotsford expires.

During the year a new showroom at Brighton, Victoria was purchased, refurbished and opened in April 2005. ARB incurred some establishment costs but the store became profitable after two months trading and is expected to continue to grow over the next year.

As the Kilsyth site is now fully developed after completion of the factory and warehouse extensions in October 2004, the directors believed the Company no longer required ownership of the site to control further development. Accordingly, this property was sold earlier this month for $16 million with a 12 year leaseback and further options. The sale and leaseback is expected to have little net impact on the Company's future property related operating expenses. The transaction is expected to contribute an after tax profit of approximately $2.6 million to the 2005/06 year.

The Company purchased land at Wentworthville, NSW to construct a retail showroom. We are hopeful that the new store will be open before the end of June 2006, although the permit process has taken considerably longer than expected.

Construction of the Company's new retail showroom at Morphett Vale, South Australia, has commenced and is expected to be open early in 2006.

PRODUCTS

ARB remains at the forefront of product development of 4WD and commercial vehicle accessories. This is critical to our future growth and we continue to strengthen our focus on new product initiatives. To remain internationally competitive we are sourcing products and components both locally and overseas.

Over the past year, ARB has released new products including:

- A range of ARB rear bars for Toyota Landcruiser and Nissan Patrols
- A completely new range of "Dakar" leaf springs developed locally but produced off shore
- New ARB canopies for the 2005 Toyota Hilux range of pickups
- New curved doors for a number of existing ARB canopies
- A number of new ARB Air Locker models especially for US applications
- A new compact air compressor for Air Locker actuation
- A large number of new bull bars, Sahara bars and nudge bars to suit recently released vehicles both in Australia and for export markets
- New ARB bull bars for both Ford and Chevrolet ½ and ¾ tonne pickup trucks
- A new range of waterproof IPF driving lights.

Our product development, marketing and sales initiatives have been tailored to follow the ever-changing 4WD and commercial vehicle market. Over the past four years this market has changed considerably.

In Australia, sales of large 4WD's or SUV's will have fallen from 26,000 units in 2001 to an estimated 21,000 lunits for the 2005 year. Over the same period, sales of mid size 4WD's or SUV's have increased from 51,600 in 2001 to an estimated 75,000 this year. However, the fastest growing market for ARB's accessories in Australia is for 4WD pickups or utilities. In 2001, 35,000 4WD pickups were sold, increasing to an estimated 62,500 units in the 2005 year. With the cost of fuel rising, we believe this trend will continue and ARB's push will be into this rapidly growing market segment.

THE FUTURE

All indications are that over the next 12 months the price of steel will remain high but relatively stable. However, the shortage of skilled labour in Australia is still a serious concern.

In order to avoid having the Company's growth hindered by the lack of available skilled labour in Australia, the directors have taken the strategic decision to establish a second production facility to be located in Thailand. It is expected that the new plant will commence operations early in the 2006 calendar year but will take some months to achieve the required output level. The start up investment in the Thailand plant is not expected to exceed $A4 million.

It should be noted that a large percentage of the pickup trucks sold throughout the world are produced in Thailand. Furthermore, there is a very strong local market in Thailand for these vehicles and associated accessories.

The property sales noted previously should enable ARB to be debt free and still fund the Company's expansion in Thailand and other planned capital investment. This will allow the Company to take full advantage of the expected growth in ARB's markets and any new business opportunities which may arise.

The directors believe that 2005/06 will be a year in which the Company builds on the initiatives undertaken to date and establishes a new platform for future growth.

ROGER BROWN
Chairman of Directors

The Board of ARB Corporation Limited ("ARB") is committed to high standards of corporate governance and supports the principles of good corporate governance and best practice recommendations as published by the ASX Corporate Governance Council in March 2003.

ASX Listing Rule 4.10 requires ARB to disclose the extent to which it has followed these best practice recommendations. This statement outlines the key corporate governance practices of ARB, as they relate to the recommendations of the ASX Corporate Governance Council.

The Board recognises that some practices are more relevant to larger companies. The Board has adopted those practices that it believes will maximise long term shareholder value given ARB's specific circumstances.

1. The Roles of the Board and Management

The Board of Directors is responsible for increasing shareholder value through leadership and direction of the Company. Matters reserved for the Board include:

- setting the strategic direction of the Company
- appointing and reviewing the performance of the Managing Director
- setting objectives for which the Managing Director is responsible
- approving major investment decisions and financial budgets
- monitoring financial and operating performance
- determining capital, funding and dividend policies
- planning Board and Management succession
- defining the limits to management's responsibilities
- ensuring the Company complies with the law and conforms to the highest standards of financial and ethical behaviour.

Board Meetings are held regularly and the Board meets on other occasions to deal with matters that require attention between scheduled meetings.

The responsibility for the operation and administration of the economic entity is delegated by the Board to the Managing Director, the Executive Directors and the Departmental Executives.

2. The Structure of the Board

The composition of the Board is determined in accordance with ARB's constitution and the ASX Listing Rules.

The Board regards a Director as independent if he or she is free from any material interest in, or other material relationship with, the Company, other than as a Director, which could reasonably be perceived to materially interfere with the Director's ability to exercise independent judgement with respect to the matter being considered. Independence and materiality are considered by the Board in the context of all of the relevant circumstances.

The Board presently comprises three Executive Directors and one independent non-executive Director. The Board believes that, at present, this structure combines the skills, experience and efficiency of operation best suited to governing the Company.

The Executive Chairman currently carries out the roles of Chairman and Managing Director and has done so since the company listed on ASX in 1987. The Board acknowledges the recommendation of the ASX Corporate Governance Council that these roles be carried out by different people and the Chairman be a non-executive Director. However, the Board believes that the wealth of knowledge and expertise of the current Chairman and his interest in the Company as a substantial shareholder, make it appropriate for him to be the Chairman and Managing Director.

For the same reasons, the Board does not comprise a majority of independent Directors. The Board believes that all of its Directors exercise due care and skill with respect to the matters which they consider and bring independent judgement to bear in decision making.

Committees

The Board of Directors, as part of its responsibility to oversee the strategic direction of the Company, has established guidelines and committees to ensure that its businesses operate ethically and fairly and to ensure that the assets of the Company are properly protected. The committees which the Board has established are as follows:

- Audit Committee
- Risk Management Committee
- Remuneration and Nomination Committee.

Appointment of Directors

One of the roles and responsibilities of the Remuneration and Nomination Committee is to recommend to the Board the appointment of suitable Directors to the Company.

The requirement for membership of this committee is that the member must be able to make a contribution to this decision-making process and for this reason, all of the Directors of the Board are members of the Remuneration and Nomination Committee.

The committee considers size and composition of the Board and the selection and appointment of new Directors at each Board meeting based upon the existing expertise and experience of the Board and the future requirements of the Company.

The conditions relating to a Director's appointment are provided to the Director in writing prior to appointment. All Directors are subject to re-election by rotation in accordance with ARB's constitution. Shareholders are encouraged to participate in the re-election of Directors.

Directors may obtain independent professional advice, at the Company's expense, on matters arising in the course of their Board duties after obtaining the Chairman's approval, which cannot be unreasonably withheld.

The other information with respect to the structure of the Board noted in the *Guide to Reporting on Principle 2* has been provided in the Directors' Report as the Board believes this is a more appropriate place at which to disclose such information.

3. Ethical Business Practices

ARB is committed to be being a socially responsible corporate citizen, using honest and fair business practices.

The Company does not have a formal Code of Conduct because the Company believes that a more effective means of enhancing investor confidence and actively promoting ethical and responsible decision-making is for the Board and the senior management team to foster, through their own actions, an ethical corporate culture.

To this end, the Board promotes open and honest disclosure and discussion, together with consideration and respect for the interests of all legitimate stakeholders, at all Board and weekly management meetings.

In addition, the Board and the senior management of the Company regularly consider relevant matters including conflicts of interest, corporate opportunities, confidentiality, fair dealing, complaints handling, protection and proper use of the Company's assets, compliance with laws and regulations and reporting unlawful and unethical behaviour.

The Board has ultimate responsibility for resolving all matters concerning ethical and responsible decision-making.

These procedures are designed to ensure that the integrity of the Company is maintained and that investor confidence is enhanced.

The Board encourages non-executive Directors to own shares in the Company to further link their interests with the interests of all shareholders.

Directors' share trading

The Board of Directors has a formal policy for share dealing by Directors. This policy allows for the buying and selling of ARB shares only during the four-week periods following the annual and half yearly results announcements and the annual general meeting, unless approval is obtained from the Chairman to deal in the Company's shares outside these times.

4. Safeguard Integrity

ARB has an Audit Committee with a formal charter. The Audit Committee is chaired by the independent non-executive Director of ARB.

The Board considers that at present an Audit Committee of three people, composed of the independent Audit Committee Chairman, an Executive Director and the Financial Controller, maintains integrity and is most operationally effective for a Company of ARB's size and Board composition.

4. Safeguard Integrity (continued)

The primary function of the Audit Committee is to recommend to the Board the selection and appointment of the external auditors, based on the audit requirements of the Company and the independence and suitability of the auditors. The Audit Committee also acts as an interface between the Board and the external auditors to:

- ensure that the external Auditors who are selected and appointed remain appropriate to the needs of the Company
- review the independence of the external Auditors
- ensure the rotation of external audit engagement partners in accordance with regulatory requirements
- review, with management and the auditors, the Company's periodic statutory accounts and reports
- review the systems and controls established by Management to safeguard the assets of the Company
- monitor procedures in place aimed at ensuring compliance with the Corporations Act and the ASX Listing Rules
- monitor the effective Management of financial and other business risks.

The Audit Committee has reviewed the external auditor's independence and is satisfied that they are not restricted in forming an independent view on the Group's financial report.

The provision of non-audit services by the external auditors to the Group has been restricted by the Board to ensure audit independence.

The other information with respect to safeguarding the integrity of financial reporting noted in the *Guide to Reporting on Principle 4* has been provided in the Directors' Report as the Board believes this is a more appropriate place at which to disclose such information.

Declarations are obtained from the CEO and CFO attesting to the integrity of the Financial Statements and control systems.

5. Timely Disclosure of Material Matters

The Company's aim is to ensure timely, balanced and continuous disclosure to the market of all material matters concerning the Company in accordance with the ASX continuous disclosure regime.

The policies and procedures designed to ensure compliance with ASX Listing Rules and Corporations Act disclosure requirements and to ensure accountability at a senior management level for that compliance are as follows:

- the Company must notify the market, via the ASX continuous disclosure regime, of any price sensitive information
- the Directors, Company Secretary and the Financial Controller are designated as Disclosure Officers who are responsible for reviewing potential disclosures and deciding what information should be disclosed
- only a Disclosure Officer may authorise communication with external parties on behalf of the Company thereby safeguarding confidentiality of corporate information
- the onus is on all executives to inform a Disclosure Officer of all potential disclosures as soon as they become aware of the information. The senior management team is responsible for ensuring staff understand and comply with this policy
- ASX and media releases must be approved by a Director who is a Disclosure Officer.

6. Rights of Shareholders

The shareholders of ARB are responsible for voting on the election of Directors at the Annual General Meeting in accordance with the Company's constitution.

The Annual General Meeting also provides shareholders with the opportunity to express their views on matters concerning the Company and to vote on other items of business for resolution by shareholders. ARB's policy is to encourage effective shareholder participation at general meetings.

ARB requests that a senior partner of the firm of auditors attends the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditors' report.

ARB has a policy of effective communication with shareholders through:

- the Annual Report which is distributed to all shareholders
- disclosures made to the ASX
- letters to shareholders after half year and full year results announcements
- notices and explanatory memoranda in relation to resolutions to be put to a vote
- AGMs at which shareholders are given an opportunity to participate.

7. Risk Management

The Board has established a Risk Management Committee to oversee the management of business risks and internal control. This is a management committee composed of the Executive Directors and the Financial Controller.

The Risk Management Committee identifies, assesses, monitors and manages business risks and internal control procedures by considering such matters as part of the regular weekly meetings of the senior management team of the Company.

Minutes of every management meeting are circulated to the Board which has the ultimate responsibility of ensuring that the risk mitigation actions recommended at these meetings are implemented.

Declarations are obtained from the CEO and CFO attesting to the integrity of the Financial Statements and control systems.

8. Encourage Enhanced Performance

The Board of ARB and senior management monitor the performance of all Divisions through the preparation of weekly management reports and monthly management accounts. The monthly management accounts are prepared using accrual accounting techniques and report each Division's results. These monthly management accounts are compared with monthly budgets.

Each Division has key performance indicators and reports to the Board monthly.

The monitoring of ARB's performance by the Board and management assists in identifying the areas where additional attention is required.

The Board, through the Remuneration and Nomination Committee, attempts to assess objectively its performance and that of its committees and individual members. During the year ended 30 June 2005, the Board regularly undertook performance reviews on an informal basis.

Similarly, the Executive Directors evaluate the performance of the senior management team on an informal basis throughout the year and on a formal basis once per year.

The Board believes that the shareholders of the Company ultimately assess the performance of the Board, its committees, individual Directors and senior management based on the financial performance of the Company in the context of the commercial, legal and ethical framework within which the Company operates.

9. Fair and Responsible Remuneration

ARB has established a Remuneration and Nomination Committee. As noted previously, all of the Directors are members of this committee which is Chaired by the Chairman of the Company.

The primary function of the Remuneration and Nomination Committee is to review senior executive remuneration structures, review senior management succession plans and monitor Directors' remuneration levels.

The committee may engage appropriately qualified consultants to provide it with advice and recommendations.

The independent non-executive Director is remunerated by way of fees and other than statutory superannuation, he does not receive any retirement benefits.

Additional information with respect to remuneration noted in the *Guide to Reporting on Principle 9* has been provided in the Directors' Report as the Board believes this is a more appropriate place at which to disclose such information.

10. Stakeholder Interests

The Company is aware of its legal and other obligations to all legitimate stakeholders. The Board believes that appropriate recognition of these interests will enhance shareholder value in the long term.

In terms of a formal Code of Conduct, the Board refers to its earlier statements in Section 3 of this Corporate Governance Statement under the heading Ethical Business Practices.

Directors' Report

The Directors present their report together with the financial report of ARB Corporation Limited ("the Company") and the consolidated financial report of the economic entity, being the Company and its controlled entities, for the financial year ended 30 June 2005 and the independent auditors report thereon.

Directors

The Directors of the Company in office at any time during or since the end of the financial year are:

NAME & QUALIFICATIONS	AGE	EXPERIENCE AND SPECIAL RESPONSIBILITIES
Mr. Roger G Brown M.B.A., B.E. Chairman Managing Director	54	Wide experience with the automotive industry in Australia and overseas. Managing Director of ARB Corporation Limited since 1987. Chairman of the Remuneration and Nomination Committee. Member of the Risk Management Committee.
Mr. Andrew H Brown Executive Director	47	Wide range of experience in automotive engineering and marketing. Executive Director of ARB Corporation Limited since 1987. Member of the Remuneration and Nomination Committee and the Risk Management Committee.
Mr. John R Forsyth M.B.A., B.E., M.I.E. (Aust.) Executive Director	57	Director of ARB Corporation Limited since 1987. Executive Director of ARB Corporation Limited since 1989. Chairman of the Risk Management Committee. Member of the Remuneration and Nomination Committee and the Audit Committee. Appointed Company Secretary on 1 October 2004.
Mr. Robert D Fraser B.Ec., LLB (Hons) Non-Executive Director	39	Company director and corporate adviser. Director of Taylor Collison Limited and Non-Executive Director of Concept Hire Limited and Crane Group Limited. Non-executive Director of ARB Corporation Limited since 2004. Chairman of the Audit Committee. Member of the Remuneration and Nomination Committee.

Directors' Meetings

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the following Directors of the Company during the financial year are:

	Directors' meetings		Audit Committee meetings	
	A	**B**	**A**	**B**
Mr. Roger G Brown	9	9		
Mr. Andrew H Brown	9	9		
Mr. John R Forsyth	9	9	4	4
Mr. Robert D Fraser	9	9	4	4

A - Number of meetings attended

B - Reflects the number of meetings held during the time the Director held office during the year.

Principal Activities

The principal activities of the consolidated entity during the course of the financial year remained unchanged and were the design, manufacture, distribution and sale of motor vehicle accessories and light metal engineering works.

Consolidated Results

The consolidated profit for the year attributable to the members of ARB Corporation Limited after income tax expense, was $14,172 (2004 - $12,094) ('000's).

Review of Operations

While sales growth for the year was satisfactory at 14%, profit growth from operating activities was limited by several factors including difficulty in employing and retaining skilled staff, several large steel price rises at short notice, adverse movements in exchange rates and operational issues which limited factory output.

These issues and the manner in which the company is addressing them is more fully set out in the attached Managing Director's Statement.

Dividends

Dividends paid or proposed by the Company since the end of the previous financial year were:

		$'000's
* In respect of the prior financial year:		
-	A final dividend of 6 cents per share fully franked in respect of the year ended 30 June 2004 was paid on 29 October 2004.	3,792
* In respect of the current financial year:		
-	a fully franked special dividend of 20 cents per share (2003: Nil) was paid on 7 December 2004.	12,640
-	Special dividend forgone for Bonus Share Plan.	(1,524)
-	An interim dividend of 4 cents per share fully franked in respect of the year ended 30 June 2005 was paid on 29 April 2005.	2,663
-	The final dividend proposed by the Directors of the Company in respect of the year ended 30 June 2005, to be paid on 28 October 2005 is a fully franked dividend of 6.5 cents per share.	4,327
Total dividends in respect of the year ended 30 June 2005		18,106

State of Affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year under review not otherwise disclosed in this report or the consolidated financial report.

Environmental Issues

The consolidated entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or a State or Territory.

Events Subsequent to Balance Date

On the 4 August 2005, ARB executed contracts for the sale and long-term leaseback of its Kilsyth Head Office and Manufacturing plant site. The sale proceeds are approximately $16 million. The term of the lease is 12 years with an option to extend. This lease is an operating lease.

On the 8 August 2005, ARB also executed contracts for the sale of land held at Smeaton Grange for $2.6 million. The proceeds from both of these sales will be used to repay debt and fund further expansion.

A final dividend of 6.5 cents per share has been proposed by the Directors of the Company (total amount $4,326,730). This amount has not been provided for in the Statements of Financial Position as at 30 June 2005.

Likely Developments

Further information, apart from that already disclosed in the Managing Director's Statement set out on pages 3 to 6 as to likely developments in the operations of the economic entity and the expected results of those operations in subsequent financial years has not been included in this report because, in the opinion of the Directors, it would prejudice the interests of the economic entity.

Remuneration Report

The Remuneration and Nomination Committee is responsible for making recommendations to the Board on remuneration policies and packages applicable to the Board members and senior executives of the Company. The broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

The Remuneration and Nomination Committee monitors and reviews the remuneration of Executives and Directors in accordance with prevailing market conditions.

Details of the nature and amount of each major element of the emoluments of each Director of the Company and each of the named officers of the Company and the consolidated entity are:

	Salary & Fees $	Non-cash Benefits $	Super contributions $	Total $	Shares held directly or indirectly
Directors					
Roger G. Brown (Executive)	(a) 217,439	25,000	30,146	272,585	10,431,481
Andrew H. Brown (Executive)	(a) 217,439	25,000	30,146	272,585	10,431,481
John R. Forsyth (Executive)	219,661	25,000	27,924	272,585	3,335,438
Robert D. Fraser	47,419	-	4,268	51,687	12,531
Total	**701,958**	**75,000**	**92,484**	**869,442**	

(a) Common to each Director, are shares held in associated entites of Rogand Unit Trust, a trust that holds 10,399,642 ordinary shares and Rogand Superannuation Fund that holds 23,629 ordinary shares. Each director also holds 8,210 shares directly.

Specified Executives

The specified executives of ARB Corporation Limited during the year were:

V.K Williamson (General Manager - Kingsley Enterprises Pty Ltd.) appointed 1 December 2003
J.W Jackson (President - Air Locker Inc.)

		Salary & Fees $	Non-cash Benefits $	Super contributions $	Total $
V.K. Williamson		112,444	15,000	65,865	193,309
J.W. Jackson	US$	177,400	-	5,322	182,722

"Specified executives" are those directly responsible for the operational management and strategic direction of the Company and the consolidated entity. Accordingly there are two employees in this category. Being a working Board, strategic direction and decision is exercised through the Board.

Directors' Interests and Benefits

The relevant interest of each Director in the share capital of the Company shown in the Register of Directors' Shareholdings as at the date of this report is set out in Note 28 to the financial statements.

Since the end of the previous financial year no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors shown in the consolidated financial report) because of a contract made by the Company, its controlled entities or a related body corporate with a Director or with a firm of which a Director is a member, or with an entity in which the Director has a substantial interest, other than:

Robert D. Fraser is a Director of Taylor Collison Limited. During the year that company provided underwriting services to ARB Corporation Limited in association with the issue of shares on 7 December 2004. Taylor Collison Limited received a fee for this service, on an arms length basis ($169,449).

Proceedings on behalf of the Consolidated Entity

No person has applied for leave of Court to bring proceedings on behalf of the Consolidated Entity.

Rounding of Amounts to Nearest Thousand Dollars

The company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Indemnification

The Company has, during the financial year, in respect of any person who is or has been an officer of the Company or a related body corporate:

- paid a premium in respect of Directors' and Officers' Liability insurance which indemnifies the Directors and Officers of the Company for any claims made against the Directors and Officers of the Company, subject to conditions contained in the insurance policy. Further disclosures required under Section 300(1)(g) of the Corporations Act are prohibited under the terms of the contract.

Auditor's Independence Declaration

A copy of the Auditor's declaration under section 307C in relation to the audit for the financial year is provided with this report.

Non -Audit Services

Non-audit services provided by the auditors of the consolidated entity during the year, Pitcher Partners, are detailed in note 4. The Directors are satisfied that the provision of the non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by Corporations Act 2001.

Signed in accordance with a resolution of the Directors.

R.G. Brown
Director

J.R. Forsyth
Director

Melbourne, 25 August, 2005

To the Directors of ARB Corporation Limited and its controlled entities

In relation to the independent audit for the year ended 30 June 2005, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the Corporations Act 2001.

(ii) No contraventions of any applicable code of professional conduct.

Dated at Melbourne on 26 August 2005.

PITCHER PARTNERS

A R FITZPATRICK
Partner

ARB CORPORATION LIMITED AND ITS CONTROLLED ENTITIES
Statements of Financial Performance
For the Year Ended 30 June 2005

	Note	CONSOLIDATED JUN 2005 ($'000's)	CONSOLIDATED JUN 2004 ($'000's)	THE COMPANY JUN 2005 ($'000's)	THE COMPANY JUN 2004 ($'000's)
Revenue from sale of goods		**114,729**	100,652	**99,962**	91,096
Other revenue from ordinary activities		**5,754**	1,226	**5,952**	1,467
Total revenue	2	**120,483**	101,878	**105,914**	92,563
Changes in inventories of:					
Finished goods and work in progress		**2,066**	2,106	**2,166**	1,737
Materials and consumables used		**(57,835)**	(51,313)	**(53,818)**	(48,046)
Employee expenses		**(25,765)**	(21,648)	**(21,771)**	(18,906)
Depreciation and amortisation expense	3	**(4,015)**	(3,600)	**(3,653)**	(3,218)
Advertising expense		**(2,608)**	(2,270)	**(1,599)**	(1,522)
Distribution expense		**(2,253)**	(1,930)	**(1,406)**	(1,282)
Borrowing costs	3	**(724)**	(285)	**(649)**	(233)
Occupancy costs		**(2,116)**	(1,756)	**(1,596)**	(1,383)
Cost of assets sold		**(1,702)**	(191)	**(1,630)**	(191)
Other expenses from ordinary activities		**(5,245)**	(3,864)	**(2,988)**	(3,010)
Profit from ordinary activities before related income tax expense		**20,286**	17,127	**18,970**	16,509
Income tax expense	5	**(6,114)**	(5,033)	**(5,719)**	(4,855)
Net profit attributable to members of the parent entity	21	**14,172**	12,094	**13,251**	11,654
Net exchange difference on translation of financial report of self-sustaining foreign operations	21	**(101)**	(36)	**-**	-
Total revenues, expenses and valuation adjustments attributable to members of the parent entity and recognised directly in equity		**14,071**	12,058	**13,251**	11,654
Total changes in equity other than those resulting from transactions with owners as owners		**14,071**	12,058	**13,251**	11,654
Basic Earnings per share (cents)	8	**21.77**	19.15		

The Statements of Financial Performance are to be read in conjunction with the Notes to the Financial Statements set out on pages 19 to 41.

ARB CORPORATION LIMITED AND ITS CONTROLLED ENTITIES
Statements of Financial Position
As at 30 June 2005

	Note	CONSOLIDATED JUN 2005 ($'000's)	CONSOLIDATED JUN 2004 ($'000's)	THE COMPANY JUN 2005 ($'000's)	THE COMPANY JUN 2004 ($'000's)
CURRENT ASSETS					
Cash assets	27	**2,262**	2,770	**2,145**	2,186
Receivables	9	**19,293**	14,850	**18,804**	13,374
Inventories	10	**19,368**	18,010	**14,579**	13,626
Other assets	11	**404**	271	**291**	181
Total current assets		**41,327**	35,901	**35,819**	29,367
NON-CURRENT ASSETS					
Receivables	9	**-**	290	**-**	290
Investments	12	**-**	-	**5,476**	5,275
Property, plant and equipment	13	**44,332**	29,648	**43,687**	28,910
Deferred tax assets	5	**1,520**	1,586	**1,025**	1,046
Intangibles	14	**4,738**	4,610	**1,960**	1,894
Total non-current assets		**50,590**	36,134	**52,148**	37,415
Total assets		**91,917**	72,035	**87,967**	66,782
CURRENT LIABILITIES					
Payables	15	**13,717**	11,956	**14,750**	11,488
Interest bearing liabilities	16	**16,841**	5,311	**14,190**	2,392
Current tax liabilities	5	**2,257**	2,168	**2,074**	1,753
Provisions	19	**3,248**	3,653	**2,999**	3,248
Total current liabilities		**36,063**	23,088	**34,013**	18,881
NON-CURRENT LIABILITIES					
Interest bearing liabilities	16	**803**	1,000	**766**	956
Deferred tax liabilities	5	**1,916**	1,654	**1,897**	1,640
Provisions	19	**849**	1,454	**746**	1,387
Total non-current liabilities		**3,568**	4,108	**3,409**	3,983
Total liabilities		**39,631**	27,196	**37,422**	22,864
Net assets		**52,286**	44,839	**50,545**	43,918
EQUITY					
Contributed equity	20	**25,887**	14,940	**25,887**	14,940
Reserves	21	**4,590**	4,691	**4,756**	4,756
Retained profits	21	**21,809**	25,208	**19,902**	24,222
Total equity		**52,286**	44,839	**50,545**	43,918
NTA Backing					
Net Tangible Asset backing per ordinary security		$0.71	$0.64		

The Statements of Financial Position are to be read in conjunction with the Notes to the Financial Statements set out on pages 19 to 41.

ARB CORPORATION LIMITED AND ITS CONTROLLED ENTITIES
Statements of Cash Flows
For the Year Ended 30 June 2005

		CONSOLIDATED		THE COMPANY	
		JUN 2005	JUN 2004	**JUN 2005**	JUN 2004
	Note	**($'000's)**	($'000's)	**($'000's)**	($'000's)
Cash Flows From Operating Activities					
Cash receipts in the course of operations		**122,357**	107,289	**106,130**	95,044
Cash payments in the course of operations		**(104,019)**	(88,221)	**(89,977)**	(77,933)
Interest received		**71**	89	**102**	103
Borrowing costs		**(724)**	(285)	**(649)**	(233)
Income taxes paid		**(5,732)**	(4,617)	**(5,120)**	(4,174)
Other income received		**592**	325	**846**	607
Net cash provided by Operating activities	27	**12,545**	14,580	**11,332**	13,414
Cash Flows From Investing Activities					
Payments for property, plant, equipment and intangibles		**(17,287)**	(5,199)	**(17,085)**	(5,031)
Payments for investments		**(955)**	(3,413)	**(955)**	(3,283)
Proceeds from sales of plant & equipment		**317**	318	**275**	291
Net cash used in Investing activities		**(17,925)**	(8,294)	**(17,765)**	**(8,023)**
Cash Flows From Financing Activities					
Hire purchase repayments		**(504)**	(400)	**(480)**	(369)
Ordinary dividends paid		**(6,455)**	(5,365)	**(6,455)**	(5,365)
Special dividends paid		**(11,116)**	-	**(11,116)**	-
Issue of shares to finance special dividend		**11,116**	-	**11,116**	-
Subsidiary loan repayments		**-**	-	**1,496**	-
Commercial bills repaid		**(2,000)**	(7,907)	**(2,000)**	(7,500)
Commercial bills drawn down		**14,000**	8,500	**14,000**	8,500
Capital raising costs		**(169)**	-	**(169)**	-
Net cash provided by/(used) in Financing activities		**4,872**	(5,172)	**6,392**	(4,734)
Net increase/(decrease) in cash held		**(508)**	1,114	**(41)**	657
Cash at beginning of the financial year		**2,770**	1,656	**2,186**	1,529
Cash at the end of the financial year	27	**2,262**	2,770	**2,145**	2,186

The Statements of Cash Flows are to be read in conjunction with the Notes to the Financial Statements set out on pages 19 to 41.

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1. Statement of significant accounting policies

The significant policies which have been adopted in the preparation of this financial report are:

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(b) Principles of consolidation

A controlled entity is any entity controlled by ARB Corporation Limited. Control exists where ARB Corporation Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates to achieve the objectives of ARB Corporation Limited. Details of the controlled entities are contained in Note 25.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

Where a controlled entity has entered or left the economic entity during the year, its operating results have been included from the date control was obtained or until the date control ceased.

(c) Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business, or for an ownership interest in a controlled entity, exceeds the fair value attributed to its net tangible assets at date of acquisition. Both purchased goodwill and goodwill on consolidation are amortised on a straight line basis over the period of 20 years. The balances are reviewed annually and any balance representing future benefits the realisation of which is considered to be no longer probable is written off.

The implications of adopting Australian equivalents to International Financial Reporting Standards (IFRS), relative to this policy, are identified in note 29.

(d) Revenue recognition

Revenue from the sale of goods comprises revenue from the provision of products and services to entities outside the economic entity. Revenue from the sale of goods is recognised when the goods are invoiced.

Interest revenue is recognised as it accrues.

All revenue is stated net of the amount of goods and services tax (GST).

(e) Foreign Currency Transactions and Balances

Foreign currency transactions during the year are converted to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are converted at the rates of exchange ruling at that date.

The gains and losses from conversion of assets and liabilities, whether realised or unrealised, are included in profit from ordinary activities as they arise.

The assets and liabilities of overseas controlled entities, which are self-sustaining, are translated at year-end rates and operating results are translated at rates ruling at the end of each month. Gains and losses arising on translation are taken directly to the foreign currency translation reserve.

A monetary item arising under a foreign contract outstanding at the reporting date where the exchange rate for the monetary item is fixed in the contract is translated at the exchange rate fixed in the contract.

The implications of adopting Australian equivalents to IFRS, relative to this policy, are identified in Note 29.

(f) Income Tax

The economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences, which arise due to different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income, are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation, and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

The implications of adopting Australian equivalents to IFRS, relative to this policy, are identified in note 29.

Tax Consolidation

The parent entity ARB Corporation Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation and have formed a tax-consolidated group from 1 December 2003. The parent entity and subsidiaries in the tax-consolidated group have entered into a tax funding agreement such that each entity in the tax-consolidated group recognises the assets, liabilities, expenses and revenues in relation to its own transactions, events and balances only. All entities in the tax-consolidated group have adopted UIG 52 to account for the effects of the tax funding agreement under the tax consolidation system. This means that:

- the parent entity recognises all current and deferred tax amounts relating to its own transactions, events and balances only;
- the subsidiaries recognise current or deferred tax amounts arising in respect of their own transactions, events or balances;
- all expenses and revenues arising under the tax funding agreement are recognised as a component of income tax expense or income tax revenue by each individual entity; and
- all assets and liabilities arising under the tax funding agreement are recognised as tax-related amounts receivable from or payable to other entities in the group, rather than as tax assets or tax liabilities.

(g) Non-current assets

Each class of non-current asset is measured at cost less any accumulated depreciation. The carrying amounts of non-current assets are reviewed to determine whether they are in excess of their recoverable amounts at balance date. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower amount. In assessing recoverable amount of non-current assets the relevant cash flows have not been discounted to their present value.

The implications of adopting Australian equivalents to IFRS, relative to this policy, are identified in note 29.

(h) Receivables

Trade Debtors
Trade receivables are earned at full amount due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full amount is no longer probable.

(i) Inventories

Inventories are carried at the lower of cost and net realisable value.

Manufacturing activities
Cost is based on the first-in, first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of both variable and fixed costs. Fixed costs have been allocated on the basis of normal operating capacity.

Net Realisable Value
Net realisable value is determined on the basis of each entity's normal selling pattern. Expenses of marketing, selling and distribution to customers are estimated and are deducted to establish net realisable value.

(j) Property, plant and equipment

Acquisition
Items of property, plant and equipment are initially recorded at cost and depreciated as outlined below.

The cost of property, plant and equipment constructed by each entity includes the cost of materials and direct labour and an appropriate proportion of fixed and variable overheads.

Depreciation and Amortisation
Items of property, plant and equipment, including buildings and leasehold property but excluding freehold land, are depreciated/amortised over their estimated useful lives. The straight line method is used.

Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

The depreciation rates used for each class of asset are based uipon the expected useful life and are as follows:

	2005	2004
* Buildings	40 years	40 years
* Plant and equipment	3 to 10 years	3 to 10 years

(k) Other intangibles

The patents and trademarks are measured at cost and amortised over the period in which the related benefits are expected to be realised.

The cost of establishing new premises and facilities is capitalised and amortised over the period in which the related benefits are expected to be realised.

The carrying amounts of intangibles are reviewed at the end of each accounting period. Where the balance exceeds the value of expected future benefits, the difference is charged to the Statements of Financial Performance.

The straight line method of amortisation rates used for each class of asset are as follows:

	2005	2004
* Purchased goodwill	20 years	20 years
* Research and development	5 years	5 years
* Relocation costs	5 years	5 years

The implications of adopting Australian equivalents to IFRS, relative to this policy, are identified in note 29.

(l) Research and development costs

Research and development expenditure is expensed as incurred except to the extent that its recoverability is assured beyond any reasonable doubt, in which case it is capitalised and amortised on a straight line basis.

The implications of adopting Australian equivalents to IFRS, relative to this policy, are identified in note 29.

(m) Employee benefits

Wages, Salaries and Annual Leave
The provisions for employee entitlements to wages, salaries and annual leave represent the amounts which the economic entity has a present obligation to pay resulting from employees' services provided up to balance date. The provisions have been calculated at nominal amounts based on current wage and salary rates and include related on-costs.

Long Service Leave
The liability for employees' entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date.

Liabilities for employee benefits which are not expected to be settled within 12 months are discounted using the rates attaching to national government securities at balance date, which most closely match the terms of maturity of the related liabilities.

In determining the liability for employee benefits, consideration has been given to future increases in wage and salary rates, and the economic entity's experience with staff departures. Related on-costs have also been included in the liability.

(m) Employee benefits (cont)

Superannuation Plan
The Company and its controlled entities contribute to several accumulated benefit Superannuation plans. Contributions are charged against income when incurred.

(n) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Statements of Financial Position are shown inclusive of GST.

(o) Prior year comparitives

Where necessary, comparitives have been reclassified and repositioned for consistency with current year disclosures.

		CONSOLIDATED		THE COMPANY	
		JUN 2005 ($'000's)	JUN 2004 ($'000's)	**JUN 2005 ($'000's)**	JUN 2004 ($'000's)
2. Revenue from ordinary activities					
Sale of goods revenue		**114,729**	100,652	**99,962**	91,096
Other revenues:					
From operating activities					
- Interest received or due and receivable from:					
Other persons		**71**	89	**54**	75
Related bodies corporate		**-**	-	**48**	28
From outside operating activities					
- Gross proceeds from sale of non-current assets	(a)	**4,317**	318	**4,275**	291
- Rent		**176**	55	**176**	55
- Management fee		**-**	-	**348**	324
- Foreign exchange gains		**774**	494	**729**	466
- Other		**416**	270	**322**	228
Total other revenues		**5,754**	1,226	**5,952**	1,467
Total revenue from ordinary activities		**120,483**	101,878	**105,914**	92,563

(a) Includes proceeds from sale of retail premises in 2005 ($4 million) as this transaction is viewed as being outside of normal trading activities.

3. Profit from ordinary activities before income tax expense

Profit from ordinary activities before income tax expense has been arrived at after charging/(crediting) the following items:

	CONSOLIDATED JUN 2005	CONSOLIDATED JUN 2004	THE COMPANY JUN 2005	THE COMPANY JUN 2004
Cost of goods sold	**75,966**	67,528	**71,675**	64,916
Depreciation of:				
Buildings	**398**	289	**398**	289
Plant and equipment	**2,660**	2,475	**2,437**	2,175
	3,058	2,764	**2,835**	2,464
Amortisation of:				
Research and development capitalised	**530**	519	**530**	519
Goodwill	**222**	165	**83**	83
Relocation	**205**	152	**205**	152
	957	836	**818**	754
Total depreciation and amortisation	**4,015**	3,600	**3,653**	3,218
Borrowing costs:				
- bank loans, finance contracts and overdraft	**724**	285	**649**	233
Net bad and doubtful debts expense including movements in provision for doubtful debts	**37**	14	**24**	-
Net expense from movements in provision for:				
Employee benefits	**156**	322	**234**	311
Other	**(409)**	(75)	**(367)**	(70)
Research and development expenditure	**1,400**	1,484	**1,400**	1,484
Operating lease rentals – minimum payments	**760**	506	**309**	344
(Profit)/Loss on sale of non-current assets (a)	**(2,615)**	(127)	**(2,645)**	(100)

(a) Includes the profit from sale of retail premises in 2005 ($2.5 million).

	CONSOLIDATED		THE COMPANY	
	JUN 2005 ($'000's)	JUN 2004 ($'000's)	**JUN 2005 ($'000's)**	JUN 2004 ($'000's)
4. Auditors' remuneration				
Amounts received or due & receivable by:				
Auditors of the parent entity for an audit of the financial report	**75**	98	**75**	98
Auditors of subsidiary entity for an audit of the financial reports of the subsidiary	**27**	30	**-**	-
Amounts received or due & receivable by				
Auditors of the parent entity for other services - taxation	**22**	18	**22**	18
Total auditors' remuneration	**124**	146	**97**	116

5. Taxation

(a) Income tax expense

	CONSOLIDATED JUN 2005	CONSOLIDATED JUN 2004	THE COMPANY JUN 2005	THE COMPANY JUN 2004
Prima facie income tax expense calculated at 30% (2004: 30%) on the operating profit	**6,086**	5,138	**5,691**	4,953
Increase/(decrease) in income tax expense due to:				
Non tax deductible items	**82**	34	**41**	41
Other	**79**	-	**120**	-
Tax depreciation on building	**(28)**	(28)	**(28)**	(28)
Research & development & building allowance deductions	**(105)**	(111)	**(105)**	(111)
Income tax expense on operating profit	**6,114**	5,033	**5,719**	4,855

(b) Current tax liabilities

	CONSOLIDATED JUN 2005	CONSOLIDATED JUN 2004	THE COMPANY JUN 2005	THE COMPANY JUN 2004
Movements during the year were as follows:				
Balance at beginning of year	**2,168**	1,438	**1,753**	1,232
Income tax paid	**(5,732)**	(4,617)	**(5,120)**	(4,174)
Current income tax liability on operating profit	**5,823**	5,049	**5,441**	4,695
Liability acquired	**-**	305	**-**	-
Under / (over) provision prior years	**(2)**	(7)	**-**	-
	2,257	2,168	**2,074**	1,753

(c) Deferred tax liabilities

	CONSOLIDATED JUN 2005	CONSOLIDATED JUN 2004	THE COMPANY JUN 2005	THE COMPANY JUN 2004
Provision for deferred income tax comprises the estimated expenses at applicable income tax rates for the following items:				
Difference in depreciation and amortisation of property, plant and equipment for accounting and income tax purposes	**1,285**	1,072	**1,266**	1,058
Research & development expenditure capitalised	**535**	429	**535**	429
Other income not yet assessable	**96**	153	**96**	153
	1,916	1,654	**1,897**	1,640

	CONSOLIDATED		THE COMPANY	
	JUN 2005 ($'000's)	JUN 2004 ($'000's)	**JUN 2005 ($'000's)**	JUN 2004 ($'000's)

5. Taxation (continued)

(d) Deferred tax assets

	CONSOLIDATED JUN 2005 ($'000's)	CONSOLIDATED JUN 2004 ($'000's)	THE COMPANY JUN 2005 ($'000's)	THE COMPANY JUN 2004 ($'000's)
Future income tax benefit comprises the estimated future benefit at applicable income tax rates of the following items:				
Provisions and accrued employee entitlements	**1,143**	1,209	**1,025**	1,046
Income tax paid on group unrealised profit	**377**	377	**-**	-
	1,520	1,586	**1,025**	1,046

6. Statement of operations of segments

The major product/services from which the economic entity derived revenue during the year remained unchanged and were the design, manufacture, distribution and sale of motor vehicle accessories and light metal engineering works.

The economic entity operates predominantly in Australia. Approximately 85% of revenue and segment assets relate to operations in Australia.

Inter-segment pricing is determined on an arms length basis.

6 (a) Statement of Financial Performance

Geographical Segments	**Australia**		**USA**		**Eliminations**		**Consolidated**	
	JUN 2005 ($'000's)	JUN 2004 ($'000's)	**JUN 2005 ($'000's)**	JUN 2004 ($'000's)	**JUN 2005 ($'000's)**	JUN 2004 ($'000's)	**JUN 2005 ($'000's)**	JUN 2004 ($'000's)
Revenue outside the consolidated entity	**97,647**	85,597	**17,082**	15,055	**-**	-	**114,729**	100,652
Inter segment revenue	**13,238**	12,130	**-**	-	**(13,238)**	(12,130)	**-**	-
Total revenue	**110,885**	97,727	**17,082**	15,055	**(13,238)**	(12,130)	**114,729**	100,652
Segment operating profit *	**17,684**	17,544	**205**	54	**(119)**	(471)	**17,770**	17,127
Segment depreciation and amortisation expense	**3,762**	3,289	**114**	229	**139**	82	**4,015**	3,600
Segment other non-cash expenditure	**(77)**	267	**(139)**	(6)	**-**	-	**(216)**	261
Segment net cash flow from operations	**12,044**	14,485	**501**	95	**-**	-	**12,545**	14,580

* Excludes profit on sale of property in 2005

6 (b) Statement of Financial Position

Geographical Segments	**Australia**		**USA**		**Eliminations**		**Consolidated**	
	JUN 2005 ($'000's)	JUN 2004 ($'000's)	**JUN 2005 ($'000's)**	JUN 2004 ($'000's)	**JUN 2005 ($'000's)**	JUN 2004 ($'000's)	**JUN 2005 ($'000's)**	JUN 2004 ($'000's)
Segment assets	**92,104**	71,442	**6,450**	6,453	**(6,637)**	(5,860)	**91,917**	72,035
Segment liabilities	**37,511**	24,337	**5,318**	5,363	**(3,198)**	(2,504)	**39,631**	27,196
Segment acquisition of property, plant, equipment and intangibles	**19,339**	5,123	**105**	76	**-**	-	**19,444**	5,199

	Note	CONSOLIDATED JUN 2005 ($'000's)	CONSOLIDATED JUN 2004 ($'000's)	THE COMPANY JUN 2005 ($'000's)	THE COMPANY JUN 2004 ($'000's)
7. Dividends					
Dividends recommended or paid by the Company are:					
(i) a final fully franked ordinary dividend of 6 cents per share (2003: 5 cents fully franked) paid on 29 October 2004		**3,792**	3,153	**3,792**	3,153
(ii) a fully franked special dividend of 20 cents per share (2004: Nil) paid on 7 December 2004		**12,640**	-	**12,640**	-
(iii) Special dividend forgone for Bonus Share Plan		**(1,524)**	-	**(1,524)**	-
(iv) an interim fully franked ordinary dividend of 4 cents per share (2004: 3.5 cents fully franked) paid 29 April 2005.		**2,663**	2,212	**2,663**	2,212
	21	**17,571**	5,365	**17,571**	5,365
(v) a final fully franked ordinary dividend of 6.5 cents per share (2004: 6 cents fully franked)		**4,327**	3,792	**4,327**	3,792

The dividends paid by the Company were fully franked at the tax rate of 30 % (30 June 2004: 30%) and the recommended final dividend will be fully franked at the tax rate of 30%.

Dividend franking account

The balance of the franking account at year end that could be distributed as franked dividends using franking credits already in existence or which will arise from the payment of income tax provided for in the financial statements and after deducting franking credits to be used in payment of the above dividends:

	THE COMPANY JUN 2005	THE COMPANY JUN 2004
Franking Credits (measured on a tax paid basis)	**5,607,953**	8,189,952

8. Earnings per share

	CONSOLIDATED **cents**	cents
Earnings per share	21.77	19.15
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**65,090,844**	63,144,043

Diluted earnings per share do not differ from basic earnings per share and are therefore not separately disclosed.

	Note	CONSOLIDATED JUN 2005 ($'000's)	CONSOLIDATED JUN 2004 ($'000's)	THE COMPANY JUN 2005 ($'000's)	THE COMPANY JUN 2004 ($'000's)
9. Receivables					
Current					
Trade debtors		**15,478**	15,010	**14,934**	13,494
Less: provision for doubtful debts		**217**	221	**150**	150
		15,261	14,789	**14,784**	13,344
Other debtors		**4,032**	61	**4,020**	**30**
		19,293	14,850	**18,804**	13,374
Non-current					
Deposits on land & buildings		**-**	290	**-**	290
10. Inventories					
Current					
Work in progress, at cost		**4,140**	3,352	**4,037**	3,342
Raw materials, at cost		**1,077**	878	**99**	101
Finished goods, at cost		**12,281**	11,003	**9,924**	8,453
Goods in transit, at cost		**1,870**	2,777	**519**	1,730
		19,368	18,010	**14,579**	13,626
11. Other assets					
Current					
Prepayments		**404**	271	**291**	181
12. Investments					
Non-current					
Shares – controlled entities - unlisted	25	**-**	-	**5,476**	5,275

13. Property, plant and equipment

	CONSOLIDATED JUN 2005 ($'000's)	CONSOLIDATED JUN 2004 ($'000's)	THE COMPANY JUN 2005 ($'000's)	THE COMPANY JUN 2004 ($'000's)
Land and buildings, at cost	**31,054**	17,551	**31,054**	17,551
Less: accumulated depreciation	**1,307**	959	**1,307**	959
	29,747	16,592	**29,747**	16,592
Plant and equipment, at cost	**25,531**	22,057	**23,648**	19,984
Less: accumulated depreciation	**10,946**	9,001	**9,708**	7,666
	14,585	13,056	**13,940**	12,318
Total property, plant and equipment Net book value	**44,332**	29,648	**43,687**	28,910

(a) Movements in the carrying amounts

Economic Entity	**Land and Buildings**	**Plant and Equipment**	**Total**
Balance at beginning of year	**16,592**	**13,056**	**29,648**
Additions	**15,037**	**4,407**	**19,444**
Disposals	**(1,484)**	**(218)**	**(1,702)**
Depreciation	**(398)**	**(2,660)**	**(3,058)**
Balance at end of year	**29,747**	**14,585**	**44,332**

Parent Entity	**Land and Buildings**	**Plant and Equipment**	**Total**
Balance at beginning of year	**16,592**	**12,318**	**28,910**
Additions	**15,037**	**4,205**	**19,242**
Disposals	**(1,484)**	**(146)**	**(1,630)**
Depreciation	**(398)**	**(2,437)**	**(2,835)**
Balance at end of year	**29,747**	**13,940**	**43,687**

(b) Property, plant and equipment have been granted as security over bank facilities. Refer to Note 17 for details.

(c) The Directors estimate the current market value of land and buildings, as at 30 June 2005 to be $32 million on an existing use basis.

	Note	CONSOLIDATED JUN 2005 ($'000's)	CONSOLIDATED JUN 2004 ($'000's)	THE COMPANY JUN 2005 ($'000's)	THE COMPANY JUN 2004 ($'000's)
14. Intangibles					
Purchased goodwill, at cost		**4,666**	4,465	**1,667**	1,667
Less: accumulated amortisation		**1,714**	1,492	**1,493**	1,410
		2,952	2,973	**174**	257
Research & development, at cost		**4,304**	3,420	**4,304**	3,420
Less: accumulated amortisation		**2,518**	1,988	**2,518**	1,988
		1,786	1,432	**1,786**	1,432
Relocation costs		**819**	819	**819**	819
Less: accumulated amortisation		**819**	614	**819**	614
		-	205	**-**	205
		4,738	4,610	**1,960**	1,894
15. Payables					
Trade creditors		**10,319**	10,737	**10,754**	10,130
Other creditors and accruals		**3,398**	1,219	**3,996**	1,358
		13,717	11,956	**14,750**	11,488
16. Interest bearing liabilities					
Current					
Hire purchase commitments		**262**	504	**253**	480
Less: prepaid terms charges		**65**	92	**63**	88
		197	412	**190**	392
Bills payable, secured	17	**16,644**	4,899	**14,000**	2,000
		16,841	5,311	**14,190**	2,392
Non – Current					
Hire purchase commitments		**853**	1,115	**813**	1,066
Less: prepaid terms charges		**50**	115	**47**	110
		803	1,000	**766**	956

17. Financing arrangements

The consolidated entity has access to the following lines of credit:

	CONSOLIDATED		THE COMPANY	
	JUN 2005 ($'000's)	JUN 2004 ($'000's)	**JUN 2005 ($'000's)**	JUN 2004 ($'000's)
Total facilities available:				
Bank overdraft	**500**	500	**500**	500
Bill acceptance facility	**18,000**	7,000	**18,000**	7,000
Interchangeable facility	**1,245**	2,000	**1,200**	1,926
Foreign currency dealing	**1,700**	1,700	**1,700**	1,700
Foreign currency loan	**6,577**	3,800	**6,577**	3,800
Online facility	**2,150**	2,150	**1,500**	1,500
Documentary credit	**850**	250	**600**	-
Other miscellaneous	**214**	69	**189**	44
	31,236	17,469	**30,266**	16,470
Facilities utilised at balance date:				
Bill acceptance facility	**14,000**	2,000	**14,000**	2,000
Interchangeable facility	**1,000**	1,411	**956**	1,347
Foreign currency loan	**2,644**	2,899	**-**	-
	17,644	6,310	**14,956**	3,347
Facilities not utilised at balance date:				
Bank overdraft	**500**	500	**500**	500
Bill acceptance facility	**4,000**	5,000	**4,000**	5,000
Interchangeable facility	**245**	589	**244**	579
Foreign currency dealing	**1,700**	1,700	**1,700**	1,700
Foreign currency loan	**3,933**	901	**6,577**	3,800
Online facility	**2,150**	2,150	**1,500**	1,500
Documentary credit	**850**	250	**600**	-
Other miscellaneous	**214**	69	**189**	44
	13,592	11,159	**15,310**	13,123

Security & Conditions

The above facilities are secured by:-

* First Registered Company Charge over all assets and undertakings of the Company and its Australian controlled entities.
* First Registered Mortgage over the land and buildings at Garden Street, Kilsyth.
* Commercial Bill Authority, Power of Attorney and Indemnity.

The Company continues to comply with the following conditions:

* Consolidated operating profit before tax plus interest must be at least three times the interest expense.
* Total liabilities divided by total equity (of the Company) must be less than two.

Bank Overdraft

The Bank overdraft is payable on demand and is subject to annual review. Following such review, the Bank retains the right at its discretion to review all of the terms and conditions of the facilities including without limitation all facility limits, fees, pricing, security and facility conditions.

17. Financing arrangements (continued)

Bill Acceptance Facility

The facility is subject to annual review in February each year. The bill acceptance facility is classified as a current liability.

Online Facility

This facility is used for the clearance of wages and was unused at 30 June 2005.

	CONSOLIDATED		THE COMPANY	
	JUN 2005 ($'000's)	JUN 2004 ($'000's)	**JUN 2005 ($'000's)**	JUN 2004 ($'000's)
18. Amounts payable/receivable in foreign currencies				
The Australian dollar equivalents of amounts payable or receivable in foreign currencies, calculated at year end exchange rates, are as follows:				
United States Dollars				
Amounts payable				
Current	**3,482**	4,481	**482**	1,325
Amounts receivable				
Current	**123**	1,873	**-**	1,377
Japanese Yen				
Amounts payable				
Current	**301**	590	**122**	517
New Zealand Dollars				
Amounts payable				
Current	**128**	252	**128**	246
Thai Baht				
Amounts payable				
Current	**30**	1	**30**	1

19. Provisions

	CONSOLIDATED		THE COMPANY	
	JUN 2005 ($'000's)	JUN 2004 ($'000's)	**JUN 2005 ($'000's)**	JUN 2004 ($'000's)
Current				
Employee benefits	**2,491**	2,384	**2,242**	2,124
Other (a)	**757**	1,269	**757**	1,124
	3,248	3,653	**2,999**	3,248
Non-current				
Employee benefits	**746**	697	**746**	630
Other	**103**	757	**-**	757
	849	1,454	**746**	1,387
Number of employees at year end	**491**	444	**431**	379
Aggregate employee benefits	**3,237**	3,081	**2,988**	2,754

(a) Provisions - other represent likely settlement for acquisition of Kingsley Enterprises Pty Limited in accordance with the terms of the acquisition agreement.

			CONSOLIDATED		THE COMPANY	
	JUN 2005 No. of Shares	JUN 2004 No. of Shares	**JUN 2005 ($'000's)**	JUN 2004 ($'000's)	**JUN 2005 ($'000's)**	JUN 2004 ($'000's)
20. Contributed equity						
Issued and paid up capital						
66,565,082 ordinary shares (2004: 63,201,976)			**25,887**	14,940	**25,887**	14,940
Movements during the year						
Balance at beginning of the financial year	**63,201,976**	63,065,180	**14,940**	14,476	**14,940**	14,476
Issue of shares Kingsley acquisition	**-**	136,796	**-**	464	**-**	464
Issue of shares	**2,391,517**	-	**8,987**	-	**8,987**	-
Dividend reinvestment plan	**566,263**	-	**2,129**	-	**2,129**	-
Bonus share plan	**405,326**	-	**-**	-	**-**	-
Transaction costs of share issue	**-**	-	**(169)**	-	**(169)**	-
Balance at end of the financial year	**66,565,082**	63,201,976	**25,887**	14,940	**25,887**	14,940

(a) An issue of ordinary shares was undertaken on 7 December 2004. The proceeds were applied to the payment of the special dividend.

(b) During the year the Company paid a special dividend of 20 cents in relation to which shareholders were provided with the opportunity to participate in a Dividend Reinvestment Plan and a Bonus Share Plan (both since suspended). The participation price for shareholders who elected to participate in the Dividend Reinvestment Plan was $3.7579 and Bonus Share Plan participants forwent their dividend at an equivalent rate.

21. Reserves and retained profits

Reserves

			CONSOLIDATED JUN 2005	CONSOLIDATED JUN 2004	THE COMPANY JUN 2005	THE COMPANY JUN 2004
Capital profits			**4,090**	4,090	**3,991**	3,991
Foreign exchange translation			**(265)**	(164)	**-**	-
Asset revaluation			**765**	765	**765**	765
			4,590	4,691	**4,756**	4,756
Retained profits			**21,809**	25,208	**19,902**	24,222
Capital Profits						
Balance at beginning and end of the financial year			**4,090**	4,090	**3,991**	3,991

Capital profits reserve reflects previously realised profits on sale of capital assets.

Foreign currency translation						
Balance at beginning of the financial year			**(164)**	(128)	**-**	-
Translation adjustment on controlled foreign entity's financial statement			**(101)**	(36)	**-**	-
Balance at end of the financial year			**(265)**	(164)	**-**	-

Foreign currency translation reserve reflects impact of foreign currency movements when translating self-sustaining foreign operations at the rate of exchange at the year-end.

Asset Revaluation						
Balance at beginning and end of the financial year			**765**	765	**765**	765

Asset revaluation reserve reflects previous revaluations of non-current assets to fair value.

Retained profits		**Note**				
Balance at beginning of the financial year			**25,208**	18,479	**24,222**	17,933
Net profit attributable to members of the parent entity			**14,172**	12,094	**13,251**	11,654
Dividends paid		7	**(17,571)**	(5,365)	**(17,571)**	(5,365)
Balance at end of the financial year			**21,809**	25,208	**19,902**	24,222

22. Additional financial instrument disclosures

(a) Interest rate risk

The consolidated entity has managed its interest rate risk by partly fixing the interest rate over its borrowings.

	Note	Weighted Average Interest rate	Floating Interest rate	Fixed interest maturing in: 1 year or less	1 to 5 years	More than 5 years	Non interest Bearing	Total
			($'000's)	($'000's)	($'000's)	($'000's)	($'000's)	($'000's)
2005								
Financial assets								
Cash	27	5.06%	2,262	-	-	-	-	2,262
Trade receivables	9	-	-	-	-	-	15,261	15,261
Other receivables	9	-	-	-	-	-	4,032	4,032
Financial Liabilities								
Accounts payable	15	-	-	-	-	-	13,717	13,717
Bills payable	16	5.37%	-	16,644	-	-	-	16,644
Hire purchase liabilities	16	7.50%	-	197	803	-	-	1,000
2004								
Financial assets								
Cash		4.83%	2,770	-	-	-	-	2,770
Trade receivables	9	-	-	-	-	-	14,789	14,789
Other receivables	9	-	-	-	-	-	61	61
Financial Liabilities								
Accounts payable	15	-	-	-	-	-	11,956	11,956
Bills payable	16	3.24%	-	4,899	-	-	-	4,899
Hire purchase liabilities	16	7.50%	-	412	1,000	-	-	1,412

(b) Foreign exchange risk

The economic entity enters into forward exchange contracts to manage its foreign exchange risk.
The amounts payable in Japanese Yen, New Zealand Dollars and Thai Baht are not considered significant enough to warrant entering into forward exchange agreements. At year end the economic entity was not party to any forward exchange contracts.

As at 30 June 2005, the economic entity has a short term loan totalling $US 2,000,000 expiring in September 2005.

(c) Credit risk exposures

Recognised financial instruments
The credit risk on financial assets, excluding investments, of the consolidated entity which has been recognised in the Statements of Financial Position, is the carrying amount, net of any provision for doubtful debts.

22. Additional financial instrument disclosures (continued)

The economic entity minimises concentrations of credit risk by undertaking transactions with a large number of customers and counterparties in various countries.

The economic entity is not materially exposed to any individual customer.

The economic entity has a segment of operation in the United States. For details refer Note 6.

(d) Net fair values of financial assets and liabilities

Recognised financial instruments
Monetary financial assets and financial liabilities not readily traded in an organised financial market are determined by valuing them at the amounts due from customers (reduced for expected credit losses) or due to suppliers. The carrying amounts of bank term deposits, accounts receivable, accounts payable and bank loans approximate net fair value.

Unrecognised financial instruments
Other than the forward exchange contract and options identified within this report, the entity does not have unrecognised financial instruments.

The carrying amounts of financial liabilities as at the reporting date are stated at their fair values.

23. Superannuation commitments

The Company and its controlled entities contribute to employee superannuation funds. Employee contributions are based on a percentage of their gross salary. Members join the funds on commencement of employment with the Company and its controlled entities and are entitled to benefits on retirement, disability or death.

The Company and its controlled entities are under no legal obligation to make up any shortfall in a fund's assets to meet payments due to employees.

	CONSOLIDATED		THE COMPANY	
	JUN 2005 ($'000's)	JUN 2004 ($'000's)	**JUN 2005 ($'000's)**	JUN 2004 ($'000's)
24. Commitments and contingent liabilities				
Operating lease commitments				
Future operating lease rentals of property, not provided for and payable as follows:				
Not later than one year	**616**	602	**476**	328
Later than one year but not later than five years	**1,058**	1,134	**1,058**	1,134
	1,674	1,736	**1,534**	1,462
Hire Purchase Commitments				
Hire purchase payments are payable as follows:				
Not later than one year	**262**	504	**253**	480
Later than one year but not later than five years	**853**	1,115	**813**	1,066
Minimum hire purchase payments	**1,115**	1,619	**1,066**	1,546
Less prepaid terms charges	**115**	207	**110**	198
Hire Purchase Liability	**1,000**	1,412	**956**	1,348

	CONSOLIDATED		THE COMPANY	
	JUN 2005	JUN 2004	**JUN 2005**	JUN 2004
	($'000's)	($'000's)	**($'000's)**	($'000's)
24. Commitments and contingent liabilities (continued)				
Capital expenditure commitments				
Contracted but not provided for and payable as follows:				
Due within one year	**1,750**	8,520	**1,750**	8,520

Capital commitments relate to the acquisition of plant and equipment.

25. Controlled entities

	AMOUNT OF	
Chief Entity	JUN 2005	JUN 2004
ARB Corporation Limited.	%	%
Controlled Entities		
Air Locker Inc.	100	100
Kingsley Enterprises Pty Limited.	100	100

ARB Corporation Limited was incorporated in Australia. Air Locker Inc. was incorporated in the USA. Air Locker Inc. is not audited by Pitcher Partners. It is audited by an independent auditor in the USA.
Kingsley Enterprises Pty Limited was incorporated in Australia.

26. Subsequent events

On the 4 August 2005, ARB executed contracts for the sale and long-term leaseback of its Kilsyth Head Office and Manufacturing plant site. The sale proceeds are approximately $16 million. The term of the lease is 12 years with an option to extend. This lease is an operating lease.

On the 8 August 2005, ARB also executed contracts for the sale of land held at Smeaton Grange for $2.6 million. The proceeds from both of these sales will be used to repay debt and fund further expansion.

	CONSOLIDATED		THE COMPANY	
	JUN 2005 ($'000's)	JUN 2004 ($'000's)	**JUN 2005 ($'000's)**	JUN 2004 ($'000's)
27. Notes to the statements of cash flows				
(i) Reconciliation of Cash				
Cash	**2,262**	2,770	**2,145**	2,186
(ii) Reconciliations of Operating Profit After Income Tax to Net Cash Provided by Operating Activities				
Net Profit	**14,172**	12,094	**13,251**	11,654
Add/(less) items classified as Investing/financing activities:				
(Profit)/loss on sale of non-current assets	**(2,615)**	(127)	**(2,645)**	(100)
Hire purchase interest	**92**	112	**88**	98
Add/(less) non-cash items				
Amortisation	**957**	836	**818**	754
Depreciation	**3,058**	2,764	**2,835**	2,464
Net cash provided by operating activities before change in assets and liabilities.	**15,664**	15,679	**14,347**	14,870
Change in assets and liabilities				
Change in asset and liability balances				
(Increase)/decrease in inventories	**(1,358)**	(2,640)	**(953)**	(1,922)
(Increase)/decrease in prepayments	**(133)**	53	**(110)**	40
(Increase)/decrease in other debtors	**29**	347	**10**	(30)
(Increase)/decrease in trade debtors	**(472)**	(1,074)	**(1,440)**	(2,883)
(Decrease)/increase deferred tax payable	**328**	(15)	**278**	160
(Decrease)/increase in trade creditors	**(1,195)**	1,699	**(988)**	2,417
(Decrease)/increase in provisions	**(253)**	246	**(133)**	241
(Decrease)/increase in foreign currency denominated debt	**(255)**	(104)	**-**	-
(Decrease)/increase in reserves	**101**	(36)	**-**	-
(Decrease)/increase in income tax payable	**89**	425	**321**	521
Net cash provided by operating activities	**12,545**	14,580	**11,332**	13,414

28. Related party transactions

Directors

The names of each person holding the position of director of ARB Corporation Limited during the financial year are R.G. Brown, A.H. Brown, J.R. Forsyth and R.D. Fraser.

Details of directors' remuneration and superannuation payments are set out in the Remuneration Report within the Directors Report.

Apart from the details disclosed in this note, no director has entered into a material contract with the Company or the economic entity since the end of the previous financial year and there were no material contracts involving directors' interests subsisting at year end.

Robert D. Fraser is a Director of Taylor Collison Limited. During the year that company provided underwriting services to ARB Corporation Limited in association with the issue of shares on 7 December 2004. Taylor Collison Limited received a fee for this service, on an arms length basis ($169,449).

Directors' holdings of shares

The relevant interests of directors of the reporting entity and their director-related entities in shares of entities within the economic entity at year end are set out below.

Shares held directly by:

	Ordinary Shares	
	JUN 2005	JUN 2004
Mr. R.G. Brown	**8,210**	8,210
Mr. A.H. Brown	**8,210**	8,210
Mr.J.R. Forsyth	**8,646**	8,210
Mr. R.D. Fraser	**5,686**	3,500
	30,752	28,130

Rogand Unit Trust, a Trust associated with Roger George Brown and Andrew Harry Brown and their families holds 10,399,642 (2004: 10,130,075), ordinary shares and Rogand Superannuation Fund holds 23,629 (2004: 22,435) ordinary shares.

Roger George Brown is a director and member of Saharaton Pty Ltd., the holder of 8,210 (2004: 8,210) ordinary shares.

Andrew Harry Brown is a director and member of Thirty Third Jabot Pty Ltd., the holder of 8,210 (2004: 8,210) ordinary shares.

John Robert Forsyth is a director and member of Formax Pty Ltd., the holder of 8,646 (2004: 8,210) ordinary shares, Formax Pty Ltd. Superannuation Fund, the holder of 1,337,334 (2004: 1,302,670) ordinary shares and Formax Pty Ltd. (Reparer Account) the holder of 1,989,458 (2004: 1,937,890) ordinary shares.

Robert Darius Fraser is trustee and member of the Fraser Family Superannuation Fund, the holder of 6,845 (2004: 6,500) ordinary shares.

Movements in directors interests have occurred on normal arms length basis, through the dividend reinvestment plan, the bonus share plan and acquisitions on market.

Dividends paid by the Company during the year in respect of directors and director-related entities shares:

	JUN 2005 ($'000's)	JUN 2004 ($'000's)
Final dividend for the year ended 30/06/04 paid 29 October 04	**807**	672
Special dividend paid 7 December 04	**1,480**	-
Interim dividend for the year ended 30/06/05 paid 29 April 05	**553**	471
	2,840	1,143

28. Related party transactions (continued)

Controlled entities

Details of interests in the controlled entities, being wholly-owned subsidiary companies, are set out at Note 25. All transactions between the Company and its controlled entities have been eliminated on consolidation.

Ultimate parent entity

The immediate parent entity and ultimate parent entity is ARB Corporation Limited.

Loans

Loans from the Company to the controlled entities are charged interest monthly at arm's length rates on the outstanding balance.

Interest revenue is brought to account by the Company in relation to these loans during the year:

	The Company	
	JUN 2005 ($'000's)	JUN 2004 ($'000's)
Interest revenue	**48**	28

Other Transactions

The Company sells / purchases finished goods to / from its controlled entities - Air Locker Inc. and Kingsley Enterprises Pty Limited. These transactions are conducted at arms length.

Balances with Entities within the Wholly-Owned Group

The aggregate amounts receivable from, and payable to, wholly-owned controlled entities by the Company at balance date:

	The Company	
	JUN 2005 ($'000's)	JUN 2004 ($'000's)
Receivables		
Current	**2,140**	1,385
Payables		
Current	**1,048**	63

29. The impact of adopting Australian equivalents to IFRS

The Company has evaluated the key differences in accounting policies, identifying the changes to the Company's financial reporting systems and evaluating the financial impact arising from key differences in accounting policies that have arisen from adopting Australian equivalents to IFRS.

For first-time adoption of Australian equivalents to IFRS, the date of transition was 1 July 2004. The key differences in accounting policies that arose from adopting Australian equivalents to IFRS are detailed below. A reconciliation of estimated adjustments to opening balances at 1 July 2004, together with restated results under IFRS for the year to 30 June 2005, is provided in note 30.

(i) Goodwill

Goodwill on consolidation has been reviewed for the impact of derecognised intangible assets acquired that do not meet the identifiability criteria under IFRS and to recognise deferred tax liabilities at the acquisition date under the balance sheet method.

Amortisation of goodwill has ceased on adoption of IFRS. Under IFRS, goodwill is subject to impairment testing. No significant financial impact is identified as a consequence of impairment testing of goodwill as at 30 June 2004 or 30 June 2005.

On adoption of Australian equivalents to IFRS, reported results for the year to 30 June 2005 required no adjustment for amortisation charges from 1 July 2004. Amortisation charges prior to 30 June 2004 may not be reversed under the first-time adoption provisions.

(ii) Impairment of Assets

The recoverable amount test under Australian GAAP has been replaced by impairment testing whereby the recoverable amount is determined as the higher of fair value less costs to sell and value in use. Value in use incorporates the use of discounted cash flows.

The entity has not identified any additional write-downs for impairment of non-current assets on first-time adoption of IFRS, nor in the year to 30 June 2005.

(iii) Income Taxes

Under IFRS a balance sheet approach has been adopted under which temporary differences are identified for each asset and liability rather than accounting for the effect of timing and permanent differences between taxable and accounting profit. In addition, a deferred tax liability has been recognised for tax losses where their realisation is considered probable.

On first-time adoption of Australian equivalents to IFRS, adjustments to the provision for deferred tax will be required for:

* Asset revaluations

29. The Impact of Adopting Australian Equivalents to IFRS (continued)

(iv) The Effects of Changes in Foreign Exchange Rates

The parent entity has a foreign subsidiary, which was previously considered as a self-sustaining entity. On first-time adoption of Australian equivalents to IFRS, new rules apply for translation of the foreign subsidairies results to be included in the consolidated financial statements. It is not expected these changes will impact the entity.

(v) Intangible Assets

The entity has internally generated intangible assets, which do not satisfy the identifiability criteria and must be derecognised.

On adoption of Australian equivalents to IFRS, retained earnings at 1 July 2004 and reported results for the year to 30 June 2005 will be adjusted to write-off internally generated intangible assets that do not meet the identifiability criteria under IFRS.

An estimate of the financial impact is provided in the reconciliation in note 30.

30. Reconciliation of reported amounts under Australian Accounting Standards to Australian equivalents to IFRS

Total Equity at 1 July 2004:	**($'000's)**
As reported under Australian Accounting Standards per financial report at 30 June 2004	44,839
Adjustments relating to recalculation of deferred tax using the balance sheet method at 30 June 2004	(230)
Write-off internally generated intangible assets held at 30 June 2004 that do not meet the identifiability criteria	(205)
As restated under Australian equivalents to IFRS	44,404

Operating profit after tax for the twelve months to 30 June 2005	**($'000's)**
As reported under Australian Accounting Standards per financial year report	14,172
Reversal of goodwill amortisation for the 12 month period	222
Internally generated intangible assets written-off during 12 months period, now adjusted for within opening retained earnings	205
Reversal of recalculated deferred tax upon sale of asset	230
As restated under Australian equivalents to IFRS	14,829

Directors' Declaration

In the Directors' opinion the financial statements and notes set out on pages 16 to 41 are in accordance with the Corporations Act 2001 including:

(a) Complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements,

(b) Giving a true and fair view of the financial position of the consolidated entity as at 30 June 2005 and of its performance as represented by the results of its operations and its cash flows, for the year ended on that date, and

(c) That the Directors have given the declaration required under section 295A of the Corporations Act 2001.

In the Directors' opinion there are reasonable grounds to believe that ARB Corporation Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Roger G Brown
Director

John R Forsyth
Director

Melbourne
25 August 2005

Scope

We have audited the financial report of ARB Corporation Limited for the financial year ended 30 June 2005 as set out on pages 16 to 42. The financial report includes the consolidated financial statements of the consolidated entity comprising the Company and the entities controlled at the year's end or from time to time during the financial year.

The company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), as required by Accounting Standards AASB 1046 Directors and Executive Disclosures by Disclosing Entities, under the heading "remuneration report" on page 13 of the directors' report, as permitted by the Corporations Regulations 2001.

The company's directors are responsible for the financial report. The directors are also responsible for the remuneration disclosures contained in the directors' report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material aspects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and the Corporations Act 2001 so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of ARB Corporation Limited is in accordance with:

(a) the Corporation Act 2001, including:

(i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2005 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

(c) The remuneration disclosures that are contained on page 13 of the directors' report comply with Accounting Standards AASB 1046 and the Corporations Regulations 2001.

Dated at Melbourne on 26 August 2005.

PITCHER PARTNERS

A R FITZPATRICK
Partner

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report.

SHAREHOLDINGS

Substantial Shareholders

The number of shares to which substantial shareholders were entitled as listed in the company's register of substantial shareholders at 1 August 2005 was:

Shareholder	Ordinary
Rogand Pty Ltd	**10,130,075**
Perpetual Trustees Australia Limited	**7,902,506**
Commonwealth Bank of Australia	**6,940,779**
Invesco Australia Limited	**3,491,495**
Formax Pty Ltd	**3,248,770**

Class of Shares and Voting Rights

At 1 August 2005, there were 4,112 holders of the ordinary shares of the Company. The voting rights attaching to the ordinary shares, set out in Article 81 of The Company's Constitution, are:

"Subject to any rights or restrictions on voting from time to time affecting any class of share and subject to Article 14 every member present in person or by Representative, proxy or attorney shall on a show of hands have one vote and on a poll every member present in person or by Representative, proxy or attorney shall in respect of each fully paid share held by him and in respect of each partly paid share on which all calls which have become due and payable have been duly paid have one vote for that share, provided that in respect of partly paid shares issued other than on a pro-rata basis to members every member shall on a poll have such number of votes as bears the same proportion to the Total of such shares registered in his name as the amount of the issue price thereof paid up bears to the total issue price thereof."

Distribution of shareholders:
(as at 1 August 2005)

	Holders	%	Shares Held	%
1 - 1,000	864	21.01	558,442	0.84
1,001 - 5,000	2,111	51.34	5,660,471	8.50
5,001 - 10,000	627	15.25	4,547,632	6.83
10,001 - 100,000	472	11.48	11,843,603	17.79
100,001 or more	38	0.92	43,954,934	66.03
	4,112	100.00	66,565,082	100.00

The number of shareholders holding less than a marketable parcel at 1 August 2005 was 41.

Twenty largest shareholders (as at 1 August 2005)

Name	Ordinary shares capital	% held of issued
Rogand Pty Ltd	10,399,642	15.62
National Nominees Limited	6,357,823	9.55
Citicorp Nominees Pty Ltd (CFS Developing Companies Account)	4,764,023	7.16
JP Morgan Nominees Australia Limited	3,313,022	4.98
RBC Global Services Australia Pty Ltd (Pipooled Account)	3,042,196	4.57
Citicorp Nominees Pty Ltd (CFS Future Leaders Fund Account)	2,000,000	3.00
RBC Global Services Australia Pty Ltd (PIIC Account)	1,990,411	2.99
Formax Pty Ltd (Reparar Account)	1,989,458	2.99
Formax Pty Ltd (Superannuation Fund Account)	1,337,334	2.01
ANZ Nominees Limited	1,132,097	1.70
Westpac Custodian Nominees Limited	882,460	1.33
Cogent Nominees Pty Ltd	846,440	1.27
Mrs Pamela Shirley Carpenter	550,000	0.83
Invia Custodian Pty Ltd (Wilson Investment Fund Limited Account)	505,864	0.76
Illabarook Pty Ltd	400,000	0.60
ANZ Nominees Limited (Cash Income Account)	377,112	0.57
HSBC Custody Nominees (Australia) Limited	350,000	0.53
RBC Global Services Autralia Nominees Pty LTD (BKCUST Account)	330,813	0.50
Citicorp Nominees Pty Ltd (CFSIL CWLTH SML COS 2 Account)	259,568	0.39
Mr Ronald Ernest Binks	253,900	0.38

The 20 largest shareholders hold 61.72% of the ordinary shares of the Company.

OFFICES AND OFFICERS

Company Secretary

John R Forsyth M.B.A.,B.E.,M.I.E.(Aust)

Principal Registered Office

42-44 Garden Street
Kilsyth Victoria 3137
Telephone: (03) 9761 6622
Facsimile: (03) 9761 6807

Location of Share Register

Computershare Investor Services Pty Limited
Yarra Falls, 472 Johnston Street
Abbotsford Victoria 3067
P.O. Box 2975
Melbourne Victoria 3001
Telephone: (03) 9415 5000
Facsimile: (03) 9473 2587

Stock Exchange

Australian Stock Exchange (Melbourne) Limited
530 Collins Street
Melbourne Victoria 3000
Telephone: 1300 300 279

PROXY FORM

1. Registered Holder

Registered holder name: ....

Registered holder address: ....

....

....

ARB Corporation Ltd
P.O. Box 105
Kilsyth Vic 3137

Fax (03) 9721 9094

2. Appointment of proxy

I/we appoint .... or the Chairman of the meeting
NAME OF PERSON YOU ARE APPOINTING (IF NOT THE CHAIRMAN)

as my/our proxy to vote in accordance with the following directions (or, if no directions have been given, as the proxy sees fit) at the Annual General Meeting of ARB Corporation Limited to be held at 11.00am on 13 October 2005 and at any adjournment of that meeting.

3. Directions to proxy (Tick as appropriate or leave blank to allow the proxy to decide how to vote)

	For	Against	Abstain
1. Adoption of Annual Accounts and Directors' Report			
2. Adoption of the Remuneration Report			
3. Re-appointment of Andrew H. Brown as a director			

4. If appointing a second proxy

.... or .... %
NO. OF SHARES APPLICABLE TO THIS FORM   PERCENTAGE OF YOUR VOTING RIGHTS

5. Your contact details

Name: ....   Telephone Number: ....

6. Signature(s)

(a) For use by individuals

....	....	....
Shareholder 1	Shareholder 2	Shareholder 3

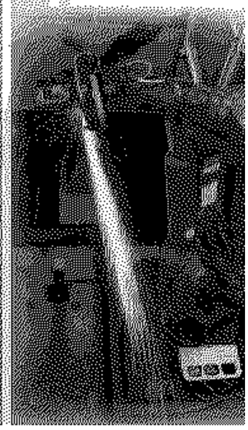
(b) For use by companies

This document was executed in accordance with the company's constitution and the Corporations Act by:

....	....	....
Director/Secretary	Director	Sole Director and Sole Secretary

This proxy and any Power of Attorney or other authority under which it is signed must be deposited with the Company Secretary not less than 48 hours before the time of the meeting.

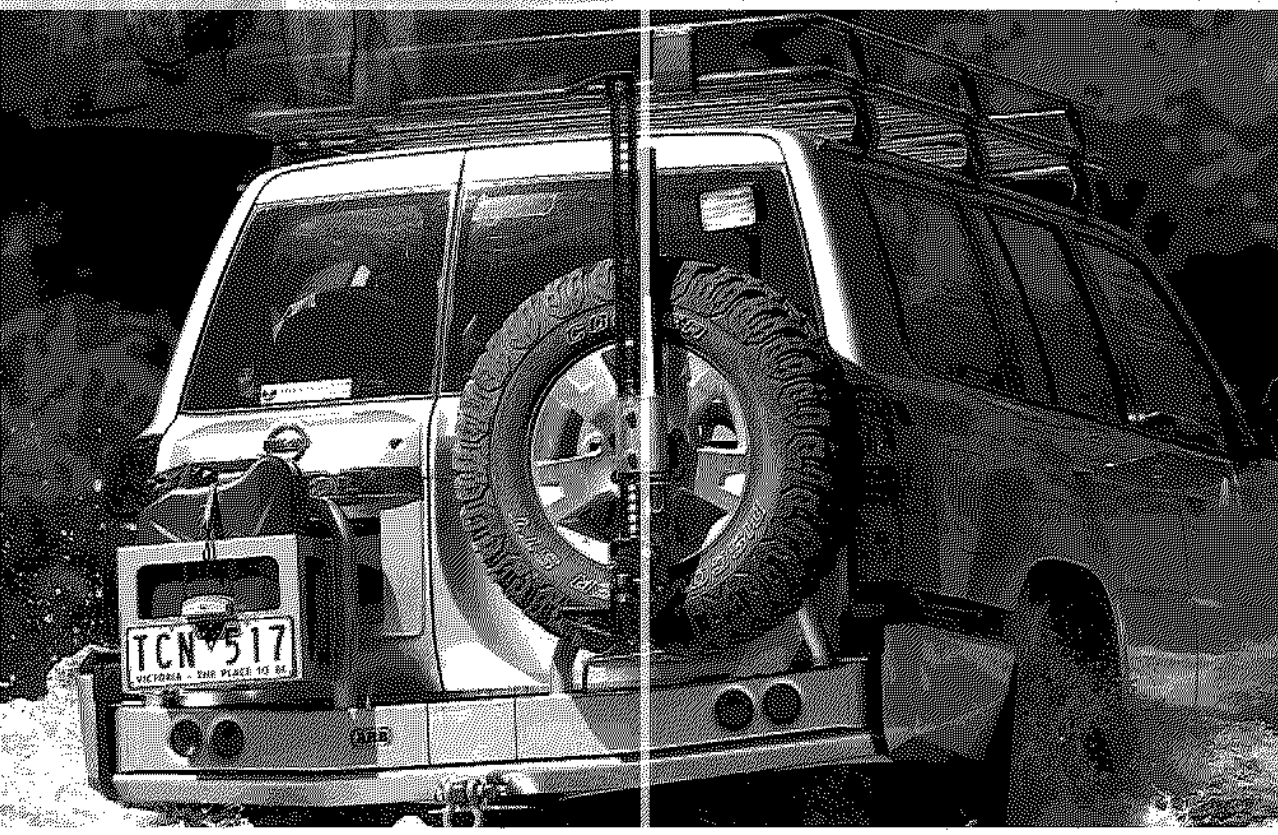
New machinery is sourced to further improve production efficiencies ↙



ARB gear continues to be the favoured choice of 4x4 enthusiasts around the world

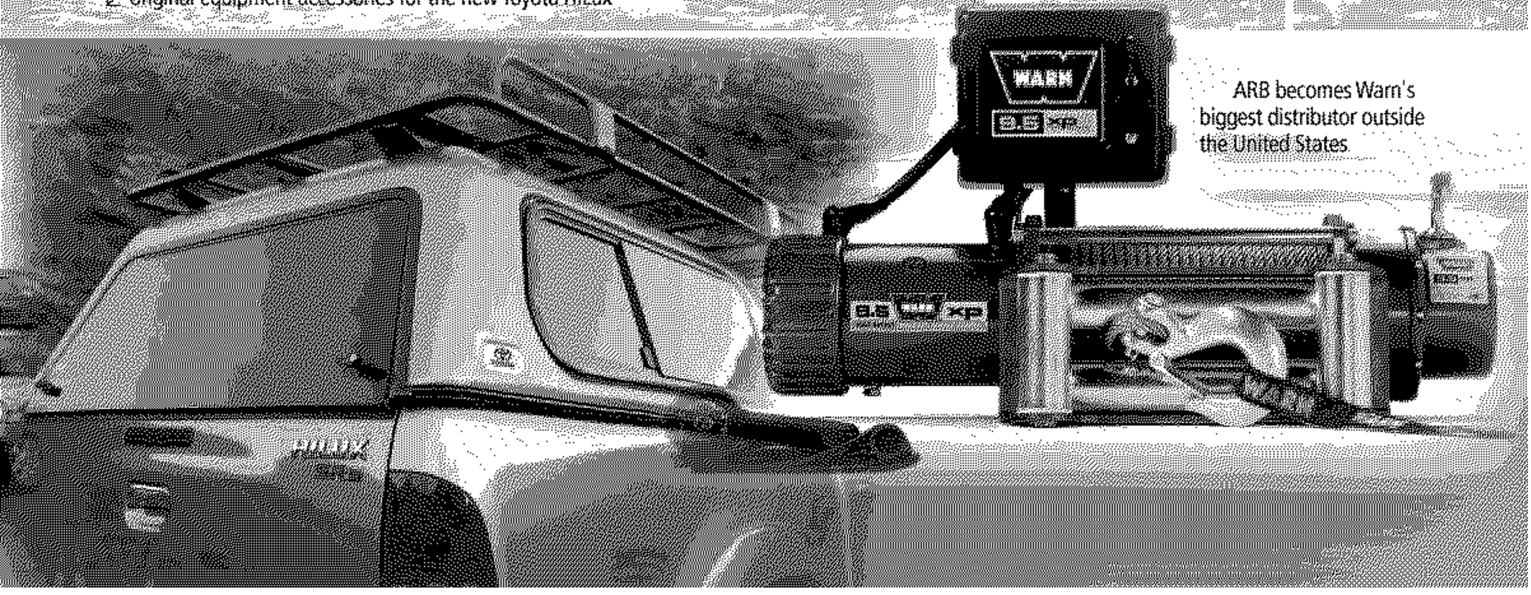
↗ The ARB Touring range presents new sales opportunities

↙ Launch of a complete range of new rear protection bars



ARB wins contract to supply canopies and steel bull bars as ↙ original equipment accessories for the new Toyota HiLux

ARB becomes Warn's biggest distributor outside the United States



ARB

4X4 ACCESSORIES