ARB CORPORATION LIMITED
2005 ANNUAL GENERAL MEETING
CHAIRMAN'S ADDRESS

Good morning Ladies and Gentlemen. Welcome to the 19th Annual General Meeting of ARB Corporation Ltd. My name is Roger Brown and I am the Chairman and Managing Director of the Company.

Mr John Forsyth, Mr Andrew Brown and Mr Robert Fraser the other board members of ARB are all present today. Pitcher Partners who act as the company's Auditors are represented here today by Mr Mark Harrison a partner of that company.

As we have a quorum of shareholders present I will declare the 2005 Annual General Meeting of ARB Corporation Ltd open. Notice of this meeting was advised to all shareholders in a letter dated 25th August, which was on page 2 of the year 2005 Annual Report.

The Directors are pleased to report that the company had another relatively successful year to the end of June 2005. Net Profit was up 17.2% to $14.17 million for the year derived from sales revenues which were up 14.0% on the prior year to $114.7 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. It should be noted that the result included a profit on the sale of the Company's retail store in Abbotsford, Victoria of $1.6 million.

The Company will 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 of 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.

At past AGM's we have presented you with a simple summary of the financial performance of the company over the previous 5 years. You all should have received a copy of this summary at the door. The overall performance continues to be good. It was especially pleasing to see the bounce back in export sales after a flat year previously.

An analysis of the companys sales growth of 14% can be summarised as follows:

- Exports grew by 17%
- Sales in the USA grew by 13% in Australian Dollars terms but by a very strong 19% in US Dollars terms.
- Original Equipment Sales in Australia grew by 12%
- Aftermarket sales in S. Aust, W. Aust, N. Territory and Qld were up by over 10%
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however

- Aftermarket Sales in Victoria and NSW grew by less than 5%

and finally

- Kingsley Sales grew by 66% but we were comparing a full year to only 7 months in the prior year.

Overall the sales growth met our expectations. Normally at ARB a 14% sales growth would give us at least a 14% growth in profit but when you back out the property sale net profit after tax from normal trading business grew by only 3.8% over the previous year.
The weak profit growth was caused by a number of factors affecting the business especially in the second half.

These were:

- Large Steel price rises
- A severe skilled labour shortage
- Adverse exchange rate movements
- Some factory output problems at Kilsyth.

and

- the loss of a contract at Kingsley

I will address each of these factors separately.

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. Also passing price rises of this magnitude onto our customers has proved very difficult to achieve. Over this period as world demand was extraordinary high the potential to import steel to replace local supply became impossible.

In October 2004, ARB completed the expansion of its warehouse and factory facility at Kilsyth. However, like a number of other manufacturers, we experienced great difficulty in hiring extra skilled staff to man these new facilities. This especially applied to the hiring of skilled welders. The on-going cost of hiring and training unskilled people has resulted in higher production costs in the manufacturing plant and has restricted production output.

This problem is continuing and has been exacerbated over the past 6 months as the mining boom is providing more very highly paid opportunities for some skilled workers.

Once again over the year the Australian Dollar continued to rise. In the first half of the year the dollar averaged under 72 cents to the US Dollar whilst in the second half if rose to average 77 cents to the US Dollar. The higher Australian Dollar dampens export demand and reduces margins in our US subsidiary, Air Locker Inc.

Another factor that affected profit growth was a number of technical problems in our plant at Kilsyth.

In February 2005, ARB introduced two completely 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. We 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 we have for these products.

Finally, the company's 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 the relocation of Kingsley's has been sold. Kingsley still made a valuable contribution to ARB's overall performance and the restructuring has now improved profitability.

I would like now to update you on the progress we have made over the past year with our operating facilities.

In June 2005, Air Locker Inc moved into a new warehouse and office building in Renton, Washington, USA. The move has significantly improved the operational efficiencies and activities of the business which will facilitate the growth we have budgeted for over the next few years. ARB had this building purpose built and we completed the purchase in August 2005 at a total cost of $2.7 million US.

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 this property sale is part of that process. ARB expects to establish a retail showroom and fitting facility in a new location before the lease at Abbotsford expires.

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

As the Kilsyth site head office, warehouse and factory facilities are now fully developed after completion of the factory and warehouse extensions in October, 2004, the directors believed that the Company no longer required ownership of the site to control further development. Accordingly, this property was sold in September 2005 for $16 million with a 12-year leaseback and further options. The sale and leaseback is expected to have no 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 in the 2005/06 year.

The Company purchased land at Wentworthville, NSW over 12 months ago 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 with the local council has taken considerably longer than expected.

Finally, construction of the Company's new retail showroom and fitting facility at Morphett Vale, South Australia, is now well advanced and will open early in 2006.

There are now 22 ARB branded stores in Australia, 7 of which are company operated. Two more company stores are currently being built and a further franchised ARB store is about to be started in South Australia.

Also ARB continues to supply a very large number of independent retailers and dealers throughout Australia. These ARB stores and independent retailers provide ARB with by far the strongest aftermarket distribution system in our industry that exists in Australia.

Over the 2004/2005 year product development continued to be the top priority at ARB.

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 step tow 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.

and

- 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 units 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. This changing market that we face as a manufacturer and distributor will change our strategic emphasis over the next few years.

In the Australian market retail sales have definitely slowed in the Melbourne and Sydney metropolitan markets. However other markets in Australia which are dependent on primary production, mining, tradespeople and fleets are continuing to grow. We believe the slowing in the metropolitan markets has been caused by the rapidly escalating fuel price.

We are still experiencing good growth in export markets although they are continuing to change. We expect strong growth over the next 12 months with Aid Agencies, the Military and the Armouring vehicle markets. Also the USA market is showing good demand for our products. In the US there is an extremely strong 4WD enthusiasts market. We are currently focusing on new barwork and suspension products for the big US vehicles which still sell in large numbers.

All indications are that over the next 12 months the price of steel will remain high but relatively stable. We certainly will not have the price rises experienced last year. 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 obviously take some months to achieve a breakeven output level.

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. These facts certainly led to Thailand being chosen to be the home of our second manufacturing base.

The Thailand plant will concentrate on the manufacture of products for the US and Thai markets. Many of the major items of equipment for the new plant are now ordered and we are currently negotiating to either lease or buy a factory in Thailand. We hope to complete these negotiations in the next 2 months. The initial investment in Thailand will be between 3 and 6 million Australian dollars depending on whether we buy or lease the factory.

The property sales noted previously at Kilsyth and Abbotsford 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 2005/06 year will be used by ARB to establish a new platform for growth in the future. The expense of establishing the new manufacturing plant in Thailand, new retail stores in Australia and of developing new products for the future means minimal operating profit growth is expected over the next 12 months. Beyond 2005/6 profit growth should be re-established by ARB.

Roger Brown
Chairman

13 October 2005