



ARB CORPORATION LTD

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ASX ANNOUNCEMENT

21 February 2023

**APPENDIX 4D, CHAIRMAN'S STATEMENT AND FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

ARB Corporation Limited herewith lodges:

1. Appendix 4D for the half year ended 31 December 2022;
2. Chairman's Statement for the half year ended 31 December 2022; and
3. Financial Report for the half year ended 31 December 2022.

This announcement was approved for release by the Company Secretary.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'D. Page', with a stylized flourish at the end.

Damon Page
Company Secretary

APPENDIX 4D

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

1. The reporting period is the half year ended 31 December 2022.
The previous corresponding period is the half year ended 31 December 2021.

2. Results for announcement to the market

Six months ended	Dec 2022 \$'000	Dec 2021 \$'000	% Change
Sales Revenue	340,873	359,179	(5.1%)
2.1 Revenues from ordinary activities	356,050	360,663	(1.3%)
Profit from ordinary activities before tax attributable to members	64,649	91,986	(29.7%)
2.2 Profit from ordinary activities after tax attributable to members	47,421	68,911	(31.2%)
2.3 Net profit for the period attributable to members	47,421	68,911	(31.2%)
2.4 Interim Dividend	Dec 2022	Dec 2021	% Change
Interim Dividend per Ordinary Share (fully franked at 30%)	32.0 cents	39.0 cents	(17.9%)
2.5 Refer to section 5 below for dividend details.			

3. Net tangible assets per security

	Dec 2022	Dec 2021	% Change
Net tangible assets per security	\$6.55	\$5.71	14.7%

4. There were no changes to controlled entities during the half year ended 31 December 2022.

5. Dividends	Amount per Security	Franked Amount per Security	Total \$'000	Record date	Payment date
Interim dividend - year ended 30 June 2022	39.0 cents	39.0 cents	31,466	8 Apr 2022	22 Apr 2022
Final dividend - year ended 30 June 2022	32.0 cents	32.0 cents	25,923	7 Oct 2022	21 Oct 2022
Interim dividend - year ended 30 June 2023	32.0 cents	32.0 cents	26,231	6 Apr 2023	21 Apr 2023

6. A Dividend Reinvestment Plan and Bonus Share Plan will be in operation for the interim dividend. The last date for the receipt of an election notice to participate in the plans is 13 April 2023.

7. Details of associates or joint venture entities are not applicable.

8. Accounting standards used by foreign entities are not applicable.

9. The financial report has been independently reviewed by Pitcher Partners and is not subject to a modified opinion or emphasis of matter paragraph.



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CHAIRMAN'S STATEMENT

The Board of ARB Corporation Limited ("**ARB**" or the "**Company**") reports that the Company generated sales revenue of \$340.9 million for the half year ended 31 December 2022 ("**1H FY2023**"), down 5.1% compared with the previous corresponding period.

Profit before tax of \$64.6 million for 1H FY2023 declined 29.7% compared with the previous corresponding period. The sales and profit figures are as reported in the market update released to ASX on 6 February 2023.

The profit result reflects a reduction in gross profits from lower sales revenue and the impact of escalating costs on both the cost of the products sold and the Company's operating cost base.

Net profit after tax of \$47.4 million for 1H FY2023 was achieved, down 31.2% compared with the previous corresponding period.

The half year results are summarised below:

Six months ended	31 Dec 22 \$'000	31 Dec 21 \$'000	Change
Sales revenue	340,873	359,179	(5.1%)
Other revenue (1)	15,177	1,484	
Total revenue	356,050	360,663	
Profit before Tax	64,649	91,986	(29.7%)
Tax expense	(17,228)	(23,075)	
Profit after Tax	47,421	68,911	(31.2%)
Earnings per Share (cents)	57.90	84.46	(31.4%)
Interim Dividend (cents per share)	32.00	39.00	(17.9%)
Franking	100%	100%	

(1) Other revenue includes a non-cash gain of \$13.7 million from the write back to profit of deferred contingent consideration for the Truckman acquisition in March 2021. This gain is essentially offset by a \$13.4 million non-cash impairment expense of the acquired Truckman goodwill. Refer to the Financial section below for further explanation.

The Board has declared an interim dividend of 32 cents per share, fully franked at a 30% tax rate. The interim dividend will be paid on 21 April 2023 and the Record Date will be 6 April 2023. The ARB Dividend Reinvestment Plan and Bonus Share Plan (the "**Plans**") will be in operation for the interim dividend to assist with the funding of ARB's ongoing expansion programme.

Information about the Plans can be found on the Company's website at: <http://www.arb.com.au/about/investor-relations>. Investors wishing to make or change an election to participate in the Plans can do so online via the Computershare Investor Centre website at: www.computershare.com.au/easyupdate/arb or by phoning Computershare on 1300 850 505.

HIGHLIGHTS OF THE HALF YEAR TO 31 DECEMBER 2022

Sales

The Company's sales revenue for 1H FY2023 declined by 5.1% compared with the previous corresponding period. However, pleasingly the second quarter of 1H FY2023 was slightly ahead of the corresponding quarter in 1H FY2022, an improvement on the 10% decline in the first quarter reported at the Company's 2022 Annual General Meeting ("**AGM**").

A summary of sales category performance for the period is as follows:

Customer Category	Percentage of Sales		Sales Growth
	6 months to Dec 2022	6 months to Dec 2021	
Australian Aftermarket	57.4%	53.1%	2.7%
Exports	36.9%	38.4%	(8.8%)
Original Equipment	5.7%	8.5%	(36.9%)
	100.0%	100.0%	(5.1%)

Sales to the Australian aftermarket grew by 2.7%. Sales growth was achieved in all Australian states, except NSW which was flat on the prior comparable period. Australian Aftermarket sales were impacted by a decline in the GoActive subsidiary's sales of Thule branded accessories during the half year, coming off the back of significant growth in the bike carrying market experienced during the peak of COVID.

ARB's aftermarket sales growth rate was below the growth in new vehicle supply of ARB's key target vehicles (large SUVs, 4WDs and 4WD utilities), reflecting challenges encountered in fitting resource constraints and motor vehicle availability to ARB. Growing new vehicle sales, continuing strong customer orders and improvement in recruitment opportunities provides a positive outlook to the aftermarket category.

Export sales declined by 8.8%, primarily impacted by challenging market dynamics in the key North American market, the cessation of sales into Russia and depressed new vehicle supply into the United Kingdom.

The sale and subsequent restructure of the Company's major US customer, 4 Wheel Parts, has further fragmented the US aftermarket. ARB is implementing a number of longer-term initiatives to support stronger sales in the USA from 2H FY2023, including the launch of a direct to customer eCommerce site in the USA and the establishment of a pilot retail store in Seattle, Washington.

Sales to original equipment manufacturers ("**OEM**") decreased by 36.9% over the period, as expected and advised to shareholders at the AGM. The decline is attributable to the timing of OEM contracts, stocking up for new vehicle model launches in the comparative period and car availability. Sales to OEMs in 2H FY2023 are projected to be in line with the previous corresponding period before returning to growth in FY2024.

Distribution

The Company distributes through its market leading ARB store network in Australia, to retail customers, ARB stockists, new vehicle dealers and various fleet operators. There are currently 74 ARB stores in Australia, up from 72 stores at this time last year, of which 30 are Company owned.

Two new independently owned stores opened during the last 12 months located in Melton, Victoria, and Rutherford, NSW. Both stores have been fitted out in ARB's flagship style and demonstrate the independent distributors' continuing confidence to invest in the ARB brand.

The Company has commenced construction of a new flagship store for relocation of the store in Osborne Park, WA. In addition, new sites have been acquired for corporate store relocations in Albury, NSW, Bundaberg, QLD, and Launceston, TAS. A site has also been acquired for the establishment of a new corporately owned store in Mornington, VIC.

The Ford License Accessory (“**FLA**”) programme commenced in October 2021 and provides customers with the option of purchasing selected ARB products directly from Ford dealers with a 5-year accessory warranty. The FLA programme has been well received by Ford dealers and retail customers in Australia. It has been extended to the new model Ranger and Everest vehicles and is supported by both Ford and ARB’s distribution networks. The FLA programme has now commenced in New Zealand with plans well advanced for Asia and South Africa. Ford Europe has also launched a range of accessory packages under the FLA programme, further strengthening the global reach of this initiative. Ford is becoming a very important customer in Europe.

Products

Product development is a key element to maintaining the Company’s long-term competitive advantage. The Company continues to focus on the engineering and development of new products and applications with engineering resources working on several long-term product development projects, some of which will be released to market during 2023.

ARB’s engineering team has focused on developing accessories for the Ford Ranger and Everest models with the release of over 160 new ARB products for these two new models. These products were developed in conjunction with Ford’s engineering team in Australia and are now approved Ford License Accessories. A range of products is currently being developed for the new Ford Ranger Raptor model.

ARB has launched a full range of accessories for the Landcruiser 300 Series and an expanded range of accessories for the Toyota Hilux, Isuzu D-MAX and the updated Toyota LC79 models. During the half year, the Company also released the new IQ driving light, the first of a range of lights with variable light patterns to suit varying driving conditions.

Shareholders can learn more about ARB’s new product releases via the Company’s website at: <https://www.arb.com.au/latest/news-and-releases/>.

Construction of the new engineering and development centre on the head office location in Kilsyth, VIC, was completed on schedule in October 2022. This centre consolidates the Australian engineering teams and provides new offices and enhanced facilities for product development and other projects.

Production

The Company recently completed the construction of a 33,250 square metre factory in Thailand at the Rayong industrial estate where ARB’s existing manufacturing operations are located. This new site will facilitate the efficient consolidation of some of the operations currently located in the Company’s other three Thai factories and the manufacture and assembly of new product lines to be released later in 2023.

Financial

ARB achieved profit before tax of \$64.6m, a decline of 29.7% compared with the previous corresponding period. The decrease in profit was in line with previous guidance and reflects lower gross profit due to the 5.1% decline in sales revenue and inflationary pressures on the cost of goods sold and operating expenses. The Company expects sales margins to improve, with recent sales price increases cycling through ARB’s continuing high customer order book and inflationary pressures moderating, particularly in relation to freight and steel costs to a lesser extent.

The reported profit includes two non-cash adjustments relating to the Truckman acquisition completed in March 2021. As previously advised, Truckman’s trading result declined during 1H 2023 due to constrained new vehicle supply (down approximately 30%) and the general economic environment in the UK.

In accordance with accounting standards, ARB has written back to profit the full amount of the deferred contingent consideration of \$13.7 million which the Board believes is unlikely to be paid based on recent trading performance. Based on the revised projected cash flows, an impairment of goodwill of \$13.4 million was also booked. These adjustments were both non-cash items.

The Company recorded a net profit after tax of \$47.4 million in 1H FY2023 compared with \$68.9 million in the previous corresponding period. Net cash provided by operating activities was \$24.0 million compared to \$28.6 million in the previous corresponding period.

The Company maintained a strong balance sheet, with a cash balance of \$29.8 million as at 31 December 2022. Whilst this was a reduction from the Company's June 2022 financial year end cash balance, it primarily reflects: expansionary capital purchases of property, plant and equipment during the half year of net \$17.9 million; cash dividends paid to shareholders in October 2022 of \$23.0 million; and an increase in inventories of \$19.2 million to facilitate growth and fitting schedules in a challenging supply chain environment. Management is reviewing and actively managing inventory levels with supply chains now normalising.

THE FUTURE

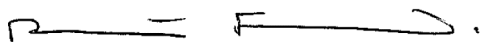
The Company maintains a positive short-term outlook based on a strong customer order book, as well as new and innovative products that will be released to market during 2023.

Notwithstanding the uncertainty in the current global economic environment, ARB continues to develop and pursue its exciting long term growth opportunities, including further growth in Australia and in export markets, improved distribution and increased manufacturing capacity, new and upgraded retail stores and stockists, ongoing development and introduction of new products and strategic partnerships with key OEM customers in Australia and internationally.

The Board has conscientiously executed a transition plan to maintain a well-balanced management team with a blend of long-term ARB and experienced external executives, including the appointment of Lachlan McCann as Chief Executive Officer in July 2022.

The Directors believe ARB is well positioned to achieve on-going success with strong brands around the world, loyal customers, very capable senior management and staff, a strong balance sheet and growth strategies in place.

Yours faithfully,



Robert Fraser
Chairman

21 February 2023



4X4 ACCESSORIES

ARB CORPORATION LTD
ABN 31 006 708 756

FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2022

PROVIDED TO THE ASX UNDER LISTING RULE 4.2A

**This half year financial report is to be read in conjunction with the
financial report for the year ended 30 June 2022.**

TABLE OF CONTENTS

CONTENTS	PAGE
Corporate Information	2
Directors' Report	3
Financial Report for the Half Year Ended 31 December 2022	
Condensed Consolidated Income Statement	4
Condensed Consolidated Statement of Comprehensive Income	5
Condensed Consolidated Statement of Financial Position	6
Condensed Consolidated Statement of Changes in Equity	7
Condensed Consolidated Statement of Cash Flows	8
Notes to the Financial Statements	9
Directors' Declaration	13
Independent Auditor's Review Report	14
Auditor's Independence Declaration	16

CORPORATE INFORMATION

The half year financial report does not include all the notes of the type usually included in an annual financial report. It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2022 and any public announcements made by ARB Corporation Limited during the half year in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001*.

COMPANY ABN

31 006 708 756

DIRECTORS

Robert D Fraser B.Ec., LLB (Hons) - Chairman

Andrew H Brown - Managing Director

Roger G Brown B.E., M.B.A.

Shona M Faber B.Bus.

Adrian R Fitzpatrick B.Com., FCA

Karen L Phin BA., LLB (Hons), GAICD

Andrew P Stott

COMPANY SECRETARY

Damon Page B.Bus., CA

PRINCIPAL REGISTERED OFFICE

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Melbourne Victoria 3000

DIRECTORS' REPORT

The Directors present their report together with the condensed financial report of the consolidated entity of ARB Corporation Limited, being the Company and its controlled entities ("the Group"), for the half year ended 31 December 2022 and the independent auditor's review report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Directors Names

The Directors listed below each held office as a Director of the Company at all times during or since the end of the financial half year, except for Ms. Shona M Faber who was appointed to the board on 24 August 2022.

Name	Period of Directorship
Mr. Robert D Fraser (Chairman)	Since 2004
Mr. Andrew H Brown (Managing Director)	Since 1987
Mr. Roger G Brown	Since 1987
Ms. Shona M Faber	Since 2022
Mr. Adrian R Fitzpatrick	Since 2016
Ms. Karen L Phin	Since 2019
Mr. Andrew P Stott	Since 2006

Review of Operations

Further information on the Group's operations is disclosed in the Chairman's Statement lodged with ASX on 21 February 2023.

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

The consolidated profit attributable to members of the parent entity after income tax expense for the half year was \$47,421,000 (2021: \$68,911,000).

Significant Changes in the State of Affairs

During the period, the Group continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Rounding Amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the Directors' Report and in the financial statements have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* in relation to the review for the half year is included at page 16 of this report.

Signed in accordance with a resolution of the Directors.



Robert D Fraser
Chairman

Melbourne, 21 February 2023

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	Note	Dec 2022 \$'000	Dec 2021 \$'000
Sales revenue		340,873	359,179
Other revenue		1,504	1,484
Change in fair-value of contingent consideration	8	13,673	-
Total revenue		356,050	360,663
Materials and consumables used		(159,572)	(151,891)
Employee expenses		(74,437)	(73,611)
Depreciation and amortisation expense		(12,610)	(12,525)
Advertising expense		(3,622)	(3,120)
Distribution expense		(8,828)	(9,562)
Finance expense		(956)	(1,073)
Occupancy expense		(7,304)	(7,569)
Maintenance expense		(2,981)	(3,252)
Impairment loss on goodwill	8	(13,407)	-
Other expenses		(7,684)	(6,074)
Profit before income tax expense		64,649	91,986
Income tax expense		(17,228)	(23,075)
Profit attributable to members of the parent entity		47,421	68,911
Basic and diluted earnings per share (cents)		57.90	84.46

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	Dec 2022 \$'000	Dec 2021 \$'000
Profit attributable to members of the parent entity	47,421	68,911
Other comprehensive income		
Items that may be reclassified subsequently to Profit or Loss		
Movement in fair value of cash flow hedges	52	170
Exchange differences on translation of foreign operations	7,621	(1,087)
Other comprehensive income / (expense) for the half year	7,673	(917)
Total comprehensive income for the half year attributable to members of the parent entity	55,094	67,994

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	Dec 2022 \$'000	Jun 2022 \$'000
Current assets			
Cash and cash equivalents		29,790	52,707
Receivables		86,321	76,713
Derivative financial instruments	5	93	42
Inventories		242,837	223,616
Other assets		8,179	5,980
Total current assets		367,220	359,058
Non-current assets			
Property, plant and equipment		254,775	241,122
Deferred tax assets		8,944	9,096
Intangible assets		50,306	62,735
Right-of-use assets		29,807	32,197
Total non-current assets		343,832	345,150
Total assets		711,052	704,208
Current liabilities			
Payables		62,593	63,061
Derivative financial instruments	5	5	6
Current tax liabilities		1,217	9,179
Lease liabilities		6,654	6,326
Provisions		19,580	20,862
Total current liabilities		90,049	99,434
Non-current liabilities			
Lease liabilities		29,073	31,708
Deferred tax liabilities		1,104	1,104
Provisions		3,413	16,615
Total non-current liabilities		33,590	49,427
Total liabilities		123,639	148,861
NET ASSETS		587,413	555,347
EQUITY			
Contributed equity		186,455	183,560
Reserves		14,954	7,281
Retained earnings		386,004	364,506
TOTAL EQUITY		587,413	555,347

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance as at 1 July 2021	170,789	9,522	305,466	485,777
Profit for the half year	-	-	68,911	68,911
Movement in fair value of cash flow hedges, net of tax	-	170	-	170
Exchange differences on translation of foreign operations, net of tax	-	(1,087)	-	(1,087)
Total comprehensive income for the half year	-	(917)	68,911	67,994
Transactions with owners in their capacity as owners:				
Dividend reinvestment plan and bonus share plan	6,086	-	-	6,086
Share issue	121	-	-	121
Dividends paid (note 2)	-	-	(31,501)	(31,501)
Total transactions with owners in their capacity as owners	6,207	-	(31,501)	(25,294)
Balance as at 31 December 2021	176,996	8,605	342,876	528,477
Balance as at 1 July 2022	183,560	7,281	364,506	555,347
Profit for the half year	-	-	47,421	47,421
Movement in fair value of cash flow hedges, net of tax	-	52	-	52
Exchange differences on translation of foreign operations, net of tax	-	7,621	-	7,621
Total comprehensive income for the half year	-	7,673	47,421	55,094
Transactions with owners in their capacity as owners:				
Dividend reinvestment plan and bonus share plan	2,895	-	-	2,895
Dividends paid (note 2)	-	-	(25,923)	(25,923)
Total transactions with owners in their capacity as owners	2,895	-	(25,923)	(23,028)
Balance as at 31 December 2022	186,455	14,954	386,004	587,413

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

Note	Dec 2022 \$'000	Dec 2021 \$'000
Cash Flows From Operating Activities		
Receipts from customers	353,240	384,690
Payments to suppliers and employees	(303,617)	(327,245)
Interest received	118	36
Finance costs	(714)	(860)
Income tax paid	(25,039)	(27,977)
Net cash provided by Operating activities	23,988	28,644
Cash Flows From Investing Activities		
Payments for property, plant and equipment	(17,895)	(27,001)
Payments for development costs	(2,438)	(1,350)
Payments for intangible software assets	(106)	(213)
Proceeds from sales of property, plant & equipment	419	2,181
Net cash used in Investing activities	(20,020)	(26,383)
Cash Flows From Financing Activities		
Dividends paid	(23,028)	(25,414)
Payments for lease liabilities	(3,368)	(3,064)
Net cash used in Financing activities	(26,396)	(28,478)
Foreign exchange differences	(489)	(231)
Net decrease in cash held	(22,917)	(26,448)
Cash at the beginning of the financial year	52,707	84,771
Cash at the end of the half year	29,790	58,323

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

1. BASIS OF PREPARATION

This condensed consolidated half year financial report does not include all the notes of the type usually included in the annual financial report.

It is recommended that this half year financial report be read in conjunction with the annual financial report for the year ended 30 June 2022 and any public announcements made by ARB Corporation Limited during the half year in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001*.

This condensed half year financial report covers the Company and its controlled entities as a consolidated entity. ARB Corporation Limited is a company limited by shares, incorporated and domiciled in Australia. The Company is a for-profit entity for the purpose of preparing the financial statements.

The half year financial report was authorised for issue by the Directors as at the date of the Directors' Report.

(a) Basis of preparation of the half year financial report

This condensed consolidated half year financial report has been prepared in accordance with Australian Accounting Standard *AASB 134 Interim Financial Reporting* as appropriate for for-profit entities and the *Corporations Act 2001*. Compliance with AASB 134, as appropriate for for-profit entities, ensures compliance with International Financial Reporting Standard *IAS 34 Interim Financial Reporting*.

The half year financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

Where necessary, comparative information has been reclassified for consistency with current year disclosures.

(b) Summary of the significant accounting policies

Except as described below, the accounting policies applied in this half year financial report are the same as those used in the annual financial report for the year ended 30 June 2022.

New accounting standards and interpretations issued

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current half year. There has been no material effect.

A number of new accounting standards and interpretations have been issued at the reporting date but are not yet effective. The Directors have not yet assessed the impact of these standards or interpretations.

(c) Rounding amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the Directors' Report and in the financial statements have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

2. DIVIDENDS

	Dec 2022 \$'000	Dec 2021 \$'000
Dividends paid or recommended by the Company are:		
Recognised Amounts		
A final fully franked ordinary dividend of 32.0 cents per share paid on 21 October 2022 (2021: 39.0 cents per share fully franked)	25,923	31,501
Unrecognised Amounts		
An interim fully franked ordinary dividend of 32.0 cents per share to be paid on 21 April 2023 (2021: 39.0 cents per share fully franked)	26,231	31,853

The interim dividend proposed was declared subsequent to the reporting period and has therefore not been recognised as a liability.

The dividends paid by the Company were fully franked at the tax rate of 30% (2021: 30%) and the recommended interim dividend will be fully franked at the tax rate of 30%.

3. ISSUES OF EQUITY SECURITIES

Number of fully paid ordinary shares:

	Dec 2022 Shares	Dec 2021 Shares
Balance at the beginning of the half year	81,855,789	81,533,865
Dividend Reinvestment Plan and Bonus Share Plan	115,933	139,048
Other shares issued	-	2,637
Balance at the end of the half year	81,971,722	81,675,550

Weighted average number of ordinary shares used in the calculation of basic earnings per share is 81,900,524 (2021: 81,588,537).

4. BUSINESS COMBINATIONS**Current year**

There were no Business Combinations during the current half year.

Prior year

There were no Business Combinations during the prior half year.

5. FAIR VALUE MEASUREMENTS

As at 31 December 2022, the Group had foreign exchange contracts to buy various foreign currencies with a purchase value of A\$7,900,000 (2021: purchase various currencies with a purchase value of A\$25,900,000). The unrealised fair value gain of \$88,000 (2021: gains of \$247,000) is represented by a Derivative Financial Instrument asset of \$93,000 and a Derivative Financial Instrument liability of \$5,000 (2021: Derivative Financial Instrument Asset of \$381,000 and a Derivative Financial Instrument Liability of \$134,000), as recorded in the cash flow hedge reserve.

The fair values of derivative hedging instruments have been determined based on observable inputs including foreign currency forward exchange rates. Derivative hedging instruments are classified as Level 2 in the fair value measurement hierarchy. These foreign currency forward contracts are valued on a discounted cash flow basis using forward exchange rates. The carrying amounts of all other financial assets and liabilities are a reasonable approximation of fair values as they are short term trade receivables and payables.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

6. SEGMENT INFORMATION

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

The reportable segments of the consolidated entity are based on geographical locations comprising operations in Australasia, USA, Thailand and Middle East, Europe & UK.

The following table includes the disaggregation of revenue disclosures in line with AASB 15 Revenue from Contracts with Customers.

	Australasia	USA	Thailand	Middle East, Europe & UK	Eliminations	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2022						
Segment revenue						
Total segment revenue	337,394	41,389	57,069	27,607	(107,409)	356,050
Intersegmental revenues	(56,326)	-	(50,924)	(159)	107,409	-
Segment revenue from external source	281,068	41,389	6,145	27,448	-	356,050
Total segment result	42,528	3,258	5,206	2,270	(5,841)	47,421
Intersegmental eliminations	(1,183)	-	(4,645)	(13)	5,841	-
Segment result from external source	41,345	3,258	561	2,257	-	47,421
Total segment assets	591,699	53,531	152,691	48,335	(135,204)	711,052
Total segment liabilities	132,532	11,782	19,345	15,715	(55,735)	123,639
2021						
Segment revenue						
Total segment revenue	345,143	51,785	64,631	27,565	(128,461)	360,663
Intersegmental revenues	(69,617)	-	(58,843)	(1)	128,461	-
Segment revenue from external source	275,526	51,785	5,788	27,564	-	360,663
Total segment result	48,627	5,093	13,671	1,874	(354)	68,911
Intersegmental eliminations	12,093	-	(12,447)	-	354	-
Segment result from external source	60,720	5,093	1,224	1,874	-	68,911
Total segment assets	579,280	58,091	134,115	51,010	(133,623)	688,873
Total segment liabilities	168,221	26,776	14,303	17,781	(66,685)	160,396

7. SUBSEQUENT EVENTS

With the exception of the declaration of an interim dividend in Note 2, no other matters or circumstances have arisen since 31 December 2022 that have significantly affected or may significantly affect:

- the operations, in financial periods subsequent to 31 December 2022, of the consolidated entity;
- the results of those operations; or
- the state of affairs, in financial periods subsequent to 31 December 2022, of the consolidated entity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

8. ADJUSTMENTS RELATING TO THE AUTO STYLING TRUCKMAN GROUP LIMITED BUSINESS COMBINATION

The Company acquired 100% of the shares of Auto Styling Truckman Group Limited (trading as Truckman) and indirectly its wholly owned subsidiary Auto Styling UK Limited on 2 March 2021, both of which are private companies incorporated in the United Kingdom.

The total cost of acquisition recognised at acquisition date included a provision for contingent consideration of \$13,194,000 based on the companies acquired achieving the maximum target EBITDA during the three years following completion.

The goodwill of \$26,021,000 at acquisition reflected the excess of the cost of acquisition, including the provision for contingent consideration, over the fair value of net assets acquired.

Truckman's trading result declined throughout the 2022 calendar year as a result of new motor vehicle supply constraints and the general economic environment in the UK.

Based on management's projection of Truckman's trading results:

(i) it is unlikely that any amount of contingent consideration will be payable after the three year qualifying period and, accordingly, the provision for contingent consideration recognised at acquisition has been written back to profit and recognised as a change in fair-value of contingent consideration; and

(ii) goodwill has been impaired to reflect the net present value of the revised projected cash flows. The impairment test for Truckman's goodwill has been prepared using a value-in calculation applying a 10% (post tax) discount rate with a calculation for year 1 cash flows approved by management and for years 2 to 5 projected using a growth rate of 4.5%. Growth rates are based upon management's assumptions approved by the Board and consideration of historical averages.

	Dec 2022 \$'000	Dec 2021 \$'000
Gain from change in fair-value of contingent consideration	13,673	-
Impairment loss on goodwill	(13,407)	-
Movements in the carrying amount of Truckman goodwill acquired:		
Opening balance at the beginning of financial year	26,021	-
Impairment loss	(13,407)	-
Closing balance at the end of the financial period	12,614	-

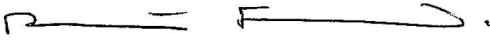
DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 4 to 12 are in accordance with the *Corporations Act 2001*, and:

- (a) comply with the Australian Accounting Standard *AASB 134 Interim Financial Reporting*, and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the financial position of the consolidated entity as at 31 December 2022 and of its performance for the half year ended on that date.

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.



Robert D Fraser
Chairman

Melbourne, 21 February 2023

**ARB CORPORATION LIMITED
ABN 31 006 708 756
AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
ARB CORPORATION LIMITED**

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of ARB Corporation Limited, "the Company", and its controlled entities, "the Group", which comprises the condensed consolidated statement of financial position as at 31 December 2022, the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of ARB Corporation Limited and its controlled entities, does not comply with the Corporations Act 2001 including:

- a) giving a true and fair view of the ARB Corporation Limited and its controlled entities financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001 which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

The directors of the ARB Corporation Limited and its controlled entities are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



K L BYRNE
Partner



PITCHER PARTNERS
Melbourne

21 February 2023

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF ARB CORPORATION LIMITED**

In relation to the independent auditor's review for the half-year ended 31 December 2022, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of ARB Corporation Limited and the entities it controlled during the period.



K L BYRNE
Partner

21 February 2023



PITCHER PARTNERS
Melbourne