

BELL



NATURE OF OUR BUSINESS

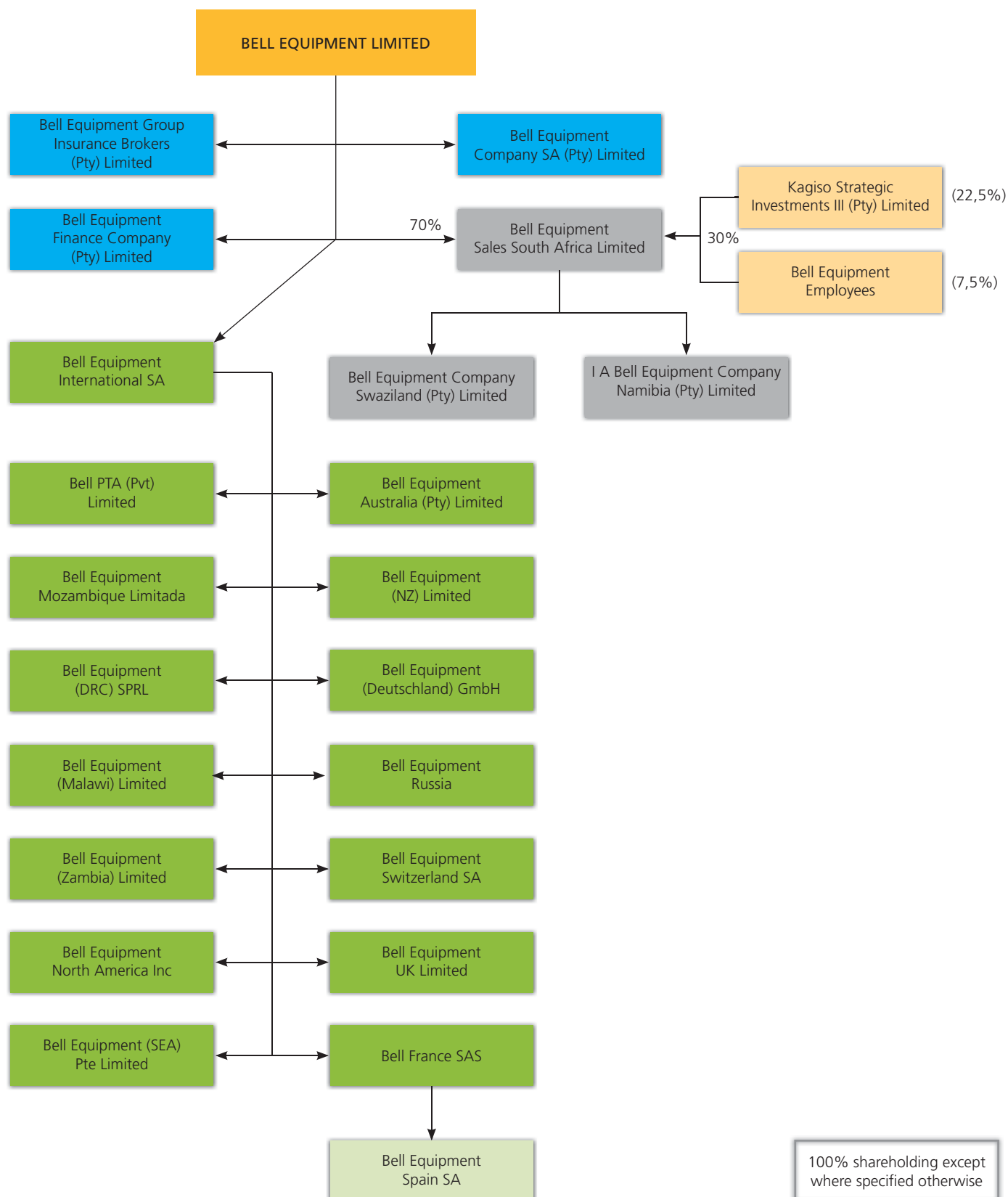
Bell Equipment is Southern Africa's premier provider of earth-moving, construction, mining and materials handling equipment, serving customers across a diverse range of industries. Our product range includes Articulated Dump Trucks, Front-End Loaders, Hauler Tractors, Excavators, Motor Graders, Tractor Loader Backhoes, Forklifts and Tri-Wheeled Loaders. The acquisition of the local distribution rights for the world's leading range of road building and compaction equipment, provides Bell Equipment unrivalled coverage of the entire construction industry's machinery needs.

Bell Equipment's after sales operations include service, refurbishment and spare parts supply. Through an extensive network of customer service centres and distributors in many parts of the world, supported by strategic financing partners, the group is able to meet the requirements of customers in and suppliers to the mining, construction and forestry industries and agriculture.

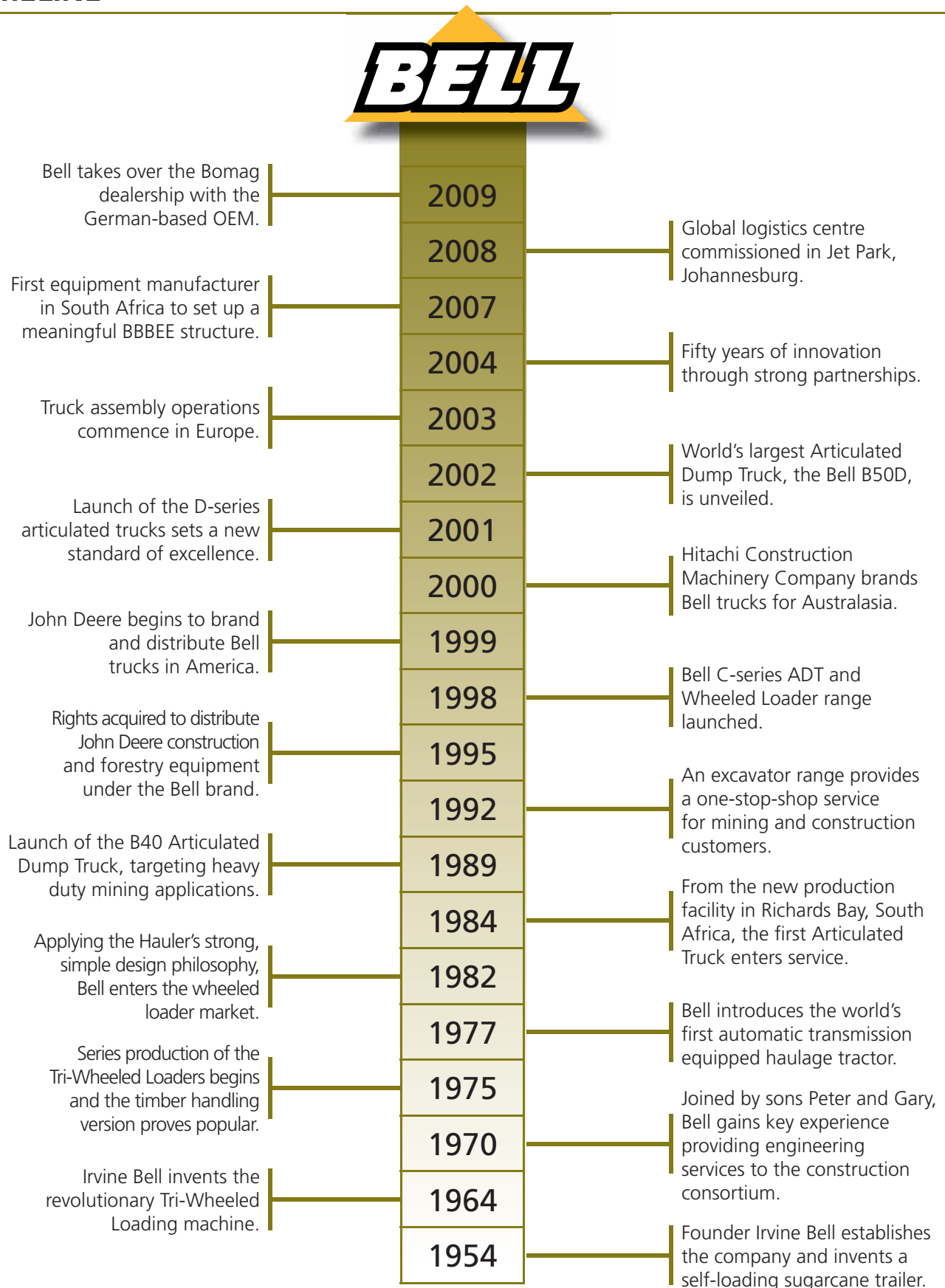
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GLOBAL CORPORATE STRUCTURE



TIMELINE

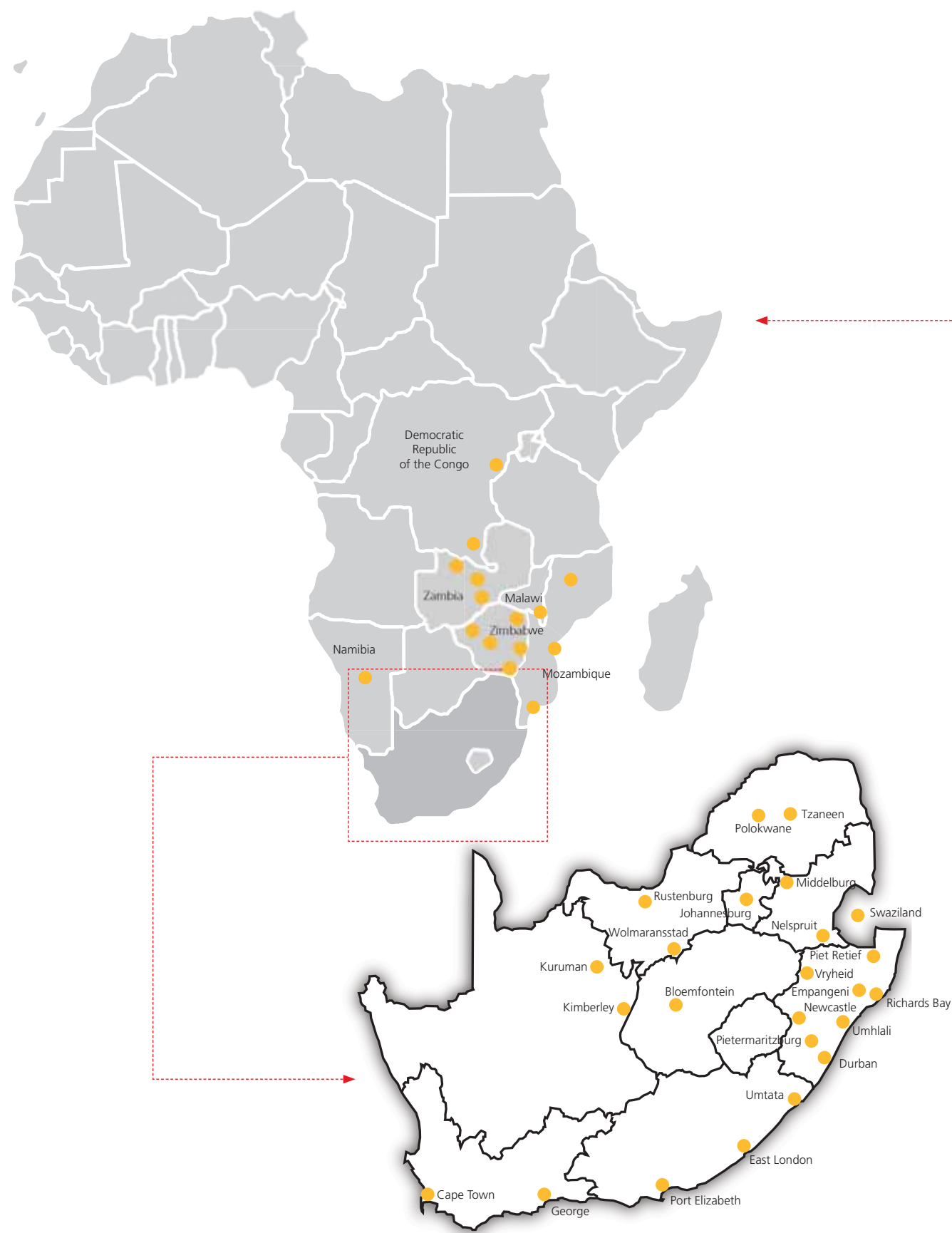


FIVE-YEAR REVIEW for the year ended 31 December 2010

	2010 R'000	2009 R'000	2008 R'000	2007 R'000	2006 R'000
INCOME STATEMENT					
Revenue	3 410 691	2 699 149	5 458 273	4 624 961	3 533 177
Cost of sales	(2 684 220)	(2 164 082)	(4 036 622)	(3 647 808)	(2 739 263)
Gross profit	726 471	535 067	1 421 651	977 153	793 914
Net operating costs	(601 834)	(798 493)	(832 547)	(482 891)	(425 750)
Profit (loss) from operating activities	124 637	(263 426)	589 104	494 262	368 164
Net interest paid	(58 404)	(108 605)	(74 637)	(19 696)	(21 127)
Profit (loss) before taxation	66 233	(372 031)	514 467	474 566	347 037
Taxation	(29 509)	100 325	(153 751)	(109 657)	(110 880)
Profit (loss) for the year	36 724	(271 706)	360 716	364 909	236 157
Shares in issue ('000)	94 958	94 958	94 950	94 858	94 817
Shares in issue (weighted average) ('000)	94 958	94 952	94 907	94 840	94 771
Earnings (loss) per share (basic) (cents)	27	(274)	367	385	249
Dividend per ordinary share (cents)	–	–	40	25	–
Net asset value per share (cents)	1,494	1,496	1,864	1,456	1,007
STATEMENT OF FINANCIAL POSITION					
Property, plant and equipment	481 023	520 452	532 764	426 649	318 140
Intangible assets	70 775	39 873	30 309	8 328	7 074
Interest-bearing investments and long-term receivables	34 378	73 982	34 787	24 695	20 637
Deferred taxation	147 296	164 138	67 962	13 961	22 464
Inventory	1 355 613	1 618 728	2 546 512	1 698 820	1 219 834
Trade and other receivables	446 787	412 008	627 839	662 828	378 983
Prepayments and current portion of interest-bearing long-term receivables	51 462	54 341	33 679	23 813	25 757
Other financial assets	–	430	–	–	–
Taxation	4 285	10 280	12 494	1 865	1 623
Cash resources	53 661	31 882	36 426	20 708	47 740
Total assets	2 645 280	2 926 114	3 922 772	2 881 667	2 042 252
Shareholders' equity	1 418 709	1 420 435	1 769 555	1 380 869	954 912
Long-term portion of provisions, repurchase obligations and deferred income	171 365	156 250	190 710	138 155	156 052
Current portion of provisions, repurchase obligations and deferred income	127 561	101 437	128 071	74 183	93 060
Interest-bearing liabilities	89 149	271 234	174 425	108 462	4 786
Trade and other payables	699 158	530 151	839 474	758 984	557 330
Other financial liabilities	4 271	3 922	–	–	–
Taxation	23 138	14 856	115 905	52 927	88 741
Short-term interest-bearing debt	111 929	427 829	704 632	368 087	187 371
Total equity and liabilities	2 645 280	2 926 114	3 922 772	2 881 667	2 042 252

	2010	2009	2008	2007	2006
KEY RATIOS					
Operating ratios					
Operating margin (%)	4	(10)	11	11	10
(Operating profit (loss)) (Revenue)					
Return on total assets (%)	5	(8)	17	20	20
(Operating profit (loss)) (Average total assets, excluding cash)					
Financial ratios					
Gearing (%)	10	47	48	33	15
(Interest-bearing liabilities) (Total shareholders' funds)					
Interest cover (times)	2	(2)	8	25	17
(Operating profit (loss)) (Net interest paid)					
Overall performance					
Return on shareholders' funds (%)	3	(17)	23	31	29
(Profit (loss) after tax) (Average shareholders' funds)					
Gross profit to revenue (%)	21	20	26	21	22
Working capital days trade cycle					
Inventory	184	273	231	170	163
Receivables	48	56	42	52	39
Payables	(95)	(89)	(76)	(76)	(74)
Total	137	240	197	146	128
	2010	2009	2008	2007	2006
	R'000	R'000	R'000	R'000	R'000
ABBREVIATED STATEMENT OF CASH FLOWS					
Cash operating profit (loss) before working capital changes	202 325	(223 592)	714 903	533 797	429 378
Cash generated from (invested in) working capital	418 724	784 160	(732 562)	(564 005)	(143 931)
Cash generated from (utilised in) operations	621 049	560 568	(17 659)	(30 208)	285 447
Net interest paid	(58 404)	(108 605)	(74 637)	(19 696)	(21 127)
Taxation refunded (paid)	1 624	(95 526)	(154 249)	(158 285)	(36 269)
Net cash generated from (utilised in) operating activities	564 269	356 437	(246 545)	(208 189)	228 051
Net cash flow utilised in investing activities	(90 381)	(117 316)	(171 825)	(69 745)	(100 904)
Net cash flow (utilised in) generated from financing activities	(136 209)	33 138	97 543	70 186	85 354
Net cash inflow (outflow)	337 679	272 259	(320 827)	(207 748)	212 501

BELL'S GLOBAL REACH





BOARD OF DIRECTORS as at 9 March 2011



Michael Mun-Gavin⁺
Independent
Non-executive Chairman
 BCom (Natal)
 CA (SA)
 Age: 61
 Appointed to the board in 2005
 Currently a director of Grindrod Bank Limited, Marriott Asset Management (Pty) Limited and sits as a board member on the management companies of various listed property unit trusts



Danie Vlok^{#}**
Independent Non-executive Director
 Chairman of the Nominations and Remuneration Committee
 Chairman of the Risk and Sustainability Committee
 BCom (Pretoria)
 MBA
 Age: 65
 Appointed to the board in 1995
 Currently a director of ElementOne Limited



Douglas Gage[#]
Non-executive Director
 BSc Mech Eng (Rensselaer Polytechnic Institute)
 MBA (Northwestern)
 Age: 54
 Appointed to the board in 2004
 Currently a director of John Deere Construction and Forestry Company and of Deere Hitachi Construction Machine Corporation



Karen van Haght⁺
Group Finance Director
 BCompt (Hons) (UNISA)
 CA (SA)
 Age: 44
 Appointed to the board in 2006



Gary Bell
Group Chief Executive
 Mechanical Eng. Diploma (Natal Technikon)
 Age: 58
 Appointed to the board in 1983



Tiisetso Tsukudu[#]
Independent Non-executive Director
 BA (University of the North)
 MBA (Strathclyde Graduate Business School, Glasgow)
 Age: 57
 Appointed to the board in 2004
 Currently holds directorships in a number of companies including Capital Edge Cement Consortium (Pty) Limited and Imbewu Mineral Resources (Pty) Limited



Kelan Manning⁺
Non-executive Director
 Certified Public Accountant (CPA) (Illinois)
 BS Accounting/Business Administration (Illinois State)
 Age: 47
 Appointed to the board in 2008
 Currently director on the DuTrac Community Credit Union (Not for Profit)



Donald de Bastiani
Non-executive director
 BS Electrical Engineering Technology (Texas Tech)
 Age: 52
 Appointed to the board in 2010

**Bharti Harie***

Independent Non-executive Director
 BA LLB (Natal)
 LLM (Wits)
 Attorney, Notary and Conveyancer
 Age: 40
 Appointed to the board in 2010
 Currently a director of the
 eThikweni Hospital and Heart
 Centre and the Charities Aid
 Foundation of Southern Africa

**Leon Goosen+**

Executive Director
 BAcc (Stellenbosch)
 BCompt (Hons) CTA (UOVS)
 CA (Namibia)
 CA (SA)
 Age: 38
 Appointed to the board in 2009
 as an alternate director and as a
 director in 2010

**John Barton#****

Independent Non-executive Director
 Chairman of the Audit Committee
 FCMA (UK)
 AMP (Harvard)
 Age: 63
 Appointed to the board in 2009
 Currently a director of the Industrial
 Development Corporation of SA
 Limited, Findevco (Pty) Limited and
 Redis Construction Afrika (Pty)
 Limited. Previously served as Chief
 Executive Officer of Mondi South
 Africa Limited and, later, as its
 Non-executive Deputy Chairman.

**André McDuling**

Alternate Director – Executive
 NHDip Mechanical Engineering
 (Durban Institute of Technology)
 BTech Business Management
 (Durban Institute of Technology)
 Age: 43
 Appointed to the board in 2009

**Guy Harris**

Alternate Director – Executive
 Advanced Management Programme
 (Cape Town)
 BCom (Hons) (Financial
 Management) (Cape Town)
 CA (SA)
 Age: 58
 Appointed to board in 1994

**Tim Averkamp**

Alternate Director – Non-executive
 BSc Mechanical Engineering
 (Wisconsin/Platteville)
 MBA (Dubuque)
 Age: 39
 Appointed to the board in 2010

Legend

- * Audit Committee
- # Nominations and
Remuneration Committee
- + Risk and Sustainability
Committee

CHAIRMAN'S REVIEW

I am pleased to bring you my first annual Chairman's review since having assumed the chairmanship of Bell Equipment Limited during the course of the financial year.



Michael Mun-Gavin

Financial overview

The aftermath of the global economic crisis of 2008/9 continued to be felt throughout most of 2010. Fortunately, however, the severe austerity measures taken by management during 2009 and 2010 under the board's direction have paid off and have resulted in a dramatic turnaround in the group's results. The losses incurred in the 2009 financial year are a thing of the past and the current year's results now reflect a profit of R37 million (2009: R272 million loss). In earnings per share terms this translates into 27 cents per share as compared with the loss per share of 274 cents in the prior year. Whilst the earnings for the year under review are modest, they represent a significant improvement, something we hope will continue through 2011 and the next few years that follow thereafter.

Possibly the most significant aspect of the group's financial results was the generation of cash – R338 million for the year under review. This will be expanded upon when I address the improvements in Bell's statement of financial position.

The turnaround in profitability can be attributed to a number of factors. Sales revenue has increased by 26% in comparison with the previous year with fourth quarter sales, in particular, showing significant growth over each of the other three quarters. It is to be hoped that this recent spurt in demand will continue into the year ahead. In addition, these sales were achieved at improved gross profit margins. At 21,3% for the financial year under review, these margins are still well off the highs of two and three years ago but we can expect them to continue to improve as demand for our products grows into the future.

Another meaningful contributor to the turnaround has been the reduction in group overheads, which dropped by R208 million to R734 million. The most significant part of this reduction was the improvement in manufacturing and services labour and overhead recoveries of R128 million. This was as a direct result of the increased sales volumes in the second half of the year which necessitated having to increase production once more. Hopefully this trend will continue as it has a particularly beneficial influence on the group's overhead recoveries and also assists the local community through the creation of additional jobs. Whilst on the subject of production, it is worth noting that Bell's two production facilities, in Richards Bay and Kindel, Germany, are operating

at well below their respective optimum capacities. The group therefore has little need for any major capital expansion in the immediate future.

The second major contribution towards the reduction in group overheads was a drop in staff costs of R56 million. This reduction arose as a result of the largely once off costs of retrenchments being included in the 2009 comparative figures.

As readers of Bell's financial results will see, the company has made significant strides during 2010 in reducing its borrowings and hence the net interest paid. This latter expense has been almost halved to R58 million (2009: R109 million). Much of this interest was incurred in the first half of the year whilst borrowings were still at uncomfortably high levels. Through much better management of the group's working capital and the relatively modest profits achieved during the year, Bell generated a positive cash flow of R338 million, thereby enabling net short-term interest-bearing debt to be reduced to R58 million – a far cry from the R668 million which existed a mere 24 months ago. Non-current interest-bearing liabilities have also been significantly reduced to R84 million from R218 million a year prior. Utilisation of available funding facilities at year-end amounted to 38%.

The remainder of the statement of financial position of the group has also improved by comparison with the previous year-end. Inventories are down to R1,36 billion, a R263 million reduction. In terms of days inventory on hand at the year-end, this measure has been improved to 184 days by comparison with 273 days at the end of the previous financial year. Clearly, this had a significant influence on our ability to reduce interest-bearing liabilities as referred to above. Trade and other receivables are slightly higher – R447 million (2009: R412 million) – but this is only because of the dramatically improved sales in the months of November and December 2010. If measured in terms of days of sales outstanding, year-end receivables represent 48 days, a 14% improvement on the same measure in 2009. Management is committed to reducing both of these ratios even further in the year ahead.

The group's capital and reserves have remained virtually unchanged at R1,4 billion with net asset value amounting to R14,94 per share.

Whilst a considerable portion of Bell's revenue is derived in foreign currencies, we are fortunate that many of our costs are also incurred in foreign currencies thereby affording the group an automatic measure of currency hedge protection. The unhedged portion of the cash flows is monitored and managed very carefully on a daily basis in order to limit our exposure to potential losses on the currency front. The net losses incurred for the year under review amounted to R18 million. Most of this arose in the month of December following the strengthening of the Rand just prior to the year-end. Unfortunately, being a significant exporter of South African manufactured products, the recent strength of the Rand has had a negative impact on sales. It is unlikely that the Rand will maintain its strength indefinitely and when it does weaken this will be to Bell's competitive advantage. Notwithstanding the current position, Bell remains a market leader in the majority of its product range. Management's ongoing commitment to excellence through its research and development programmes and its service to customers will hopefully ensure that the group maintains its pre-eminent position in the markets it serves.

In a geographic context, the European operations remained depressed for much of the year under review. Signs of activity started emerging in certain European countries during the second half of 2010 with the result that the German factory has recommenced production, albeit only on a modest scale. Enquiries have continued into 2011 which is encouraging for the year ahead. The Africa region constituted approximately 80% of group sales in 2010 and with prices of most commodities having risen to the extent that they have, many new mining projects are coming on stream and existing mining operations are being expanded. This helped Bell in the latter part of 2010 and should continue to provide the group with opportunities for its earth-moving equipment going forward. It has also become evident that many customers chose to run their fleets longer than would normally be the case as a result of the economic downturn. It is likely that in a number of these instances customers will need to start replacing their older machines thereby adding further impetus to demand. Management of lead times for delivery of equipment on order becomes a challenge in these circumstances and Bell is constantly having to monitor this position without unduly increasing the risk of becoming overstocked.

Sustainability and corporate governance

As is often the case, economic downturns force companies to take a hard look at their existing structures and strategies.

This was no different for Bell following the 2008/9 global meltdown. As a result of this introspection a number of operational improvements were identified. Some of these have already been implemented and are bearing fruit. Others require a process and will only start to bear fruit in time to come. The board has approved a plan proposed by management which should see significant gains being reaped over the next three years. This plan has been broken down into a number of different business improvement projects each of which is being led by senior executives within the company and progress will be closely monitored by the board at its quarterly meetings.

During the course of 2010 the board decided to split the functions of risk and audit overview. As a result, a new Risk and Sustainability Committee was established to strengthen the focus on risk and sustainability issues. The Audit Committee's terms of reference were amended to allow it to concentrate on the group's internal control, legislative compliance and financial reporting issues. Preparation for compliance with the principles embodied in the King Code on Corporate Governance (King III) demanded a significant portion of this committee's time.

A detailed report on these issues is included further on in this annual report and readers are encouraged to examine that should they wish to obtain a more comprehensive understanding of the group's responses to sustainability and corporate governance.

Transformation

We continue to engage with government at various levels on a meaningful basis. As South Africa's leading earth-moving, construction, mining and materials handling equipment provider, we are extremely supportive of all initiatives to bolster our economy and improve prospects for the creation of employment in our industry, and in particular, for the communities surrounding our Richards Bay factory. In this context, we remain fully supportive of the Industrial Policy Action Plan (IPAP2) with its purpose of expanding production in the value-added sectors where high employment and growth multipliers are present. We look forward to ongoing interaction with government as we seek to find ways in which we can profitably develop the local supply base and increase employment. The group is continually endeavouring to develop an employee profile in its local operations that is more inclusive and representative of the South African demographic mix.

Outlook

The outlook for the year ahead is encouraging notwithstanding the fact that the economies of many of the countries in which Bell operates still look fragile and are only likely to show modest growth. Fortunately for the group, the rises in commodity prices are resulting in considerably increased mining activity which in turn has seen a sizeable improvement in our order book for mining related products. The construction industry is showing only modest signs of recovery and is unlikely to have a dramatic impact on improving turnover in the year ahead. The difficulty of obtaining financing facilities by our customers over the past two or three years has undoubtedly had a retarding effect on our sales. However, we are now experiencing an improving borrowing environment for our customer base and this will significantly enhance their propensity to purchase new equipment. Finally, management are in the process of securing new products to complete the range of Bell's offering and this too will be positive for the group going forward.

Appreciation

I conclude this report by congratulating management on turning the financial position of the group around and thanking them for their tireless efforts in doing so. They, like the board, know that the job is far from complete and understand the need to continue the programme of improvement in order to deliver to our stakeholders their rightful expectations of a successful global organisation. In my interim statement I paid tribute to my predecessor, Howard Buttery, who retired after thirty seven illustrious years at the helm. I reiterate my thanks to him on behalf of all stakeholders and acknowledge his enormous contribution to the growth and positioning of Bell as a highly respected international heavy earth-moving equipment manufacturer and distributor. To my fellow directors, I also express my sincere thanks for their support and dedicated and professional input into the affairs of the group. It would be remiss not to express the condolences of the board and management of Bell to the family of the late John Kloet. John served as a non-executive director from 2002 until his sudden passing on 14 January 2011. We will all miss his wise and valuable input.



Michael Mun-Gavin
Independent Non-executive Chairman
Bell Equipment Limited

GROUP CHIEF EXECUTIVE'S REPORT

2010 was a year of recovery from the aftermath of the 2008 and 2009 global recession which has had a profound impact on the future of many, including Bell.

It resulted in many people losing their jobs. Bell was fortunate in that the number of forced retrenchments was limited by timely support from shareholders and the Industrial Development Corporation (IDC). Support was also received from the Department of Trade and Industry which resulted in Bell being able to participate in the Motor Industry Development Programme (MIDP) retrospectively. Further to this a number of austerity measures were undertaken during this difficult time and has resulted in Bell being able to not only weather the storm, but to also re-employ most retrenched employees and employ new ones.

Traditionally our flagship product, the Bell Articulated Dump Truck (ADT) has been sold mainly into the developed markets of Western Europe and North America. These markets experienced the biggest downturn in the global crisis and are also the most likely to take the longest to climb back to economic growth figures that would result in the large scale purchase of equipment to build the infrastructure to meet the demands of sustained growth. What drives demand for our type of equipment is the infrastructure for domestic needs and the development and extraction of commodities for local markets or for high growth export markets.

Fortunately we are no longer extensively exposed to the North American market as our strategic partner, John Deere, manufactures and brands our ADTs there under licence from us. Similarly, we manufacture some of their products in South Africa under licence from them. We do, however, have substantial European activities and these were hardest hit. Our German factory was closed for an extended period during 2009 but is now operating again. We have seen some encouraging signs of recovery in the German market and the East European markets have also shown good growth during 2010.

For many years Bell has had a very strong African presence and in 2010 this helped drive our recovery and turnaround. Africa's backlog in infrastructure and the demand for mineral resources by high growth developing markets has seen increased demand for our products in this market. Africa now contributes nearly 80% of our turnover and the investments made in these markets, at times when they were considered unattractive from a risk perspective, are clearly paying off. It can

be said that Bell Equipment contributes to, and benefits from, the development of South Africa and Africa and we are proud to design and manufacture many of our products here. Where it is not viable to manufacture locally due to volumes and economies of scale, we import and assemble products in order to be able to provide our customers with a full range of products and associated support and service.

While our roots remain in Africa, the underdeveloped local supplier base and distance from and to key supply and customer markets make it a difficult place to do business from. This is compounded by other challenges such as the availability of technical skills, lack of adequate, cost effective infrastructure, vagaries of a poor schooling system and prevalence of malaria and infectious diseases. We are, however, proud of what we have been able to achieve and the continuing contributions we make, directly and indirectly, to the many developing African communities we operate in. Skills are critical to a competitive company and a competitive economy and we recognise that and have invested accordingly over the years.

Some support from the South African government has been forthcoming and we appreciate receiving it, especially at a time when there are competing other demands on government. This gives recognition for our contribution in terms of direct and indirect employment and economic growth in South Africa. We remain one of the most vertically integrated capital equipment manufacturers globally and have been able to leverage the benefits to be gained from designing our own primary products and growing our distribution network. We are pursuing ways of working more closely with government on mutual matters of interest such as job creation, competitive policies and environment, supplier development, localisation and economic growth.

We continue to work closely with the Department of Trade and Industry in the implementation of the Industrial Policy Action Plan 2 (IPAP2) and with the Economic Development Department on the finalisation and implementation of the New Growth Path initiative. These initiatives are critical to the sustainability of our country and addressing our country's high levels of unemployment, poverty and inequality. Bell stands ready to work with government and the trade unions to help achieve the desired outcomes.



Gary Bell

The recent admission of South Africa to BRIC is an indicator of the need for Africa to be integrally involved in global growth. While there are no quick wins from being part of the association, we know that these large developing economies are the key to global economic growth. Over time our governments will forge closer links and there will be spin-off benefits for key role players in these economies.

We are proud of our South African roots and the way we have been able to provide employment to many people locally. This is primarily through our own employees, many of whom have over thirty years service. We also play a key role in the ongoing employment of many supplier employees, especially those who do most of their business with Bell. Finally, that figure is extended back up the supply chain and we estimate that, including multipliers, over 45 000 fellow South Africans are dependent on Bell for their survival.

Our suppliers faced major difficulties while we ramped down production in 2009 and 2010 and some of them are again finding it difficult to meet the new demand as we ramp up production. Although we have done much to assist these suppliers, we look forward to working with government to find innovative ways of supporting the small and medium enterprise supply base and making it easier to do business, hire and retain skilled people and grow our economy. While not suggesting a return to protectionism, we would like to see effective Buy Local campaigns by business and government.

We are one of few companies to undertake most of our research and development locally and have retained our position as a preferred employer of engineering graduates. Planned developments, especially in the new E-series truck, are exciting and will help maintain our leading product position. Products are more likely to be built where they are researched and developed and I believe I speak on behalf of many local manufacturers when I state that South Africa needs to provide a more research-friendly climate.

People are critical to our business. This is not only in designing innovative and competitive products, but also building, distributing and supporting them better than the large global brand name opposition we face. We focus on designing products that reduce the cost per ton kilometre for our customers. We have to build them to global standards and that includes fabricating, manufacturing and assembling in less than ideal conditions. We have been able to maintain our global competitiveness despite the Rand having

been strong for some time. The recent weakening, albeit after the year-end, has been very welcome but it is still far from sustainable competitive levels given productivity differentials. We have faced stiff opposition from importers supported by their governments through low cost finance and other measures. The relatively high cost of finance and the very conservative approach by banks to lending has hampered local demand.

Critical to our success is our distribution which allows our strong reliable machines to get to our markets. While our loyal sales people are important in the first sale, it is the level of support and service that sells the second and next machines as that contributes to the uptime and reliability of the equipment. That makes our logistics centres critical to optimising the balance between cost of holding inventory and customer service. The product support team and the mechanics who support and service the equipment in the field or close to the customer are critical, as are those in the back office that support our operations.

It is a tribute to our board and management that the right-sizing that ended in the first half of 2010 was responsibly managed at all times to ensure that there was no disruption to customer service and that the group's long-term competitiveness was not jeopardised in any way. There were no cutbacks on critical path research and development. I am also confident that the technical and professional skills base, a key part of our innovation advantage, is intact. They form the fabric of Bell's workforce and which I maintain is the single biggest asset of the group. This skills base will be of the utmost importance in Bell's medium to long-term future and will be leveraged to ensure that Bell consistently delivers a strong, reliable product as a heavy earth-moving equipment supplier of choice. I am also particularly proud of the advances made by our engineering teams and believe that the continued substantial investment in research and development will keep Bell at the forefront of the materials handling equipment industry.

Now that the management of the crisis has been successfully negotiated, management and the board have started looking forward. Project 2014 has been developed and approved and initiatives are under way as described elsewhere in this annual report.

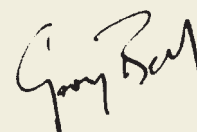
Over and above the substantial decrease in operating costs in just over a year, I am also pleased with a number of the group's other achievements during this period:

- Working capital was reduced from R2,3 billion at the end of the fourth quarter of 2008 to R1,5 billion at the end of the fourth quarter of 2009 and R1,1 billion at the end of fourth quarter of 2010;
- Gearing has reduced from 48% at the end of 2008 to 47% at the end of 2009 and a very conservative 10% at the end of 2010; and
- Our South African Sales and Distribution operation, which is partially owned (30%) by our employees and a broad based BEE entity, was verified as being a level 4 BEE contributor and improved its score. This means that 100% of our customers' purchases qualify as BEE spend. Our factory and other South African operations not only improved their score but also their BEE level.

Bell is serious about transformation as we see it as one of the cornerstones of a successful and sustainable country.

I confirm that the group is also contributing to the current evaluation being done by the Department of Trade and Industry on the Medium and Heavy Commercial Vehicle industry, which has been extended to cover yellow metal earth-moving vehicles and tractors. We are confident that a successful programme, which encourages localisation and local manufacturing, will be developed. It is important that this is finalised soon as the current MIDP expires at the end of 2012.

I take this opportunity to again thank all our valued stakeholders, including shareholders, customers, suppliers, employees, financiers, government and others for their continued support. We look forward with confidence to our recovery as we move further into 2011 and confirm that we will be redoubling our efforts to bring our valued customers strong, reliable machines, while also consistently providing them with strong, reliable support.



Gary Bell
Group Chief Executive
Bell Equipment Limited

GROUP FINANCE DIRECTOR'S REPORT



Karen van Haght

Group operating results

The group experienced a reasonable recovery in demand in 2010. Revenue of R3,4 billion was 26% higher than in the prior year, driven mainly by increased demand for ADTs from the mining industry. Sales reflected a steady increase each quarter, with revenue in the second half of the year 27% up on the first half.

Machine and parts sales recovered by almost the same extent and, as in 2009, parts revenue represented 22% of total group revenue. Revenue from the sale of machines comprised 71% of total group revenue, while the remaining 7% was generated from service and rental income.

Sales in all major regions increased with Europe reflecting the strongest increase, although this was off a very low base as the European operation was the region worst affected by the global economic crisis. Demand in Western Europe remains suppressed. Solid sales performance in Africa (South Africa and rest of Africa) resulted in these regions contributing 83% of group sales in 2010. Customer access to financing remains a constraint on sales as financial institutions remain cautious and their lending policies tight.

The gross margin improved to 21,3% in 2010 from 19,8% in 2009, despite the stronger Rand in 2010. This was largely the result of market conditions that have started to return to normal, an increase in demand in most regions and capital equipment suppliers' inventory levels having reduced following the de-stocking that took place during the downturn.

Other operating income is lower than in 2009 because the prior year included an accrual for retrospective MIDP benefits of R75 million on export sales of certain products from 2007. 2010 also includes R32 million in respect of retrospective MIDP

claims, this value having been firmed up on compiling the retrospective MIDP claims during the course of 2010. The cash inflow from these claims was substantially received in 2010.

The cost reduction initiatives and the restructured cost base implemented in 2009 have been maintained and gross overheads, before deducting labour and overhead recovered, were down a further 7% on 2009.

A strong strengthening of the Rand relative to the Euro and the US Dollar immediately prior to year-end resulted in net foreign currency losses for the year of R18 million. A portion of this loss was unrealised at year-end and resulted from the marking to market of monetary balances and forward cover contracts at year-end. It is expected that certain of these unrealised losses will reverse in the 2011 financial year.

A major contributor to the improved group result was the increase in production in 2010 at both factories, but particularly the Richards Bay factory. Labour and overhead recovered increased by 67% compared with 2009 and this significantly improved the operating result of the South African manufacturing and logistics operation. Production is expected to increase in 2011 as sales demand increases and inventory reduces to target levels.

Net interest paid reduced by 46% to R58 million as a result of significantly lower interest-bearing debt brought about by the continued focus on generating positive cash flow and tightly managing working capital. Lower interest rates on Rand denominated floating rate debt also contributed to the reduction.

The effective tax rate for the year of 45% was mainly due to losses incurred in certain group operations where no deferred taxation assets have been recognised. The value of tax losses for which deferred tax assets have not been recognised total R158 million.

The profit after tax for the year of R37 million represents a very pleasing turnaround on the significant loss of R272 million incurred in 2009. Earnings per share was 27 cents, compared with a loss per share of 274 cents in 2009. The improvement can be attributed mainly to

the modest recovery in the markets, higher production volumes and the restructured cost base. This result is, however, by no means satisfactory and there are comprehensive plans in place to return the group to profitability, with an emphasis on sustainability through the business cycle.

Financial position

Total assets employed reduced by R281 million to R2,6 billion, with almost all of this decrease due to reduced inventory.

Initiatives implemented to optimise inventory levels continued to deliver results and inventory reduced by R263 million to R1,36 billion and 184 days from R1,62 billion and 273 days at the end of 2009.

Receivables days have also reduced from 56 days at the end of 2009 to 48 days at the end of 2010. Credit risk and the quality of receivables remains a focus area for 2011.

Total interest-bearing debt reduced from R699 million in the prior year to R201 million at the end of 2010.

The significant strengthening of the Rand during 2010 also resulted in a substantial loss of R35 million on translating the foreign operations to SA Rand, with an equivalent reduction in capital and reserves. This and the modest profit for the year were the main reasons for the net asset value per share remaining almost unchanged from the prior year.

Cash flow

The aspect of the results with which we are the most pleased is the cash generated and resultant reduction in commercial bank debt of R338 million. Steady cash inflow was generated throughout 2010 from the continued reduction in working capital, particularly inventory, and also the modest operating profit earned. In addition to the above short-term debt reduction, non-current interest-bearing liabilities were reduced by R134 million with the repayment of the IA Bell & Co loan, which was introduced by the shareholders as additional support at the height of the global economic crisis. Gearing has improved to 10%, which is below the target range of 20% to 30%, from 47% at the end of 2009.

In line with our initiative to reduce the group's reliance on short-term funding, a medium-term loan agreement of R150 million with the IDC was signed in December 2010. This loan has not yet been drawn down.

Looking ahead

Although the group has a long way to go to deliver meaningful returns to stakeholders, the focus in the last two years on cash flow and debt reduction has delivered results. Cash generation and liquidity remain a priority. The forecast improvement in the market and increased production volumes will demand investment in working capital and the reductions in working capital in the last two years are unlikely to be repeated in 2011. We believe, however, that the group has substantial reserves to meet the challenges and opportunities that arise in the period ahead. The focus for 2011 is to continue driving the initiatives that will ensure the long-term financial sustainability of the group.



Karen van Haght
Group Finance Director
Bell Equipment Limited

GROUP EXECUTIVE COMMITTEE



Gary Bell
Chairman
Group Executive Committee and
Group Chief Executive
Mechanical Eng. Diploma
(Natal Technikon)
Appointed as an employee in 1971
Age: 58



Marc Schürmann
Managing Director: Bell Equipment
European Operations
BIng (Mech) Prof Ing (Pretoria)
Appointed as an employee in 1994
Age: 42



André McDuling
Managing Director:
Bell Equipment Company SA
NHDip Mechanical Engineering
(Durban Institute of Technology)
B Tech Business Management
(Durban Institute of Technology)
Appointed as an employee in 1988
Age: 43



Karen van Haght
Group Finance Director
BCompt (Hons) (UNISA)
CA (SA)
Appointed as an employee in 2000
Age: 44



Mike Dutton
Managing Director: Bell Equipment
International Operations
NTC2/3/4
Appointed as an employee in 1988
Age: 45



Bokkie Coertze
Managing Director:
Bell Equipment Sales South Africa
Post Graduate – Paper Technology
(Robert Gordon's – Aberdeen,
Scotland)
Appointed as an employee in 1986
Age: 59

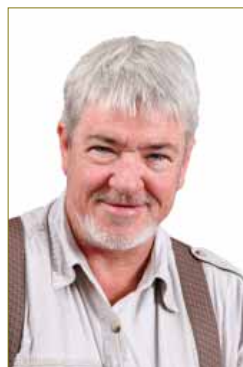


Lucas Maloka
Director: Group Human Resources
BA
MMHR
Appointed as an employee in 2007
Age: 49



Leon Goosen

Group Commercial Director
BAcc (Stellenbosch)
BCompt (Hons) CTA (UOVS)
CA (Namibia)
CA (SA)
Appointed as an employee in 2007
Age: 38



Paul Bell

Director: Communications and Advertising
Appointed as an employee in 1974
Age: 53



Rino D'Alessandro

Director: Group Information Systems
CPIM (APICS)
Senior Diploma (Datametrics) (UNISA)
Bachelor of Science (UNISA)
Appointed as an employee in 1996
Age: 47



Dominic Chinnapen

Director: Group Sales and Operations Planning
BCom (Logistics) (UNISA)
CPIM (American Production and Inventory Control Society)
Appointed as an employee in 1987
Age: 42



Peter Bell

Director: Engineering
Mech Fitting and Turner Dip (Natal Technikon)
Appointed as an employee in 1974
Age: 61



Avishkar Goordeen

Director: Group Risk
BCompt (Hons) (UNISA)
CA (SA)
Appointed as an employee in 2007
Age: 31



Riaan Verster

Group Company Secretary
BProc (Cum Laude) (Pretoria)
LLB (Pretoria)
LLM (Labour Law) (UNISA)
ACIS
Appointed as an employee in 2008
Age: 34

PRODUCTS



Front-End Loaders

In terms of the manufacturing and distribution agreement with John Deere, Bell Equipment assembles a comprehensive range of utility and production 4WD wheeled loaders at the group's main factory facility in Richards Bay. Bell Equipment also distributes Bell-branded Liebherr compact loaders for the smaller sector of the market. Bell's wheeled loader offering commences with the 1,1 m³ compact loader, through various machine sizes to culminate in the powerful 4,7 m³ production workhorse.

Bell loaders have made a huge impact on the local market and are seen as one of the market leaders in South Africa. Used in tandem, the wheeled loaders are often seen loading Bell ADTs in industrial, mining, construction and quarrying applications. They have proven their worth in yielding high machine uptime and superior fuel consumption figures. John Deere and Bell are able to collaborate their research and development efforts and respond to feedback from customers in an effort to achieve continuous improvement.



Articulated Dump Trucks

Bell Equipment is a world-class leader in Articulated Dump Truck (ADT) development. The Bell ADT range comprises eight trucks from the 18 – 50 ton range, as well as an additional three articulated tractor derivatives.

Bell ADTs are designed and manufactured in Richards Bay, with an additional assembly plant in Eisenach, Germany. Bell ADTs are also manufactured under licence, by John Deere Construction and Forestry Equipment Co. in Davenport, USA. Bell also manufactures and brands trucks for Hitachi Construction Equipment, which are sold in the Oceania and Far East regions.

Bell is a technology leader in articulated truck design offering exclusive features such as onboard weighing, advanced software and fleetm@tic. Periodic advancements ensure customers optimum operating performance and return on investment.



Tractor Loader Backhoes

Bell Equipment manufactures the John Deere side-shift Tractor Loader Backhoe (TLB) under the manufacturing and distribution agreement at the group's main factory facility in Richards Bay. They are distributed under the Bell brand for local and export markets, as well as the John Deere brand for the supply of Deere's international customer base.

Bell TLBs have had a significant impact on the local market and are considered to be the market leaders in South Africa. TLBs are extremely versatile and are seen in all applications in the construction and agriculture environments. A TLB is often regarded as an entry-level piece of equipment by emerging entrepreneurs entering the contracting and plant hire business arenas.

Owners of Bell TLBs achieve optimum operating efficiencies and this quality product proudly joins the other Bell products in the deserved reputation of being strong and reliable machines that are backed up by strong, reliable service.



Tri-Wheelers

The trusted Bell name first started earning its reputation with our pioneer product, the Bell Cane Loader. Its simple, yet highly functional design revolutionised the sugar cane industry in South Africa and its success spread worldwide.

Responding to requests from the timber industry, the Tri-Wheeler products have been adapted and the highly successful Bell Telelogger is a familiar sight in forests throughout Africa. Our customers' focus on efficiency, ergonomics and safety has resulted in continuous evolution of the Tri-Wheeler range. The basic elements of the original design have been retained in various adaptations such as the Rough Terrain Forklift – yet another example of Bell Equipment's ability to give our customers what they want: machines that can do the job efficiently and economically.



Excavators, Graders and Dozers

Bell Equipment has strategically partnered itself with world-class organisations to increase our product offering and provide our customers a full line solution. Bell is the sole distributor in Southern Africa of these alliance partner products which complement our own to offer a one-stop-shop for our customers.

These machines are imported directly from our partners and are branded Bell to be sold and supported through our proven customer service centre (CSC) and dealer distribution network. We have over 26 CSC outlets throughout Southern Africa and over 40 CSCs and dealers throughout Africa, justifying our claim of delivering strong, reliable support.



Bomag

Bell Equipment is the sole distributor for Bomag compaction equipment in Southern Africa. The Bomag range covers the full spectrum of compaction machinery as well as pavers and cold milling machines.

The Bomag range covers various models for use in the light equipment, soil compaction and asphalt sectors of the market. The availability of a full range of solutions in this market ensures that Bell Equipment can supply a full solution to meet the customer's needs.

Bomag is part of the Fayat group of companies, which include all equipment required to build, maintain and repair asphalt roads.

BELL AND THANDA ROYAL ZULU FOOTBALL CLUB: a winning partnership

Soccer and Bell Equipment are both deeply rooted in African soil. After the successful hosting of the 2010 FIFA World Cup and the widespread interest and nation building that it promoted, it seemed instinctive that the company become involved and sponsor a South African football team.

Confidence gained through a significant increase in sponsorship for the South African league and Cup competitions, as well as recent television coverage deals, positioned the South African Premier and First leagues as an attractive brand. The brand reaches directly to the majority of South Africans and has a strong following among the growing group of new generation decision makers.

Thanda Royal Zulu

When the company took the decision in 2010 to invest in soccer, Thanda Royal Zulu Football Club (TRZFC) announced that it would be campaigning for promotion to the Premier Division from its new base in the heart of Zululand. As the region's first national soccer team, a tie-in with Zululand's home-grown heavy equipment success story seemed obvious.

TRZFC has been in existence since 2007 and used the Royal Zulu brand with the permission and full support of His Majesty

King Zwelithini Goodwill kaBhekuzulu, the reigning monarch of the Zulu nation.

Club ownership changed hands in 2009 and a re-shuffle of coaches and management staff had been undertaken in preparation for the 2010/2011 season. TRZFC would be campaigning in the National First Division but the team had their eye focused on gaining promotion into the elite South African Premier Division. The appointment of well respected leaders was aligned to this concerted drive to gain promotion during the season.

The professional manner in which TRZFC is run, as well as their recent proven performance against established premier teams, made TRZFC a dynamic and attractive partner. The club's decision to relocate from Durban to Richards Bay and make the newly built uMhlathuze stadium its new home ground was yet another drawcard.



Throughout 2010, Bell Equipment has been inspired by the team's impressive results and the professionalism of the club's management.



At the signing of the official main sponsor agreement at TRZFC's first home match were (left): Peter Koutroulis (GM: TRZFC), Pierre Delvaux (MD: TRZFC), Andre McDuling (MD: BECSA), Mayor Zakhele Mngayi (City of uMhlathuze) and Mayor Stan Larkan (uThungulu District Municipality).

A winning partnership

In September 2010, Bell Equipment became the main official sponsor for the team and an integral part of the campaign throughout the season. TRZFC welcomed the company as a powerful and influential local sponsor. As such a sponsorship would provide the necessary impetus for the promotion prospects of TRZFC as well as much needed youth development in the greater Zululand area.

From Bell's perspective, the close fit to our business and target market, as well as the platform for direct interaction with our customers that the sponsorship would provide, would be clearly unparalleled by alternative initiatives. In addition, the close vicinity of the home stadium to our factory would also ensure that customers and guests invited to home games would be able to tour our manufacturing facility and get a better understanding of the value add that is achieved at the factory.

Apart from TRZFC's favourable home ground location and its drive for Premier League promotion, Bell Equipment was also attracted to TRZFC because of their support programmes. These include the development of new players and the

collaboration with "Star-for-Life", a unique programme that works to combat HIV/AIDS and stimulate socio-economic development by working with the youth, community members, local partners and government.

Soccer has a universal appeal

The success and patriotism of the 2010 FIFA Soccer World Cup bought home to South Africans the level of passion and large scale universal support that football enjoys, particularly in our major markets of Africa and Europe.

Leading up to the 2010 FIFA Soccer World Cup, the company hosted its own internal soccer "world cup" at the Richards Bay factory where it was clear to see that our employees also shared passion for the game.

Indeed, throughout 2010 we have been inspired by the team's impressive results and the level of professionalism shown by the management of TRZFC. It has likewise been pleasing to see how our Bell family has shown their support of our soccer team by attending home games. The record crowds in attendance at the home stadium and the use of the platform to extend customer relationships has far exceeded our expectations.



Bell employees and the Zululand community in general have shown great team support, turning out in large numbers at local matches.

BELL EQUIPMENT COMPANY SA



André McDuling

This operation (BECSA) constitutes the group's major operating subsidiary and includes the Richards Bay manufacturing and ancillary operations, including engineering, supply chain logistics, technical services and third party products. The Global Logistics Centre facility, commissioned in 2008, is also housed within BECSA. The group's service functions (Finance, Commercial, IT, HR) are also contained in BECSA and are headed up by the respective group executives.

2010

The actions implemented during 2009 to reduce costs and to adjust strategies and operations to meet the challenges presented by the dramatic reduction in demand globally have delivered a significant improvement in the business result for 2010.

Business improvement

Having taken the opportunity to develop and implement key organisational changes during 2009, we were able to improve overall efficiency, speed and precision in execution of our business strategy during 2010. This focus on delivering world class products and services to our sales operations and customers globally has resulted in the launch of a wide range of performance enhancing upgrades on several of our products, as well as a significant improvement in service levels out of our manufacturing and aftermarket logistics operations.

Product development

Our commitment to making the right investment in time, effort and capital in order to meet our customers' needs has allowed us to deliver several product enhancements in the year.

These improvements have come as a result of an ongoing commitment to our Design Philosophy, a strategic decision making guideline applied during the product development process. The continual review and adjustment of this philosophy in alignment with customer and business requirements would not have been possible without the ongoing participation of our customers and broader stakeholder group.

We have also introduced several enhancements and new features to our ADT range to place it at the forefront in the real world application of technology in a form that serves our customers. We are committed to remain aligned with our customers' goals to improve usable performance and sustainably reduce costs in their businesses and to ensure our continuing competitiveness.

The challenge to maintain alignment with the next level of engine emissions legislation that will come into force over the next few years is being turned into an advantage for our customers as reduced fuel consumption is the most significant way in which Bell Equipment meets these legislative drivers.



Richards Bay manufacturing facility

Product development plays a vital role in implementing our commitment to the South African government's Industrial Policy Action Plan 2 (IPAP2). Our prominent role in technology development and manufacturing in the metals fabrication, capital and transport equipment sector is key to the success of these plans. The continuing investment in our capacity to design and manufacture localised solutions to our material and components needs in this centre of economic development is vital. We will continue to expand Bell's ability to fulfil our role in creating decent, sustainable employment while enhancing South African industrial competitiveness.

New products

New product introduction has focused on products that strengthen our ability to provide a full-line solution to our customers, and enhance our ability to leverage our strong sales and customer support infrastructure globally. We brought seven entirely new products to market during 2010 and several additional strategic products will be added to our range in 2011.

Our renewed Product Lifecycle Management Strategy has delivered ongoing improvement in the availability, precision and user friendliness of information within our organisation and customer group. In support of this strategy our Fleetm@tic Asset Management service has been proven to enhance our ADT customers' ability to develop a distinct competitive advantage in their continued quest to enhance productivity and efficiency of their assets.

We will continue to develop and apply leading technology in the field of information management and communication in order to maintain our lead in its application as a performance enhancement tool in our ADT range.

Safety of our people

Our organisational philosophy continues to put stakeholder safety and health at the core of every employee's objectives. We employed a significant number of additional semi-skilled and professional people to meet our needs for increased production and new product development activities during 2010. Our commitment to safety and health was vital in enabling us to maintain focus on managing our safety risks while we bring these new team members on board.

Global recovery

Sales and operations planning process improvements implemented during 2009 proved to be a critical factor in our success in meeting the challenges posed by the uncertainty surrounding the precise timing and nature of the recovery in demand in our industry.

Our efforts in improving our supply chain and manufacturing flexibility along with the enhancements made to our processes for communication, decision making and controls implemented have delivered a vast improvement in working capital and cash flow management.

Industry challenges

Our suppliers continued to demonstrate their commitment to meet our increasing demand for materials and products during 2010.

2011 is likely to see several periods of sustained industrial action related to industry wage negotiations within our collective bargaining unit and in sectors that have an impact on our supply chains. We have heightened planning and communication with our suppliers in an effort to minimise the impact of these industrial actions on our organisation and all our stakeholders.

Our global supply base has confirmed commitment to keep pace with our increasing demand during this period, however, we do expect the impact of the increase in global demand for material and components required to manufacture our products to present a compounded challenge during this period.

2011 – Upside opportunities

BECSA and its partners have taken the challenge presented by lowered levels of commercial activity during 2010 as an opportunity to implement improvements to our business and products. We are well prepared to meet the further challenges and upside opportunities 2011 will bring.

Andre McDuling
Managing Director
Bell Equipment Company SA

BELL EQUIPMENT SALES SOUTH AFRICA



Bokkie Coertze

This operation (BESSA) constitutes the Bell Southern African sales and distribution network of the group and includes a Sales Head Office in Jet Park, Gauteng and three regional offices in KwaZulu-Natal (Coastal Region), Gauteng (Central Region) and Cape Town (Cape Region), with a further twenty Customer Service Centres throughout South Africa. Bell's operations in Namibia, Swaziland and Lesotho also reside under the BESSA banner.

OUR MARKETS

BESSA mainly focuses on the following markets and industries:

MINING

Coal – This market is best suited to our total product offering. The demand for this commodity remains extremely high, both domestically and internationally, with great future prospects. Opportunities to extend our product range with larger excavators are being considered and this will no doubt increase our current footprint in this market. It is expected that the recent Australian floods will result in increased demand on South African coal resources.

Platinum – Although we have seen pockets of success with especially our B50 and B40 ADT ranges, the international demand for this commodity has been sporadic. Recent trends do, however, indicate some consistent upside in the demand for platinum.

Manganese/chrome – The chrome and manganese markets can both be described as “bullish” on the back of continued high demand from the BRIC countries, particularly from China. We have enjoyed many successes in the chrome market, particularly with our larger ADTs sold to mining contractors. Manganese, too has afforded us with many opportunities – one of the major mining companies in this segment has recently chosen Bell as its supplier of choice.

CONSTRUCTION

Bell remains very well positioned within this market due to its own product range and the product ranges of third party suppliers such as John Deere, Kato and Bomag. Our increased focus on expansion of the sales and marketing of our Bomag asphalt range of equipment stands us in very good stead going forward.

GOVERNMENT

Our ongoing commitment to meet predetermined black economic empowerment targets, our local footprint and efforts to develop local jobs and skills have assisted Bell, and in particular BESSA, in enjoying growing support from all sectors of the South African government. Our product range is extremely well aligned to meet the desired requirements of government in its ongoing quest to improve service delivery, build infrastructure and create jobs.

FORESTRY/SUGAR/AGRICULTURE

Forestry – We offer the full range of equipment to meet the needs of this highly mechanised industry going forward. A more positive outlook for 2011 is evident.

Sugar – We continue to provide the desired range of equipment to meet our customers' needs in this industry and we have launched the new two-wheel drive tractor range which will see BESSA regain the market share lost to agriculture tractors.

Agriculture – Although this constitutes a smaller part of BESSA's business, opportunities are being explored for agriculture-related road maintenance and civil construction projects (like dam building and land preparation).

OUR CUSTOMERS

BESSA is well known for its ability to identify and meet customer expectation. In line with the launch of the Project 2014 Lifetime Revenue Stream (LTRS) initiative we will continue to deliver on these expectations and ensure that we maintain our reputation for providing reliable and ongoing support to our customer base. Improved interaction with our customers, through our Customer Relations Management (CRM) system and database as well as improved sales and operational planning processes, will contribute to our drive to provide excellent service to our customers.

Marketing efforts remain important to our business and initiatives such as marketing and customer visits and the personal interaction between our customers and BESSA management are aimed at further improving on these efforts. The management of BESSA believes in an active and hands-on approach to customer relations and ensures that this approach is practiced at all levels throughout the organisation.

BESSA's overall market share in Southern Africa remains at around 22% and efforts to improve this are ongoing. New customer acquisition is driven by the respective salesmen managing their individual areas and CRM will be focused on maximising our market participation, ensuring that corrective actions are taken where we have fallen short of expectations and providing guidance on the changes required to meet the ever changing demand. This requires the continuous management of customer and transaction related information which has to be reported upon and collated timeously and the challenge in ensuring the beneficial utilisation of this system is being met head-on by BESSA and all of its employees.

We remain acutely aware of competitor threat in a very unpredictable market – strategic planning is required to ensure that we are in a position to react expeditiously on market variables which may impact on our business.

The general consensus, however, from a large sample of our customers is that BESSA's service levels still rate as the best in the industry and our improved service offering as part of the LTRS drive will strengthen this perception – this in turn will grow BESSA's confidence levels with our customers ensuring BESSA as their supplier of choice. The increased aggression from all our competitors and the strong Rand will continue to be monitored and we realise that this means that daily attention will have to be given to prospective transactions on a deal-by-deal basis.

SALES AND FINANCIAL PERFORMANCE

New machine sales – The margin realised on new machine sales in 2010 has seen a small improvement on the 2009 results and a further slight increase in margin has been budgeted for 2011. Rand volatility affects the return on sales and will be monitored closely going forward. The Bell ADT range is known as a premier quality product and we are confident that our market share expectations for this range of machinery through to 2014 will be met.

Used machine sales – Margins on used machinery for 2010 were good and this was mainly attributable to the higher margins made on the used ADTs transferred to South Africa from our European operations. Demand for used machines remains good but this demand is subject to the availability of finance and product range. We expect that future sales of used equipment will be subject to very high-houred trades brought about by the lack of replenishment of stock by customers during the recession and recovery phases of 2009 and 2010.

BOMAG range – This range of compaction products has given us good inroads into the market for this machinery in 2010 and we are confident that 2011 will see a remarkable improvement on our 2010 market performance due to availability of stock and focused drive by our BOMAG sales team.

Parts and after-sales service – New part sales and margins for 2010 exceeded budgeted levels. The Project 2014 LTRS initiative will undoubtedly further enhance 2011 sales and revenue through a focused approach to parts sales and after-sales

service. Used parts sales are expected to grow slowly and demand for these products is directly subject to the machine population per product. Service contracts and extended warranty options remain a critical and profitable part of our business and increased focus will also be placed on these opportunities as part of the Project 2014 LTRS drive.

Finance – The lack of finance available to customers remains the single biggest stumbling block to increase sales and it is hoped that 2011 will see financial institutions ease up on lending requirements. We continue to work with WesBank as our joint venture partner to provide tailor made financing options available to our customers.

Financial performance for 2010

The company achieved a year-on-year revenue growth of 21% from R1,7 billion to R2 billion. The improved revenue was attributable to new and used unit sales, as well as parts and service revenue.

Gross profit increased by 44,3% from R228 million to R329 million. This significant increase was mostly attributable to the improved revenue as well as improved margins on new and used unit sales. There was also an improvement in the margin on parts. Expenses were contained to an increase of 2,7% over 2009. This was largely attributable to the full year effect of the retrenchments in 2009.

Interest costs were also greatly reduced by 38% compared to 2009, due to lower interest rates and reduced borrowings arising from a R122 million reduction in capital employed (mainly inventory).

This resulted in a R77 million improvement in profit after tax for BESSA in 2010.

PEOPLE

BESSA's management has committed to the interaction with BESSA employees as one of our focal points for 2011, and as Managing Director I intend maximising my time with our people and joining them on visits to our customers, thereby recognising their contribution to the organisation and encouraging them to meet their fullest potential. Continuous training around the needs of employees and ongoing performance management will remain critical.



Bokkie Coertze
Managing Director
Bell Equipment Sales South Africa

BELL EQUIPMENT INTERNATIONAL OPERATIONS



Mike Dutton

This operation (BEIO) consists of four divisions (the group's operations north of South Africa or Northern Region, Africa Dealers, Australasia and the Americas) and represents Bell's global distribution aspirations outside of Southern Africa and Europe. The business unit strives to be the leading supplier of mining, earth-moving, compaction and agriculture haulage and loading equipment in the territories it operates in. Customer and supplier relationships are the primary focus of this business unit and this reflects in its ongoing success. We continue to enjoy superior market share for our products throughout sub-Saharan Africa and continue to work at enhancing Bell's global supply and support base. We realise that this requires us to focus both on our existing and prospective customers and we continue to invest in making Bell products and services more accessible to all our customers in the territories in which we operate.

The management team of this business unit has been bolstered in 2010 by the addition of a Finance Director, Parts Manager and Technical Director – these new members of the management team have all settled exceptionally well into their various roles and have already made vast contributions to the direction and management of the functions within this business unit.

The strategic Project 2014 targets set by the board of Bell Equipment Limited have been adopted and integrated into the budgets and strategy of the division and I am confident that the BEIO management team will meet, and in most cases exceed, these targets.

The operation reports to the group Executive Committee on its operational activities and to the Risk and Sustainability Committee on its identified risks – a risk register is in place and updated continuously. Efforts to reduce this business unit's outstanding debtors have been stepped up and vast improvements in this area have been achieved with a significant reduction in its debtors over 120 days.

NORTHERN REGION

This division's operations are focused on Zambia, Zimbabwe, Democratic Republic of the Congo (DRC), Mozambique and Malawi and new opportunities for the establishment of sales and service outlets in these territories are considered on a continuing basis.

Zambia

New unit sales in this region during 2010 have confirmed that the market recovery in Zambia is steadily under way. Mining sales have been particularly buoyant due to the recovery of the copper price that started in 2009 and continued throughout 2010 – this has reflected in the growth of the Zambian economy which, in turn, has flowed through to good sales in the region. The growth in Lifetime Revenue Stream (LTRS) income for this region has exceeded expectations and has been particularly pleasing. Our customer base in this region is currently being served from three strategically placed service centres.

Zimbabwe

Mining (particularly platinum, diamond, chrome, gold and coal mining) and timber industries in this region recovered promisingly – the Dollarisation of the Zimbabwean currency in late 2009 has had a dramatic impact on the stabilisation of the economy and this has resulted in a sustained upturn in the market for our machinery in this region. LTRS income in this region also outgrew expectations and we continue to service our customer base from four service centres placed throughout Zimbabwe. Outstanding orders for 2011 in this region reflect an expected growth in sales consistent with the recovery of the market.

DRC

This market, which is serviced from two strategically placed service centres, is mainly influenced by copper mining activities in the Katanga province and, as is the case for our Zambian operation, has resulted in this operation's machine park working at capacity and an increased LTRS income. Unit sales in this region have, however, not materialised as expected in 2010. Replacement programmes on a number of mining sites will ensure increased new and used unit sales in 2011. We are particularly proud of our sales and support successes in 2010 in the South Kivu province where a large gold field operation is being developed. In addition, infrastructure development has resulted in steady sales and service income throughout the year. Plans for the establishment of a third service centre in this region are underway and we are confident that this region will continue to provide new and exciting opportunities to Bell going forward.

Mozambique

Although this market has traditionally been an economy led by donor aid (and is expected to remain such in the short term), positive developments in the mining, timber, agriculture and infrastructure industries will assist to reduce the country's dependence on donor aid and encourage further positive growth in the market for our machinery going forward. A management change early on in 2010 contributed to renewed focus and energy in this operation which resulted in improved order intakes towards the latter part of the year and good growth forecasted for 2011.

We continue to serve customers from three service centres and the establishment of two new centres in Tete and Nampula are in the process of being planned – these centres are to be established in the northern part of the country to improve our service levels to our end-customers in this area and to reduce support costs.

Malawi

This is a smaller operation intended to mainly serve our customers in the sugar industry in Malawi. Strategically this operation serves the after-sales side of the business and due to its location covers after-sales in Malawi, North Western Mozambique and Eastern Zambia. Without this operation our support costs in neighbouring Mozambique and Zambia would increase exponentially, with response times to our customers in this area also suffering.

The Northern Region produced reasonable profits for the year and created a number of revenue-generating ventures for Bell. The operation continues to create jobs for both local and expatriate employees and a number of new positions have been budgeted for in 2011 to meet the management, support and administration requirements that have arisen from the consolidation phase of 2009 and 2010. All unit stock requirements are centrally forecast at divisional level thus increasing the unit availability for sales whilst mitigating against the risk of overstocking.

Machine finance to our customers remains our largest stumbling block to sales and increased effort in forging relationships with financial institutions and other financiers remains a priority. Parts stock is held within the operations, increasing the availability to the end customer. Parts mix is fundamental and a project to rightsize the mix is under way and is expected to impact positively on working capital management. Gross profit margins have been under increasing pressure due to the stronger Rand.

Investment in IT infrastructure for the various operations was initiated in December 2010 as a result of the rapid growth experienced over the last four to five years and the need to improve workflow processes in these operations. The rollout of this improved infrastructure will take place during the first half of 2011.

AFRICAN DEALERS

Although the 2009 recession has had the same detrimental effect on our dealer base in Africa as it had on our own operations, it has taken these dealers a longer time to show signs of recovery – this was despite the positive GDP growth being experienced in the markets in which they operate. The latter half of 2010 showed an improved order intake with a number of the dealers working on exciting projects which are expected to deliver good results in 2011. The 2010 unit sales for this division of BEIO were nearly double that of 2009 and we take this opportunity to thank our dealers for their concerted efforts in this regard. LTRS opportunities abound and we will continue to work with these dealers to

maximise revenue from this in 2011. A new dealer management system was developed during 2010 and the rollout of this system started in December 2010. This system will result in improved focus on this sector.

AUSTRALASIA

This division currently consists of three subsidiaries (which are in the process of being consolidated into a single legal entity in Australia) and our relationship with our dealer and strategic partner in this region, Hitachi.

Our most active markets in this region, Australia and New Zealand, have been showing signs of recovery and the stock of ADTs kept at our dealers' locations were depleted during 2010 with units sold more than tripling those sold in 2009 – the fact that this was off a very low base must, however, also be taken into account. There have been a number of sales into the timber and sugar industries of Thailand and, to a lesser extent, Indonesia and these markets continue to present exciting opportunities to Bell. Following a number of visits by customers to our Richards Bay manufacturing facility and visits to customers in the Australasian territory by sales staff, improved sales are being forecast for 2011. Focus on the growth and development of this market remains a priority.

AMERICAS

We continue to supply forestry and agricultural equipment to Central and South American markets and these markets have shown encouraging signs of recovery. Unit sales through our dealer network in this region continued to improve throughout 2010 and, although the effects of the 2009 recession are still being felt by the dealer network, it is forecast that sales will be improving significantly going forward. In North America our focus remains on our range of articulated haulers. While the market for these products has recovered in the United States, the current machine population of these machines has started working again and LTRS growth is being experienced.

Efforts to reduce this business unit's outstanding debtors have been stepped up and vast improvements in this area have been achieved with a significant reduction in its debtors in over 120 days.



Mike Dutton

Managing Director

Bell Equipment International Operations

BELL EQUIPMENT EUROPEAN OPERATIONS



Marc Schürmann

In order to achieve sustainability and maintain sustainable growth in the European market, one needs to appreciate the challenges and diversity of the region.

Apart from the obvious ones like language, culture and legislation, by far the biggest challenge is for a central team to effectively address the needs of the market and customer base of this 50-odd country region.

Success and sustainability not only relies on the Bell Equipment European Operations (BEEO) to effectively produce, trade and support our products, but also has to recognise the fact that this region has the challenge of combining a mature construction equipment market with that of the newly developing markets in Eastern Europe and Russia.

BEEO achieves this by carefully matching the personalities and skills of its sales and support resources to those of our customer base. We have learnt that, irrespective of colour or creed, our customers prefer to do business with people they trust and respect – people they enjoy working with, and as such our biggest investment in the European business unit is the quality and nature of our people.

As such there is no single distribution model enforced on countries in this region – instead we favour a progressive development model in collaboration with our dealers and customers.

Being late entrants into these mature construction markets, the greatest opportunity is to focus on making inroads in market share with the introduction of suitable products and support mechanisms. A direct sales approach is often adopted and blue chip, key corporate accounts are targeted. Although this means that these introductory sales initially result in lower margins, they have the positive benefit of elevating the Bell brand, which is a brand previously unknown in many quarters in this region. Once the Bell brand has been established it eases up access to customers and allows dealers to commit to our products, which in turn means that we can fund and support our products to industry leading levels.

BEEO is well renowned for its product support and although this is initially achieved with factory based support, we have realised the benefits of having locally based support teams. This approach now has become standard practice as we enter and develop new markets and has seen us establish operations in Moscow, Russia, in December 2010.



Manufacturing facility in Alsfeld, Germany

Currently, BEEO commands an overall European regional market share of 14% and 20% in the established construction markets. Our aim is to achieve 22% in each of the countries we are active in. As we have to rely on the Bell ADT as the primary product line in this market, we rely heavily on our dealers which supply a wider range of products and which do not necessarily feature the ADTs of other equipment manufacturers as frontline products. We will continue to foster relations with these dealers and are investigating additional dealer opportunities which can assist us in achieving the market share which has been targeted. This is also the reason for our efforts being focused on dealer development and alignment in the year ahead.

We are in the process of increasing the localisation of non-critical and bulky components closer to our German manufacturing facility which will result in a reduction in the volume of our goods-

in-transit, shipping costs, lead times and actual component costs. Once completed these localisation efforts would allow us to improve the method of containerisation in order for us to achieve a greater combination of model mixes in response to our customers' needs without an increase in finished goods stock levels.

Financial performance

Having felt the effects of the global financial crisis and recession during 2009, BEEO reacted immediately in response and turned its focus to cash generation, stock reduction and the realignment of our cost base with prevailing activity levels.

This not only allowed us to retain our most critical skills but also allowed us to improve our operations to the extent that we could actually grow market share in our focused markets. With innovated process improvements and procedural changes, we have also achieved a more resilient process of decision making which will have

the net effect of reducing our credit risk. We believe that all our divisions are well positioned and that, albeit from a low base, our financial results will improve as regional recovery gains momentum. To ensure that we capitalise on these improving conditions, we have been securing local credit lines for each European Bell subsidiary under the management of BEEO.

Our focus going forward will be on the achievement of the Project 2014 growth and sustainability targets set by the Bell Equipment Limited board – these targets have been designed in such a way that meeting them will result in Bell delivering the financial returns and creating the value our shareholders expect from us.

Marc Schürmann
Managing Director
Bell Equipment European Operations

SUSTAINABILITY REPORT

REPORTING RESPONSIBILITY

The board has delegated responsibility for the group's sustainability reporting and risk monitoring obligations to the Risk and Sustainability Committee in terms of this committee's approved terms of reference (refer to page 40 of the corporate governance report for an overview of the committee). The Risk and Sustainability Committee will meet quarterly to review the adequacy of sustainability management initiatives implemented throughout the group, in addition to fulfilling its responsibilities relating to risk management. Management has operational responsibility for sustainability within its designated business areas. The Group Executive Committee, chaired by the Group Chief Executive, has oversight responsibility for sustainability management in the group.

We have identified economic, environmental and social indicators which were considered to be material to the group's internal and external stakeholders. Independent assurance has been provided on the group's audited financial information by Deloitte & Touche (refer to the Independent Auditors' Report on page 45) and the BBEE contributor level has been verified by PKF BEE Solutions (Pty) Limited. External assurance on health, safety and environmental aspects at our Richards Bay manufacturing facility has been provided by Legal Compliance Services, while Technilaw provides assurance on these aspects at our Jet Park facilities. External assurance on the quality management systems at our manufacturing facilities in Richards Bay and Germany as well as our distribution facilities in Jet Park has also been obtained in the form of the ISO 9001 accreditation again being achieved in 2010.

RESPONSIBLE CORPORATE CITIZENSHIP

Through its Code of Business Conduct Bell has reiterated its commitment to conducting business ethically, with integrity and with a commercial approach that strives to enhance the economic and social well-being of its stakeholders, including investors, employees, customers, consumers and business partners. In this regard, Bell recognises its accountability to create value for its shareholders while meeting the expectations of other stakeholders to the best of its abilities.

Bell has implemented the principles and recommendations of the King II Report and structured endeavours are being made to apply King III. International trends to enhance and standardise sustainability reporting are also recognised and we will continue to apply these reporting initiatives as they become applicable to Bell. The board has committed to these initiatives through the establishment of the Risk and Sustainability Committee which considers the strategic, financial and operational risks facing the group and monitors the adequacy of actions taken to mitigate these risks, thereby protecting the interests of stakeholders and ensuring that opportunities are exploited to increase shareholder wealth. We have also undertaken, subject to confidentiality considerations, to engage our stakeholders in an open and transparent manner and to provide truthful, accurate and consistent information relevant to stakeholders.

Our reliable and cost-effective products and services are supplied responsibly to all our customers and all products are manufactured and distributed in accordance with the applicable regulations, legislation and industry guidelines in the regions in which we operate.

We are focused primarily on the creation of value through innovation and providing strong reliable equipment and service. In so doing, shareholder wealth is created. We realise that delivering the expected returns to shareholders is paramount to the future sustainability of our business as a going concern. In this regard, our strategy to enhance shareholder wealth in the medium to long term is based on the following business model.

SUSTAINABILITY – BELL'S MISSION 2014

In line with our vision of being a sustainable, growing capital equipment solution provider of choice we have identified eight key Strategic Focus Areas (SFAs) that will facilitate achievement of our stated vision by the year 2014 – the strategic focus on these SFAs is broadly referred to as our Mission 2014. The executive leadership of the group has been tasked with ensuring the required attention and resources are committed to these priority areas – Quality in all its forms or "The Bell Way" as we refer to it will be the foundation which will be used as a stable platform from which to launch and build each SFA on.

Mission 2014 is the journey we have embarked upon to ensure our stakeholders' diversified needs are sustainably and consistently catered for by the year 2014 and beyond.

Project 2014

Project 2014 is a business improvement project aimed at ensuring that the group is Shareholder Value-Add (SVA) positive or, at least, neutral during trough business cycle conditions. We have adopted the Operating Return on Assets (OROA) model as our measure of shareholder return – after establishing our cost of capital we have set minimum OROA targets throughout the business cycle to ensure shareholder value is maintained. We refer to these financial targets as SVA targets. By analysing and understanding the drivers of OROA, we have identified seven initiatives embarked upon during the year under review, all with the aim of improving our business and,

ultimately, financial returns to shareholders. Together these initiatives are referred to as Project 2014.

Each one of these seven initiatives is being led by a designated executive manager, with project goals having been clearly communicated across the group to all employees, who have received training on this project and its stated targets. The project has the full and unwavering commitment of all employees, management and the board of directors.

Model business (TMP)

Recognising the cyclical nature of our markets, being a Trough, Mid and Peak (TMP) cycle, together with the SVA principle as explained above, our business has been modelled in such a way as to ensure that we are able to sustainably create value as we migrate between the different business cycles. The key attributes of this model are to:

- grow our business responsibly and sustainably; and
- be able to react quickly and decisively during migration periods, particularly downturns – this is referred to as the ability to pull the required levers to ensure our business remains SVA positive or neutral.

Continuous innovation and development

At Bell we pride ourselves on our ability to innovate and develop products that provide solutions for our customers. Our products are continuously being improved, evolving to meet the changing needs of our customers – we specialise in “clean sheet” design and development of products suited to our customers’ specific conditions. This passion for innovation and pride in our brand as laid down by our founder Irvine Bell, is a legacy that remains strong within the group and its employees.

Our ability and passion to innovate ensure that we maintain our competitive edge and allows us to maximise growth opportunities.

Empowerment and transformation

Bell is uniquely positioned in the South African market as an Original Equipment Designer and Manufacturer (OEM) of yellow metal products. We are a proud enabler of infrastructure development and consequent economic growth in South Africa as well as the rest of Africa. Key to sustainable development of any country is job creation and we are proud to say that we have answered government’s call for job creation. This has been achieved by partnering with the Department of Trade and Industry, the

Economic Development Department and the Industrial Development Corporation on a number of projects. We have a vision of empowering our fellow countrymen by providing direct and indirect employment and skills development opportunities. The group is committed to achieving sustainable transformation and supporting the “Buy South African” initiative as prioritised by government.

Superior customer satisfaction

We have respect for the fact that our customers are the reason for our continued existence and recognise that consistently meeting and exceeding our customers’ expectations through successfully achieving the goals set by each of the other SFAs will facilitate superior customer satisfaction. Being financially sustainable gives the customer peace of mind that we will continue to invest in innovation and product development, which in turn allows our customers to make value-proposition investment in class-leading products. Through our transformation initiatives our customers are able to build the new South Africa, while our employees remain committed to service excellence to our customers. Our strategic alliances and full product and service line will also ensure that we retain the ability to meet our customers’ needs.

Our family

Employees are considered as family and are the most important asset of the group – as a family we support and nurture one another. Being a family means working for the greater benefit of Bell as was demonstrated when together we weathered the recent financial crisis. We will continue to focus on developing and harnessing the skills and knowledge of employees to deliver world class products and services, facilitating

sustainable growth. We will also continue to endeavour to reward and incentivise our employees appropriately and at market related rates for the contributions they make towards the group’s successes.

Full product and service line

By offering our customers fully integrated yellow metal solutions, Bell is able to maintain a competitive advantage in the market. These solutions include a full yellow metal equipment and materials handling range, a comprehensive used equipment offering, repair and maintenance contracts, financing solutions, remote equipment monitoring and tracking (Fleetm@tic), parts and maintenance services. In keeping with our ability to innovate we offer customised solutions to customers through our “specialised equipment” business unit offering tailor-made equipment for customers with specialised requirements.

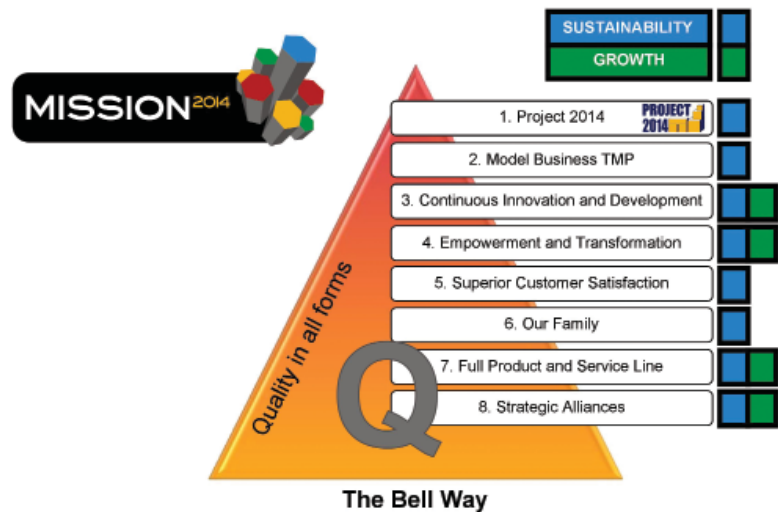
Strategic alliances

Our strategic partners, including John Deere, Hitachi and Bomag, are some of the most respected brands in our industry. These organisations share our vision and together we are able to provide world-class product offerings and services to our customers throughout the world.

BELL EMPLOYEES

Our employees have continued to serve Bell loyally and productively through what has been a difficult year in many respects. Bell’s financial turnaround witnessed in 2010 is in no small part attributable to the grit and determination shown by Bell’s employees. We are sincerely grateful for the many hours of hard work and sacrifices these employees have made.

We are committed to providing conditions of employment and management practices that will earn and support superior



performance by our employees. Bell respects and appropriately rewards each individual's contribution. Within the bounds of the needs and goals of Bell, all employees will be given every reasonable opportunity to grow and advance to the fullest extent of their abilities. Unlawful considerations on race, gender, sexual orientation, geographic background, culture, age, disability, economic status and religious beliefs do not enter into appraisals of individuals for employment, skills development, reward or promotion.

Training and development

Bell believes that one of the most effective areas of social investment in which we can become involved in is education – both in the communities in which we operate to provide hireable resources and in the support of selected individuals in gaining skills specific to our needs.

As part of our longer-term strategy of attracting women into engineering we have provided bursaries to two previously disadvantaged women assisting them to attend a top private high school in Zululand. This is a pilot project which we are intending to rollout on a larger scale as the group's financial situation improves.

We continue to participate in the Zululand Forum for Sustainable Development (ZFSD) which is aimed at identifying and rolling out projects focused around education, particularly in relation to Early Childhood Development (ECD) and Science, Technology, Engineering and Mathematics (STEM) upliftment. In this regard we are

planning to partner with an organisation called Training and Resource in Early Education (TREE) which offers training and support to ECD centres. In conjunction with TREE, we have also embarked on a baseline assessment of potential ECD centres within the Uthungulu region with the objective of supporting them both financially and with resource input going forward. Bell will take part in this if finances are approved.

From an internal skills development perspective, Bell continues to invest in nurturing scarce and critical skills, despite the impacts of the economic downturn. Bell retained over 80 apprentices in its employ during 2010, despite cost pressures and continued to invest in critical skills training for welders, assemblers and machinists.

Some of the key initiatives central to ensuring the long-term availability of these essential skills include:

- completion of a three-year pilot project to help align the delivery of the National Vocational Curriculum (NVC) more closely with the skills needs of industry. This project was undertaken with the Department of Education and the Swiss South Africa Cooperative Initiative working with a pilot group of Further Education and Training (FET) colleges across South Africa (including the Umfolozi and Richtek colleges in Richards Bay), through a combination of in-service development provided to lecturers and workplace-based experience provided to students. The standard of NVC qualified candidates

will be more closely aligned with our needs in future as a result.

- continuing to host level 2, 3 and 4 NVC engineering students for workplace exposure and evaluating this qualification for future recruitment/ learner/apprentice intakes following the phasing out of National Technical Courses. This involvement is also a mechanism to identify potential future recruits. Feedback from mentors and artisans has been positive with a clear indication of an improvement in the knowledge and skills levels of students who present themselves for recruitment. The possibility of an accelerated apprenticeship is now being explored with Richtek College.
- due to the benefits realised in 2010, Bell will continue participating in a pilot project with Manufacturing, Engineering and Related Services Sector and Education Authority (MerSeta) known as the Recognition of Prior Learning (RPL) project. The manufacturing division of Bell employs a large number of semi-skilled people in the areas of fabrication, welding, machining, assembling and spray-painting. A significant proportion of these people have more than ten years service, with most of them having no formal qualifications. Bell has recognised the need to take positive steps in developing its current employees and to create the necessary skills pool for future requirement as well as meeting its employment equity goals. It has looked at a number of cost effective options for training and development at shop floor level and believes that the RPL process is the right place to start. The RPL Project has to date investigated the knowledge and skills of 30 employees in these positions to assess whether they have full competency of the job requirements against the job description and aligning them to the unit standards in the National Qualifications Framework (NQF) Level 2 qualification for assemblers and machinists. These students were awarded their NQF 2 National Certificates in December 2010.

Employment equity

As our business steadily improved during 2010, Bell re-embarked on the implementation of a comprehensive employment equity process throughout our South African operations which included employment equity awareness training, management training, a detailed analysis of existing employment equity levels, the establishment of employment equity forums



Curtain raiser at the 2010 Bell World Cup Final
Our ladies teams (representing Administration and Production) created much excitement.

(EE Forums), the election and training of the EE Forum members (including the participating line manager) and the development of updated employment equity plans. These employment equity plans were presented and approved by the Bell Group Executive Committee and the board of Bell Equipment Limited. Management will continue to work in consultation with the representatives of employee stakeholders over the next five years to ensure the successful execution of Bell's approved employment equity plans to provide advancement opportunities for historically disadvantaged individuals.

Attention has also been focused on the African operations within the Bell Equipment International Operations business unit to ensure that localisation and transformation efforts of the employee complement of these operations are stepped up.

Employee relations

Bell has for many years worked hard at maintaining a sound employee-relations dispensation with all employee stakeholders. Employee relations stability is reflected in the fact that there have not been any major industrial action disruptions in the past three years and we believe that this is a testament to our commitment to engage these stakeholders constructively. We continue to respect employee rights and labour regulations through our human resources function, sound industrial relations practice and legal compliance frameworks implemented throughout Bell.

Employees are free to belong to a trade union of their choice. Union affiliation statistics reflect that our scheduled or wage earning employees are well represented by the National Union of Metalworkers of South Africa (NUMSA) and Solidarity, while a significant number of non-scheduled or salaried employees remain non-unionised. NUMSA has been supportive of Bell as a local job creating manufacturer and has assisted us in lobbying the South African government for support in this regard. Bell acknowledges this assistance and thanks NUMSA for its efforts in this regard.

Workplace safety

With the exception of one unfortunate permanently disabling injury which resulted in one of the group's apprentices being paralysed, no other material injuries were recorded at any of our manufacturing and distribution centres.



Thumbs up... we're having a good time!
Employees supporting their soccer team
(in our own Bell World Cup)
in the countdown to 11 June 2010.

Health and safety compliance management is applied at all businesses with particular emphasis on stringent practices and controls applied in the group's manufacturing facilities. Lost Time Injury Frequency Rate or LTIFR has recently been instituted as a measurement instrument throughout the group and will be used to monitor the safety performance of all operations – LTIFR measures the number of disabling injuries per 200 000 annual employee hours. In this context, a disabling injury is one arising out of or during an employee's course of employment and which results in the loss of one or more working days or shifts. The manufacturing facilities aim to limit the disabling injury frequency ratio to less than one in 2011. LTIFR will be the sole method of reporting from next year.

Health and wellness

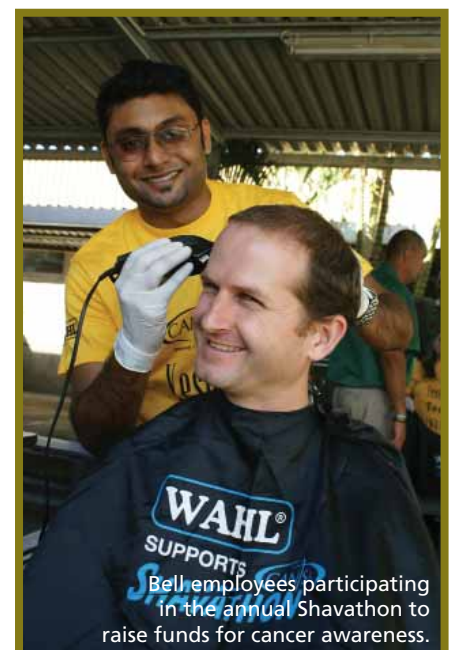
Bell has always taken the view that employee health and wellness is one of the cornerstones of its success with benefits in reduced sickness absence, improved job performance and employee wellbeing. Membership of selected medical aid funds is compulsory for all employees and Bell makes a 60% contribution to the funds of scheduled employees.

The Richards Bay manufacturing operation maintains a fully equipped medical facility which is staffed by highly qualified health professionals focused on taking care of employee health and compliance with regulatory requirements. The services of external health professionals are enlisted to give medical care to employees outside of the Richards Bay area.

Bell maintained funding for our core wellness programmes in 2010 including themes such as cervical cancer, diabetes, HIV/Aids and tuberculosis. These wellness programmes will be extended as Bell returns to profitability and funding becomes available to sponsor additional projects.

SOCIAL INVESTMENT

This report provides information for the rolling five-year period from 2007 to ensure that a broad overview is given of Bell's social investment in the recent past.



Subsequent to the approval of the Bell Socio-economic policy and procedure in 2008, key projects were identified for support within the Uthungulu district of the KwaZulu-Natal province – this support and donations to other non-profit organisations amounted to R4,7 million during this period and key projects supported were:

- R1,5 million donated to Amangwe Village – this organisation is based outside of Kwambonambi and is a multi-partnership initiative between local corporate industry, government and the community. Established in 2002, the project is aimed at providing a holistic system of prevention and care for adults and children, both infected and affected by HIV/Aids. The contribution to Amangwe Village will enable the expansion of identified projects related to early childhood development, orphans and vulnerable children support and community development, home based care, and peer education amongst others;
- computerised milling and laser machines to the value of R2 million donated to the Umfolozi College, Richtek campus. These machines form part of the FET recapitalisation project of the Department of Education which is aimed at making FET colleges relevant to the needs of industry. It is key to industry in Zululand that local education and training institutions provide practical workshop exposure to students/employees in the area and our donation was made in the furtherance of this need being met;
- a donation of R100 000 made to the University of Zululand's Science Centre. This funding was provided to create interest and capacity in the areas of Science, Technology, Engineering and Mathematics. Unizul Science Centre hosts over 30 000 visitors a year, most of them school children from rural communities;
- an amount of R65 000 donated to the Umfolozi College Careers Centre for the design, production and manufacture of Engineering Career Guidance Information Boards; and
- R400 000 donated to the Mphephose School in Makhwezini, outside of Empangeni. This donation partially funded the construction of the administration offices of this school and is part of Bell's long-term support to the school – to date Bell has contributed to the construction of seven classrooms.

Due to the financial pressures brought about by the 2009 recession and the resulting expense cuts that had to be effected, Bell was unfortunately not in a position to make any material contributions to corporate social investment (CSI) during this time. The following commitments have, however, been made to social responsibility and community causes:

- a three-year commitment to sponsoring two bursars per year to attend the Investec International Rugby Academy High Performance Course to the combined value of R84 000; and
- a three-year commitment to sponsoring Thanda Royal Zulu Football Club. This club has made the uMhlatuze stadium in Richards Bay their training home recently and competes in the Professional Soccer League's first division. Bell and this football club will be participating in joint community orientated and welfare projects, particularly related to HIV/Aids initiatives.

ENVIRONMENT

Bell places environmental responsibility among its core values and recognises the importance of preserving the integrity of the natural heritage. We aim to comply with or exceed the environmental regulatory standards of all countries into which we sell our products and services. The board of directors attaches great emphasis on caring for the environment and will ensure transparency in maintaining operations, which are recognised as role models in the -moving equipment industry. Our concern for the environment is subject to continuous review and improvement.

As part of our drive towards enhancing our approach to sustainable development, Bell remains committed to complying with environmental requirements for its Richards Bay factory, German assembly plant and all its distribution operations worldwide. All products distributed meet the required European emissions standards and our Product Development Process is well positioned to ensure that our products will meet the more onerous engine emissions requirements, which are to be implemented in Europe and the USA over the next few years. We have continued our efforts to reduce waste by increasing the use of recyclable materials such as packaging materials, oils and steel offcuts in applications which traditionally generate considerable waste.

STAKEHOLDER ENGAGEMENT

Stakeholder identification

Stakeholders are considered to be those persons, groups or organisations which are directly impacted by Bell's activities as well as those persons, groups or organisations which can reasonably be foreseen to be impacted by the group's activities. We have put in place policies and procedures to ensure timely communication of accurate and relevant information to each stakeholder group in a consistent manner.

Stakeholder engagement

We recognise that Bell's continued sustainability is dependent on our relationships with stakeholders and will continue to improve communication channels and provide accurate and relevant information to these stakeholders. The board has recently adopted a stakeholder engagement policy as part of the Bell Code of Business Practice in the furtherance of this cause.

The board of directors is responsible for the implementation of a stakeholder-inclusive governance approach. The board delegates this responsibility to the Group Chief Executive and executive management is entrusted with the responsibility for the development of suitable stakeholder engagement policies and implementation of a transparent and consistent system of communication with identified stakeholder groups.

In accordance with the JSE's Listings Requirements, all corporate communications which appear on the JSE's Securities Exchange News Service (SENS) are approved by Bell's corporate sponsor prior to posting the announcement.

The group produces annual and interim reports as required and publish these on the company's investor relations website (www.bellir.co.za). The group's external website (www.bellequipment.com) is an important means of effectively communicating with all stakeholders – keeping them abreast of developments within the group and providing essential information relating to the group and its operations.

This group's external website contains a wealth of information about Bell, our products and services, governance structures, sustainability information and Bell as an investment destination.

Stakeholders are encouraged to interact with Bell to gain a better understanding of our group and to make suggestions on ways to improve our product and service offerings using the following channels:

- direct contact with the head office and country or regional offices for specific information;
- the independently monitored Tip-Offs Anonymous hotline; and
- the Group Company Secretary who will also provide access to publically available corporate information and deal with requests in terms of the Promotion of Access to Information Act – the group's manual in this regard is available on its website and directly from the Group Company Secretary.

The group holds annual conferences with its external business partners (primarily suppliers, customers and dealers) and uses this opportunity to communicate its plans for the year ahead so that these stakeholders are fully apprised of the group's expectations and requirements. At the same time Bell receives valuable feedback from its customers, suppliers and dealers, with regard to its products and services and where these can be improved, which feeds into our product and service development plans. During 2010, a delegation of senior managers attended the Bauma international trade fair for construction, building and mining equipment.

The group also produces an annual employee report and has other regular communications with its employees. The Bell intranet also plays an important role in keeping our employees around the world abreast of the group's activities and facilitates communication amongst our various operations.

ALTERNATIVE DISPUTE RESOLUTION

The group will, as a first step, seek to resolve disputes through constructive dialogue with the relevant parties and will only involve external legal advisors, arbitrators and/or mediators to expedite dispute resolution, where dialogue does not result in adequate progress toward resolution of disputes.

Bell endeavours to include dispute resolution procedures into contracts with suppliers, customers and other stakeholders with whom it may contract from time to time.

BLACK ECONOMIC EMPOWERMENT

Our concerted efforts to transform Bell were evidenced recently, when both our South African operations were rated by PKF BEE Solutions (Pty) Limited. As with prior years, for private sector entities this was against the full scorecard covering not only ownership, but also management diversity, employment equity, skills development, preferential procurement, enterprise development and socio-economic

development. Bell Equipment Company SA (Pty) Limited (BECSA) improved its rating to a level 6 contributor whilst Bell Equipment Sales South Africa Limited (BESSA) improved its score and retained its rating as a level 4 contributor, resulting in 100% of customers' purchases from BESSA being classified as BEE spend. This is particularly important when our customers make large capital purchases.

HUMAN RIGHTS

Bell's commitment to fundamental human rights, as embodied in the South African Constitution's Bill of Rights, is an essential element of our daily operations and is integral to our objective to be an exemplary global corporate citizen. Our pledge to human rights requires that we all understand and carry out our responsibilities consistently with Bell's values and best practices. It is for this reason that Bell employees, our dealers and other representatives are expected to:

- honour human rights and respect the individual dignity of all persons globally;
- support diversity, equal opportunity and freedom of association and not tolerate unlawful discrimination and harassment in Bell workplaces;
- continually strive to provide safe and healthy workplaces to all employees;
- not use any form of forced or indentured labour or child labour in the production or manufacturing of goods; and
- not discriminate on the basis of race, colour, religion, gender, age, language, culture, national origin, citizenship, sexual orientation or disability.

Consequently, no incidents of human rights transgressions occurred and the group is not aware of any such actions committed by any of its local or international suppliers.

FRAUD AND ETHICS MANAGEMENT

The group has a Code of Ethics which commits the group and its employees to the highest standards of ethical and professional integrity and has the full commitment of the board of directors and the Group Chief Executive. This code has been effectively communicated to all Bell operations worldwide and covers the interactive relationships between the group, its directors, management and employees amongst themselves and outside stakeholders, customers, shareholders and society at large.

Bell's board of directors and management remain intolerant of unethical behaviour and

are committed to ensuring that the group and its employees uphold Bell's credible reputation – the Bell Code of Business Conduct, which is supplementary to the Bell Code of Ethics, is in place to provide further guidelines on expected standards of corporate conduct by all employees throughout the group. This code describes the expected behaviour and conduct of employees in relation to business integrity, prohibition of unethical conduct (such as bribery, fraud and theft), accountability and compliance with legislation, regulations and business controls. The safeguarding of confidential and price sensitive information is also specified in this code, with insider trading being strictly prohibited.

All employees are required to sign and accept both the Code of Ethics and the Code of Business Conduct to acknowledge responsibility for their corporate fiduciary duty and to declare any conflicts, both upon appointment to Bell and as part of an annual scheduled certification to the Bell Audit Committee.

WHISTLE-BLOWING – TIP-OFFS ANONYMOUS

As part of the efforts to enforce the Code of Business Conduct we realise the importance of a facility for the reporting of any unethical or improper actions and we have, in conjunction with Tip-Offs Anonymous, established a reporting facility that is available 24 hours a day. All stakeholders are encouraged to report any unethical and improper behaviour via this facility and in this regard a concerted awareness drive was rolled out to selected customers and suppliers during the year. All Tip-Offs Anonymous reports logged during the year were referred to the Internal Audit Department for further investigation. Where required, the necessary control improvements were satisfactorily completed during the year. More information on this reporting facility is available from our official external website.

In addition, employees are encouraged to anonymously report incidents to line managers, senior executives, the group Internal Audit Department or to Tip-Offs Anonymous.

COMPLIANCE WITH REGULATIONS AND LEGISLATION RELEVANT TO THE BUSINESS

No material fines or penalties were incurred during the reporting period for non-compliance with laws and regulations. Please refer to page 41 of the corporate governance report for more information on the Bell Compliance Programme.

CORPORATE GOVERNANCE REPORT

Bell's board of directors continues to be committed to upholding strong corporate governance standards in the group. The Codes of Corporate Practices and Conduct as set out in the King II Report were applied during the year. The board further supports the recommendations of the recently introduced King III Report (King III) which became effective for financial years commencing on or after 1 March 2010. In this regard, consideration has been given to the King III principles and a number of steps have been taken towards applying these, as appropriate, to our business. The board considers the group's appropriate application of King III as an essential feature of the way we behave as a responsible corporate citizen and an integral part of our drive to remain a world-class business. Instances where King III recommendations have not been applied are identified and discussed in this report.

An assessment of our compliance with the recommendations made in the King II Report confirms that the group complied with all material aspects of this report in 2010. It is the policy of the group that the Board and management actively review and enhance the group's systems of control and governance continuously and ensure the group's business is managed ethically and within acceptable risk parameters. Opportunities for improvement are also identified and addressed on a regular basis and developments in this regard during the year included:

- the establishment of a Risk and Sustainability Committee separate from the Audit Committee to strengthen the focus on risk and sustainability matters impacting on the group's operations;
- the performance of a gap analysis and King III readiness self-assessment resulting in a number of initiatives being implemented to bridge the gap between current corporate governance practice and King III principles;
- adoption of a revised Board Charter and revision of the terms of reference of board sub-committees to reflect the application of King III recommendations which are relevant to the group;
- the confirmation by the board that a lead independent director would be nominated and appointed in terms of the recommendations of King III as and when required;
- implementation of a group wide compliance programme;
- development of the group's IT governance policy and the establishment of an IT Steering Committee by management;
- adoption of a stakeholder engagement policy; and
- review and update of the group's Code of Business Conduct.

BOARD OF DIRECTORS

Board structure

The board of directors is a unitary board of 11 directors comprising three executive directors and eight non-executive directors, five of whom are independent. The Chairman of the board is an independent non-executive director. The board has resolved to appoint a lead independent director in line with King III recommendations as and when the need for such a lead independent director arises.

Going forward each independent non-executive director will be assessed to determine whether any business or other relationships interfere materially with the director's capacity to act in an independent manner.

The roles and responsibilities of the independent non-executive Chairman, lead independent director and Group Chief Executive are strictly separated. The Chairman provides leadership and firm guidance to the board while encouraging proper deliberation on matters requiring the board's attention with input from other directors. The lead independent director will be appointed and assume the responsibilities of the Chairman solely when the latter is unable to attend relevant board and committee meetings, where there is a conflict of interest or when the Chairman's performance is being appraised or term of office is being reviewed. The Group Chief Executive and Group Executive Committee are responsible for implementing strategy and operational decisions in respect of daily group operations. The non-executive directors are individuals who objectively contribute a wide range of industry skills, knowledge and experience to the board and are not involved in the daily operations of the company. All non-executive directors have unrestricted access to management at any time. When required, non-executive directors are entitled to access the external auditors and, at the company's expense, are able to seek independent professional or expert advice on any matters pertaining to the group.

The board is governed by a Board Charter which sets out its composition, appointments, responsibilities and board processes. The fiduciary duties and role of each director are also defined. The Charter states the board's responsibility to its shareholders for monitoring key risk areas, performance indicators and the effectiveness of management. It further tasks the board with reviewing and assessing the strategic direction of the group and with a number of other functions relating to corporate governance, sustainability and accountability. A copy of this charter may be obtained from the Group Company Secretary.

In terms of the shareholders' agreement concluded between IA Bell and Company (Pty) Limited and John Deere Construction and Forestry Company (JDFC), these two principal shareholder parties are, in terms of their current shareholding in Bell Equipment Limited, both entitled to nominate three directors respectively – in this regard Barry Schaffter retired from the board on 1 November 2010 as non-executive director and was replaced by Donald de Bastiani as a JDFC nominee in line with the provisions of the mentioned shareholders' agreement. Following the retirement of Howard Buttery on 6 May 2010, Leon Goosen was appointed as an executive director to the Board and Bharti Harie was appointed as an additional independent non-executive director with effect from 19 November 2010. A brief curriculum vitae of each director is set out on pages 8 to 9 of this annual report.

The board meets at least once every quarter and four board meetings were held during the year. Directors are fully briefed by the Group Company Secretary and provided with all necessary information sufficiently ahead of the scheduled board meetings to enable effective discharge of their responsibilities. The board has adopted an annual work plan to ensure all relevant matters for board consideration are prioritised and addressed. Members of senior management, assurance providers and professional advisers may attend meetings by invitation only and do not form part of the quorum of any meeting.

In accordance with Bell's Articles of Association, at least one-third of directors have to retire by rotation and may stand for re-election. Details of those directors retiring by rotation and standing for re-election are reflected in the notice of the annual general meeting contained on pages 97 to 98 of this report.

In assisting the board to discharge its collective duties, certain board responsibilities have been delegated to the Audit Committee, Risk and Sustainability Committee and Nominations and Remuneration Committee. The board of directors is ultimately responsible for ensuring that Bell is a viable business and to this end effectively controls the company and its subsidiaries, monitors executive management and takes all decisions that are material for this purpose. The board has approved and regularly reviews the group's schedule of authorities which allows for the clear segregation of duties within the group.

Group Company Secretary

The Group Company Secretary plays a pivotal role in the corporate governance of the group. He acts as adviser to the board, guiding individual directors and committees in areas such as corporate governance, updates on legal and statutory amendments, and the effective execution of directors' responsibilities and fiduciary duties.

The Group Company Secretary attends board meetings and is responsible for compiling agendas, board packs and for accurately recording the minutes of these meetings for distribution to relevant members. The Group Company Secretary is further responsible for ensuring that directors are kept abreast of relevant information impacting the group's operating environment and that directors participate in continuing professional development programmes. Briefing sessions for directors are presented by senior management to keep directors updated on developments in the group and the territories in which it operates.

The board considers the Group Company Secretary qualified to perform his duties in accordance with applicable legislation and fit and proper for the position. All directors have access to the Group Company Secretary and are entitled to seek other independent professional advice with regard to the performance of their duties. The Group Company Secretary ensures compliance with applicable procedures and legislation and the removal from office of the Group Company Secretary is a matter for the board as a whole.

The Group Company Secretary also assists the Nominations and Remuneration Committee in ensuring that the correct procedure is followed for the appointment of directors. Whenever deemed necessary, the Group Company Secretary reviews

the rules and procedures applicable to the conduct of the affairs of the board. If and when necessary, the services and guidance of the corporate sponsor and other experts are procured to ensure that the directors have adequate insight to discharge their responsibilities efficiently. Furthermore, the Group Company Secretary will be assisting in the annual evaluation of the board, its sub-committees and individual directors.

A brief curriculum vitae of the Group Company Secretary can be found on page 17 of the annual report.

Appointments to the board of directors

Appointments to the board of directors are proposed by the Nominations and Remuneration Committee which takes into account the appropriate balance of skills, experience and diversity required to lead, control and best represent Bell. Appointments are formal, transparent and a matter for the board as a whole.

A formal induction programme is in place for new board members. This sets out directors' responsibilities, fiduciary duties and information relating to the relevant statutory and regulatory frameworks. This enables the new appointees to provide inputs from the onset and make informed decisions. The Group Company Secretary manages the implementation of this induction programme which includes introductions to key members of executive management and visits to Bell's local manufacturing and distribution sites. New appointees receive copies of the latest interim announcements and annual financial statements and are provided with details of the group's strategy, current budget, group structure, board and sub-committee composition as well as information on upcoming board meetings.

Succession planning

Bell promotes succession planning for all key positions – succession plans are reviewed by the Nominations and Remuneration Committee and report-backs are given to the board at the subsequent meetings.

Self-evaluation

A process of self-evaluation exercises will, going forward, be conducted annually for the board, each sub-committee and individual directors. These evaluations will assess the directors' understanding of the board's charter and the respective terms of reference of the board's committees. An evaluation of the Chairman and Group Chief Executive will also be completed by each

director. A summary of these findings will be reported back to the board at the meeting following the evaluation.

Conflicts of interest and share dealings

Directors are obliged to disclose their shareholdings, additional directorships and any potential conflicts of interest, direct or indirect that may arise, at every meeting of the board. These are recorded in the minutes of the board meetings. Directors are also given the opportunity to submit an annual declaration of their interests and a list of directorships in terms of the Bell Code of Business Conduct and Sections 234 and 216 of the Companies Act, 1973.

In line with the JSE's Listings Requirements and the prohibitions contained in the Insider Trading Act, all directors and senior management employees are barred from dealing in Bell's shares during "closed periods" as provided for in terms of the JSE's Listings Requirements.

Directors are compelled to disclose their intended share dealings and obtain written approval from the Chairman and Group Company Secretary, prior to dealing in the shares of the company. The Group Company Secretary, in conjunction with the corporate sponsor, publishes details of the transaction on the JSE's stock exchange news service.

Directors' interests and shareholdings are disclosed on page 47 of this annual report.

BOARD SUB-COMMITTEES

The Audit Committee and Nominations and Remuneration Committee are established sub-committees which assist the board in performing its duties. In accordance with King III, the Risk and Sustainability Committee was established as a separate committee during the 2010 financial year to provide specific attention to broader risk management and sustainability factors impacting the group. The function had previously been performed by what was known as the Risk Management and Audit Committee.

Each sub-committee is governed by formalised Terms of Reference which are reviewed from time to time to ensure adequate alignment to prevailing legislation, regulations and best corporate governance trends. The Terms of Reference for all sub-committees were updated and approved by the board during the year to reflect amendments made for King III compliance.

In line with King III, the chairmen of all sub-committees will in future attend the company's annual general meeting.

The composition of the board's sub-committees is as follows:

Nominations and Remuneration Committee

Danie Vlok*

John Barton

Douglas Gage

Tiisetso Tsukudu

Audit Committee

John Barton*

Danie Vlok

Bharti Harie

Risk and Sustainability Committee

Danie Vlok*

John Barton

Michael Mun-Gavin

Kelan Manning

Leon Goosen

Karen van Haght

**Committee Chairman*

Audit Committee

The information below constitutes the report of the Audit Committee in respect of the year under review, as required by section 270A of the Corporate Laws Amendment Act.

The Audit Committee is constituted as a statutory committee and has an independent role with accountability to both the board and shareholders. The board has reviewed and amended membership of the committee to reflect current legislation and recommendations by King III, which dictates that all members of the committee be independent non-executive directors. The board elects the Chairman of the Audit Committee. The committee was chaired by independent non-executive director John Barton, and further comprises two independent non-executive directors.

The board has assessed the experience and qualification of the committee members upon their appointment and has confirmed that they are sufficiently qualified and experienced in matters such as financial and sustainability reporting, internal financial controls, external and internal audit processes, corporate law, risk management, financial sustainability issues, IT governance as it relates to integrated reporting and governance processes within the group. The board has satisfied itself that all members of the committee act independently in compliance with the Corporate Laws Amendment Act. The committee members are recommended to the board for approval on an annual basis.

The committee meets at least four times annually, but more often if necessary, and during the year met four times. Attendance at meetings is set out in the table on page 41.

The committee has unrestricted access to the external and internal auditors. The Group Company Secretary is the secretary of the committee. The Chairman of the committee represents the Audit Committee at the annual general meeting each year. The committee's terms of reference tasks the committee with overseeing all factors and risks that may impact on the integrity of the annual report.

Interim and annual results are reviewed to ensure that the financial results are valid, accurate and fairly represent the group's performance. The committee assists the board with all financial reporting and reviews the annual financial statements as well as the preliminary announcements and interim financial information. It further provides the board with its views on a quarterly assessment of the going concern status of the group and regularly reviews the appropriateness of the capital structure.

The committee also assesses internal controls governing accounting, auditing and financial reporting. The committee has the responsibility to review and monitor the structure, performance and activities of the Internal Audit Department, the external auditors and the adoption of internal control procedures including accounting policies, legislative compliance, regulatory matters and governance. The committee is responsible for recommending the appointment of the external auditors. It is tasked with the responsibility of nominating the external auditors for appointment, approving the terms of engagement and remuneration for the external audit engagement and monitoring and reporting on the independence of the external auditors in the annual financial statements. It also sets the criteria for recommending the engagement of the external auditors for non-audit purposes. It approves the internal audit plan and oversees the external audit process.

The committee has representation on the Risk and Sustainability Committee, ensuring that key risks facing the group are brought to the attention of the Audit Committee. The committee specifically oversees financial reporting risks, internal financial controls and fraud and IT risks as they relate to financial reporting.

No independent assessment was made of the risk management process and consideration will be given to it being undertaken by the Internal Audit Department during the forthcoming year.

The Audit Committee has the additional responsibility of advising and updating the board on issues ranging from accounting standards to published financial information. The group's whistle-blowing arrangements are approved and monitored by the committee. Findings by the external auditors arising from their annual statutory audit are tabled and presented at an Audit Committee meeting following the audit. The committee endorses action plans for management to mitigate noted concerns. The committee has access to the company's records, facilities, employees and any other resources necessary to discharge its responsibilities effectively.

The committee has considered and is satisfied with the expertise and experience of the Group Finance Director. Further, the committee has considered and is satisfied with the independence of the external auditors and with the effectiveness of the group's internal audit function.

The Audit Committee recommended the annual financial statements for approval to the board.

The Audit Committee was responsible for oversight of risk management in the group until the Risk and Sustainability Committee was established in July 2010.

External audit

The external auditors are responsible for reporting on whether the financial statements are fairly presented and that they are prepared in compliance with International Financial Reporting Standards. Their audit also includes an assessment of selected internal controls. The preparation of the annual financial statements and the adequacy of the systems of internal controls remains the responsibility of the directors.

Where permissible, the external auditors are appointed to provide non-audit services. The group's policy is to use its external auditors for non-audit services such as tax and accounting where the use of other consultants would not make sound commercial sense and where good corporate governance is not compromised by the engagement.

Internal audit and internal controls Internal control systems

Management is responsible for systems of internal control. Internal control systems are designed to assist in achieving our business goals and safeguard assets. Systems of internal control also play a key role in preventing and detecting fraud and error.

There are inherent limitations to the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation and asset safeguarding. Furthermore, the effectiveness of an internal control system can change with circumstances and for this reason this needs to be, and is, reviewed and updated on a regular basis.

Nothing has come to the attention of the directors, or of the internal auditors, to indicate that any material breakdown in the functioning of Bell's key internal controls and systems occurred during 2010.

Internal audit

Bell has a group internal audit function which enjoys the full support and cooperation of the board of directors, management and staff. Internal audit personnel have the requisite professional integrity, training and experience to perform their duties.

Internal Audit is performed using a risk-based methodology. The annual internal audit rotation plan is developed giving due consideration to the risks identified and business requirements and is approved by the Audit Committee. Bell's Group Executive Committee and Bell Audit Services Committee are kept fully apprised of the internal audit function's activities through comprehensive reports that include the internal audit findings and recommendations, management comments and regular status updates.

Nominations and Remuneration Committee

The Nominations and Remuneration Committee is chaired by independent non-executive director, Danie Vlok, and further comprises two non-executive directors, one of whom is independent. The board has satisfied itself with the level of experience and competency of the committee members.

The committee usually meets three times annually but during the year only met once. Attendance at meetings is set out in the table on page 41.

The committee's Terms of Reference, which are reviewed and approved by the board on a regular basis, outlines its composition, objectives and describes the committee's responsibilities and duties. The committee is responsible for ensuring that the company's executive directors and management are rewarded fairly in accordance with their individual contribution to the group's overall performance objectives.

Further, the committee makes recommendations to the board on non-executive directors' fees. The board has resolved that these proposed fees be submitted to shareholders for approval at the annual general meeting in line with King III recommendations.

The committee's responsibilities are aimed at ensuring that the board has sufficient resources with the prerequisite mix of expertise, experience and diversity to set the strategic direction for the group which, in turn, aims to secure the interests of stakeholders.

Remuneration policy

The group operates in a highly competitive market where key skills and technical know-how are critical to the success of the group. We seek to reward employees fairly and in line with the market in similar industries and in this regard the services of a reputable consulting firm are engaged from time to time to ensure an objective salary structure and equity within the group.

The Nominations and Remuneration Committee oversees and makes recommendations to the board on matters such as salary increases and employee benefits in consultation with the Group Chief Executive and the group management.

The group remunerates its executive directors based on reliable benchmarking data and seeks to achieve market-related cost to employer packages that are a combination of basic salaries augmented by incentives provided that the group achieves set returns on assets. As recognition for superior performance, the group also has a range of incentive schemes in place which pay quarterly and annual bonuses, which could place employees' remuneration packages beyond the norm provided that certain profit and performance hurdles are cleared. These incentive schemes have been structured to reward performance

and to align managements' interest with the interests of shareholders. Although these schemes were placed on hold during the 2009 and 2010 recovery period, these will soon be operative again due to the improved financial position of the group.

In determining the salary increases of executives and the payment of incentives, the Nominations and Remuneration Committee evaluates the performance of each executive against the achievement of predetermined objectives. The performance of the Group Chief Executive is evaluated annually by the independent Chairman of the Nominations and Remuneration Committee in order to determine his salary package for the ensuing year. Likewise, the Group Chief Executive conducts an annual review of the performance of all senior executives. There was no increase in the remuneration of the Group Chief Executive. The remuneration of these executives and other executive directors are detailed in the annual financial statements on page 92.

Share options have been allocated to certain members of middle and senior management in terms of the Bell Share Option Scheme 2 as part of the board's strategy to retain and incentivise skilled and professional employees deemed to be critical to the future sustainable growth of Bell. Details of share option scheme allocations are contained on pages 80 to 82 of the annual financial statements.

Non-executive directors

Following research into trends in non-executive director remuneration, non-executive directors' fees are proposed to the board by the Nominations and Remuneration Committee for approval.

The King III recommendations on the payment of a base or retainer fee to each non-executive annually and a fee per meeting attended have been adopted and further fees are paid for the attendance of unscheduled meetings.

Non-executive directors do not receive any fees which are related to the performance of the group and do not participate in any share-based payments or incentives.

Details of the non-executive directors' remuneration for the year under review are set out on page 92.

Board and committee appraisal

An internal appraisal of the effectiveness of the board, its committees, individual directors and the Chairman has been scheduled to take place in May 2011. The

results of these appraisals will be considered by the committee and its recommendations will be submitted to the board for consideration.

Board succession

The committee takes cognisance of the importance of balancing experience and the introduction of new ideas and concepts – this is done in a manner that ensures an acceptable measure of consistency and continuity in the direction given to the group. Succession planning will be addressed in the year to come, with reference to the group's adopted strategy.

Details of the change in directors during the year are contained in the Directors' Report on page 46. Due to the company's current shareholding structure in terms whereof the majority of its shares are held by two primary shareholders, the board has decided not to adopt the King III recommendation that the board be able to remove directors without shareholder approval – shareholder approval for such removals is therefore still required.

As stated above, the Nominations and Remuneration Committee will be conducting an assessment of the independence of its non-executive directors to ensure that those directors who have been classified as independent meet the requirements for independence as set out in King III.

The Group Chief Executive and other executive directors are employed on indefinite term service contracts.

Risk and Sustainability Committee

In accordance with King III principles, the board approved the establishment of a Risk and Sustainability Committee in July 2010 – in terms of its terms of reference this committee's mandate is to focus on the group's risk management efforts and to give consideration to sustainability issues which relate to the long-term sustainability of the group.

The Chairman of the Audit Committee is a member of this committee to ensure that all issues affecting both committees are considered. The committee, which convened for the first time in July 2010 and met again in November 2010, is chaired by independent non-executive director, Danie Vlok. The committee further consists of three non-executive directors, one of whom is independent, as well as the Chairman and two executive directors, namely the Group Finance Director and the group Commercial Director.

Risk Management

Bell is committed to managing its business in accordance with sound corporate governance principles, which includes an effective and efficient approach to enterprise-wide risk management. The board is responsible for the governance of risk management within Bell and, as stated above, has delegated responsibility for this to the Risk and Sustainability Committee established in 2010. The enhanced focus on the group's risk profile is achieved by the use of a comprehensive group risk management policy and framework. The policy and framework are periodically reviewed and are regularly communicated to employees with decision making authority.

Management's responsibility in this regard encompasses an ongoing structured and multi-tiered approach to identifying, analysing, assessing, managing and monitoring risks and opportunities on an enterprise-wide basis. This ensures that the individual and joint impact of risks and opportunities on Bell are considered on a regular basis. Regular interactive risk sessions are held by the Group Executive Committee – these sessions focus on risk management and strategy, thus ensuring risk management is integrated into strategic planning.

Senior managers or "risk champions" periodically carry out self-assessments of the risks impacting the organisation. This process identifies critical strategic, operational, financial and compliance exposures Bell may be faced with, as well as opportunities that may be available to the group. The adequacy and effectiveness of control factors at those levels are also regularly tested and reviewed. The assessment methodology takes into account the impact or severity and probability of occurrence and applies a rating based on the quality of control effectiveness, thereby ranking risks and setting priorities. The identified top risks are elevated to the Bell Group Executive Committee. All identified material risks, their possible implications for the group and management's action plans to mitigate and manage those risks are reported to the Risk and Sustainability Committee. The Group Executive Committee members are in attendance at the Risk and Sustainability Committee meetings to provide the committee with a comprehensive understanding of the risks and proposed mitigation plans.

Director	Status	Audit Committee meetings	Nominations and Remuneration Committee meetings	Risk and Sustainability Committee meetings	Board meetings
John Barton	Independent non-executive	4/4	1/1	1/2	4/4
Gary Bell	Group Chief Executive				4/4
Howard Buttery (retired 6 May 2010)	Executive Chairman				2/2
Donald de Bastiani (appointed 1 November 2010)	Non-executive				0/1
Douglas Gage	Non-executive		1/1		4/4
Leon Goosen (appointed 6 May 2010)	Executive director			2/2	4/4
Kelan Manning	Non-executive			1/1	4/4
Michael Mun-Gavin	Non-executive Chairman	2/2		2/2	4/4
Barry Schaffter (resigned 1 November 2010)	Non-executive			0/1	0/3
Tiisetso Tsukudu	Independent non-executive	2/2	1/1		4/4
Karen van Haght	Group Finance director			2/2	4/4
Danie Vlok	Independent non-executive	4/4	1/1	2/2	4/4
John Kloet	Alternate non-executive			1/1	3/3
Timothy Averkamp (appointed 1 November 2010)	Alternate non-executive	4/4			1/1

Notes:

1. Tiisetso Tsukudu was appointed as an Audit Committee member on 6 May 2010.
2. Michael Mun-Gavin resigned as a member of the Audit Committee upon his appointment as Chairman on 6 May 2010.
3. The Risk and Sustainability Committee held its first meeting on 28 July 2010.
4. Kelan Manning was appointed a member of the Risk and Sustainability Committee on 1 November 2010.
5. John Kloet attended three board meetings and one Risk and Sustainability Committee as alternate to Barry Schaffter.
6. Timothy Averkamp attended one board meeting as an alternate to Donald de Bastiani.
7. Bharti Harie was appointed as director and member of the Audit Committee on 19 November 2010 – there were no meetings to attend in 2010 after this date.

The Group Commercial Director, Leon Goosen, who is an executive director, is responsible for risk management within Bell. He oversees the process from the perspective of strategic direction, ongoing improvement in methodology and process, and technical assistance. The Risk and Sustainability Committee carries out an independent oversight role of the process.

Where necessary, appropriate and economically viable, risks facing the group are transferred via insurance policies. Bell has a comprehensive insurance portfolio covering various risk/loss scenarios.

Board and committee attendance

Attendance at board and sub-committee meetings in respect of the financial year is set out in the table above.

GROUP COMPLIANCE PROGRAMME

The board is ultimately responsible for overseeing the group's compliance with laws, rules, codes and standards and this principle has been adopted by the board. The responsibility for the implementation of an effective compliance framework and processes as envisaged by King III has been delegated to management and, in this regard, the Group Company Secretary has been appointed as the Group Compliance Officer. In this role he will provide the board with assurance that the group is compliant with applicable laws and regulations.

The Group Compliance Officer's function includes:

- identifying and advising the group on existing and new legislation applicable to the group's business; and

- developing and implementing an annual group compliance programme to ensure the group's operations are compliant with legal and legislative requirements applicable to those operations.

A compliance procedure has been implemented and will be reviewed annually and the development and implementation of new legislation will be monitored by the Compliance Officer who will report quarterly on these matters to the Risk and Sustainability Committee and annually to the board.

Based on the principal laws effective during the year, there were no known material areas of non-compliance within the group. No material fines were incurred nor were there any prosecutions of group companies or directors and officers for failure to comply with any applicable legislation or the Bell Code of Business Conduct.

IT GOVERNANCE AND COMPLIANCE

As the group has grown over the years, consideration has been given to the competitive advantage to be gained from the investment in IT technologies and solutions. This awareness has given rise to an IT strategy that drives all future investments in IT to improve our business. The strategy is founded on the objectives to “integrate, consolidate and extend” our information systems. This strategy has resulted in the group embarking on a project to achieve those objectives and has primarily chosen the SAP technology suite to enable this. The first phase has been implemented at our Global Logistics Centre and through a robust support and change management process has realised the benefits of the improved process. The new technology together with the aligned business processes has afforded us the opportunity to better serve our customers in the aftermarket. Further SAP implementations will be embarked upon in due course and will address the sales and after-sales business units followed by the Engineering and Manufacturing business unit. Our implementation philosophy revolves around minimising the change disruption and realising the returns before embarking on the next phases.

With the growth in the introduction of new technologies to support our ever changing business requirements, the need to formally adopt standards of IT governance and sustainability has arisen. As such the company will begin adopting the CobiT (Control Objectives for Information and related Technology) as an IT governance framework to assist in bringing about further assurances to IT sustainability. This journey has begun with the establishment of an IT Governance Steering Committee – this steering committee’s charter has been adopted by the board. The board is ultimately responsible for IT governance throughout the group but the responsibility for the implementation and monitoring of the IT governance framework has been delegated to this steering committee which will oversee the adequate management of IT governance across the group. A Chief Information Officer (CIO) has been appointed by the board in terms of the requirements of King III and is entrusted with the task of ensuring that the IT infrastructure supports the achievement of the group’s operational objectives. The CIO will present a formal IT compliance report

to the board (via the Risk and Sustainability Committee) on a quarterly basis and an IT governance management plan to the board annually. The IT governance framework will contain an IT risk management process supported with an IT value management process.

Funding of the group’s IT strategy is managed on a year-to-year basis and provisioned based on risk, returns on previous investments and current affordability.

Business continuity and disaster recovery procedures on critical business systems are well established and tested regularly to ensure minimal disruption to the business. The business enjoys high levels of availability of all services which has been achieved through investment in robust and reliable technologies.

While the “integration, consolidation and extension” strategy is being realised, our legacy system continues to provide adequate support to the remaining business units’ requirements. Support solutions have been developed to support any shortfall until such time as the overall IT strategy can be realised.

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APPROVAL of the annual financial statements

The directors of Bell Equipment Limited are responsible for the integrity of the annual financial statements of the group and the company and the objectivity of the other information presented in these statements.

In order to fulfil this responsibility, the group maintains internal accounting and administrative control systems and procedures designed to provide assurance that assets are safeguarded and that transactions are executed and recorded in accordance with the group's policies and procedures.

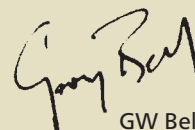
The annual financial statements have been prepared in accordance with International Financial Reporting Standards and examined by independent auditors in conformity with International Standards on Auditing.

The annual financial statements of the group and the company which appear on pages 46 to 92 were approved by the directors on 9 March 2011 and are signed on their behalf by:



M Mun-Gavin
Chairman

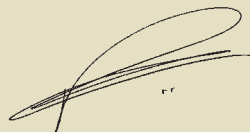
9 March 2011



GW Bell
Group Chief Executive

CERTIFICATION BY GROUP COMPANY SECRETARY

I certify that the company has, in respect of the financial year reported upon, lodged with the Registrar of Companies all returns required of a public company and that all such returns are, to the best of my knowledge and belief, correct and current.



R Verster
Group Company Secretary

9 March 2011

INDEPENDENT AUDITORS' REPORT

To the members of Bell Equipment Limited

We have audited the annual financial statements and group annual financial statements of Bell Equipment Limited which comprise the statement of financial position and consolidated statement of financial position as at 31 December 2010, the income statement and consolidated income statement, the statement of comprehensive income and consolidated statement of comprehensive income, the statement of changes in equity and consolidated statement of changes in equity and the statement of cash flows and consolidated statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, the directors' report and the audit committee report as set out on pages 46 to 92.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

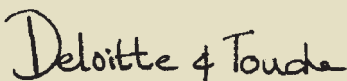
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Bell Equipment Limited as at 31 December 2010, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.



Deloitte & Touche
Registered Auditor

Per C Howard-Browne
Partner

9 March 2011

National Executive: GG Gelink *Chief Executive* AE Swiegers *Chief Operating Officer* GM Pinnock *Audit DL Kennedy Risk Advisory*
NB Kader *Tax and Legal Services* L Geeringh *Consulting* L Bam *Corporate Finance* JK Mazzocco *Human Resources* CR Beukman *Finance*
TJ Brown *Clients* NT Mtoba *Chairman of the Board* MJ Comber *Deputy Chairman of the Board*

Regional Leader: GC Brazier

A full list of partners and directors is available on request.

B-BBEE rating: Level 2 contributor/AAA (certified by Empowerdex)

Member of Deloitte Touche Tohmatsu Limited

DIRECTORS' REPORT

The directors submit the annual financial statements for the group and the company together with the reports thereon for the year ended 31 December 2010.

GENERAL REVIEW

The group manufactures and distributes a wide range of materials handling equipment, both locally and internationally, through an extensive wholly owned network of customer service centres, strategic alliances and independent dealers. Through its financing venture with WesBank it is able to offer financing to facilitate sales in Southern Africa.

The group's principal products are Articulated Dump Trucks, Haulage Tractors, Tractor Loader Backhoes, Front-End Loaders, sugar cane and timber-loading equipment and construction equipment such as Graders, Dozers and Excavators, and related parts and service.

FINANCIAL RESULTS

The results of the group and the company are fully disclosed in the accompanying financial statements and notes thereon and in the Group Chief Executive's report and Chairman's statement.

GOING CONCERN

The going concern risks experienced by the group in the last two years have been mitigated. Sales and production volumes reflect a steady upward trend, the restructured cost base has been maintained and the group has reported a modest profit for the year. Initiatives implemented to optimise inventory levels continue to show results and inventory and borrowings reduced further in 2010. The group has substantial reserves to meet the challenges and opportunities that arise in the period ahead. The strategy is to continue driving the initiatives that will secure the long term sustainability of the business. Cash generation and liquidity remain a priority. Sales forecasts for 2011 reflect further improvement in the market and this will also have a positive impact on the trading results. The directors' believe that the going concern assumption is appropriate.

STATED CAPITAL

The company's authorised share capital remains at 100 000 000 ordinary shares of no par value.

The stated capital account as at 31 December 2010 comprised 94 958 000 (December 2009: 94 958 000) ordinary shares of no par value.

DIVIDENDS

The directors have not declared a dividend for this year (2009: nil cents per share).

PROPERTY, PLANT AND EQUIPMENT

The group's accounting policy in respect of property, plant and equipment is recorded in note 2.6 to the annual financial statements.

SHARE OPTION SCHEMES

The company currently has two operating employee share option schemes. Details of these schemes are set out in note 28 to the annual financial statements.

DIRECTORS

During the year under review the following changes in the composition of the board of directors took place:

HJ Buttery resigned as a director on 6 May 2010;

L Goosen was appointed as a director (previously an alternate) on 6 May 2010;

TA Averkamp was appointed as an alternate director on 1 November 2010;

D de Bastiani was appointed as a director on 1 November 2010;

BW Schaffter resigned as a director on 1 November 2010; and

B Harie was appointed as a director on 19 November 2010.

Subsequent to year-end, JW Kloet passed away on 14 January 2011.

Details of the current directors and Group Executive Committee of the Bell Equipment group appear on pages 8 to 9 and 16 to 17 of this report respectively.

As at the end of the period under review the directors' shareholdings were as follows:

	Number of shares held					
	Direct beneficial 2010	Direct beneficial 2009	Indirect beneficial 2010	Indirect beneficial 2009	Associates 2010	Associates 2009
GW Bell	120 600	120 600	8 671 264	8 671 264	–	–
GP Harris	–	–	1 800	1 800	–	–
MA Mun-Gavin	–	–	10 000	10 000	–	–
L Goosen	4 040	2 040	–	–	–	–
AR McDuling	–	–	–	–	148	148
Total	124 640	122 640	8 683 064	8 683 064	148	148

There has been no change in the shareholding of directors as reflected above between the end of the financial year and 9 March 2011.

AUDIT COMMITTEE FUNCTIONS

The group's Audit Committee performed (and was mandated to perform) the specific functions listed on page 48 of this report for the 2010 financial year.

MAJOR SHAREHOLDERS

The major shareholders in Bell Equipment Limited as at 31 December 2010 were:

	2010 %	2009 %
IA Bell & Company (Proprietary) Limited	37,62	37,62
John Deere Construction and Forestry Company	31,59	31,59

GROUP COMPANY SECRETARY

Particulars of the Group Company Secretary and his business and postal addresses appear on the inside back cover of this report.

SUBSIDIARIES

Details of the company's interest in its subsidiary companies are contained on page 91 of this report. The principal subsidiaries are Bell Equipment Company SA (Proprietary) Limited and Bell Equipment Sales South Africa Limited, both of which are incorporated in South Africa.

SUBSEQUENT EVENTS

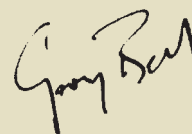
There is no material fact or circumstance that has arisen between the end of the reporting period and the date of this report.

Signed on behalf of the board



MA Mun-Gavin
Chairman

9 March 2011



GW Bell
Group Chief Executive

AUDIT COMMITTEE REPORT

BACKGROUND

The committee is pleased to present its report for the financial year ended 31 December 2010 as required in terms of Section 270A of the Corporate Laws Amendment Act (the Act).

The committee's operation is guided by a formal detailed terms of reference that is in line with the Act and is approved by the board. The committee has discharged all its responsibilities as contained in the charter.

The Audit Committee is constituted as a statutory committee and has an independent role with accountability to both the board and shareholders. The board has reviewed and amended membership of the committee to reflect current legislation and recommendations by King III, which dictates that all members of the committee be independent non-executive directors. The board elects the Chairman of the Audit Committee. The committee was chaired by independent non-executive director John Barton, and further comprises two independent non-executive directors.

The board has assessed the experience and qualification of the committee members upon their appointment and has confirmed that they are sufficiently qualified and experienced in matters such as financial and sustainability reporting, internal financial controls, external and internal audit processes, corporate law, risk management, financial sustainability issues, IT governance as it relates to integrated reporting and governance processes within the group. The board has satisfied itself that all members of the committee act independently in compliance with the Corporate Laws Amendment Act. The committee members are recommended to the board for approval on an annual basis.

OBJECTIVE AND SCOPE

The overall objectives of the committee are to oversee all factors and risks that may impact on the integrity of the annual report.

The committee carried out the following functions during the year:

- Reviewed interim and annual results to ensure that the financial results are valid, accurate and fairly represent the group's performance;
- Oversaw the activities of internal and external audit;
- Performed duties that are attributed to it by the Act, the JSE and King II;
- Received and reviewed reports from both internal and external auditors concerning the effectiveness of the internal control environment, systems and processes;
- Reviewed the reports of both internal and external auditors detailing their concerns arising out of their audits and requested appropriate responses from management;
- Made appropriate recommendations to the board of directors regarding the corrective actions to be taken as a consequence of audit findings;
- Considered the independence and objectivity of the external auditors and ensured that the scope of their additional services provided was not such that they could be seen to have impaired their independence; and
- Considered the effectiveness of internal audit, approved the annual internal audit plan and monitored adherence of internal audit to its annual plan.

MEMBERSHIP

During the course of the year, the membership of the committee comprised solely of independent non-executive directors. Memberships held on this committee were as follows:

JR Barton, *Chairman*

DJJ Vlok

TO Tsukudu*

B Harie**

MA Mun-Gavin***

* Appointed 6 May 2010 and resigned 19 November 2010

** Appointed 19 November 2010

*** Resigned 6 May 2010

EXTERNAL AUDIT

The committee has satisfied itself through enquiry that the auditor of Bell Equipment Limited is independent as defined by the Act. The committee, in consultation with executive management, agreed to an audit fee for the 2010 financial year. The fee is considered appropriate for the work that could reasonably have been foreseen at that time. Audit fees are disclosed in note 25 to the financial statements.

There is a formal procedure that governs the process whereby the external auditor is considered for the provision of non-audit services, and such work is reviewed by the committee.

Meetings were held with the auditor where management was not present, and no matters of concern were raised. The committee has reviewed the performance of the external auditors and nominated, for approval at the annual general meeting, Deloitte & Touche as the external auditor for the 2011 financial year, and C Howard-Browne as the designated partner.

GROUP FINANCE DIRECTOR'S REVIEW

The committee has reviewed the performance, appropriateness and expertise of the chief financial officer, Ms KJ van Haght, and confirms her suitability for appointment as Group Finance Director in terms of the JSE requirements.

ANNUAL FINANCIAL STATEMENTS

The Audit Committee has evaluated the annual report for the year ended 31 December 2010 and considers that it complies, in all material aspects, with the requirements of the Act and International Financial Reporting Standards. The committee has therefore recommended the annual financial statements as set out on pages 46 to 92 for approval to the board. The board has subsequently approved the financial statements, which will be open for discussion at the forthcoming annual general meeting.

CONCLUSION

The Audit Committee is of the opinion that the objectives of the committee were met during the year under review. Management undertook to implement appropriate corrective actions to mitigate weaknesses in specific controls where identified.



JR Barton

Chairman of the Audit Committee

9 March 2011

STATEMENTS OF FINANCIAL POSITION as at 31 December 2010

	Notes	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
ASSETS					
Non-current assets		733 472	798 445	365 179	369 143
Property, plant and equipment	6	481 023	520 452	–	–
Intangible assets	7	70 775	39 873	–	–
Investments in subsidiary companies	8	–	–	365 179	369,143
Interest-bearing long-term receivables	9	34 378	73 982	–	–
Deferred taxation	10	147 296	164 138	–	–
Current assets		1 911 808	2 127 669	1 634	1 684
Inventory	11	1 355 613	1 618 728	–	–
Trade and other receivables	12	446 787	412 008	1 634	220
Current portion of interest-bearing long-term receivables	9	40 359	37 409	–	–
Prepayments		11 103	16 932	–	–
Other financial assets	13	–	430	–	–
Taxation		4 285	10 280	–	1 464
Cash resources		53 661	31 882	–	–
TOTAL ASSETS		2 645 280	2 926 114	366 813	370 827
EQUITY AND LIABILITIES					
Capital and reserves		1 418 709	1 420 435	366 255	370 356
Stated capital	14	228 605	228 605	228 605	228 605
Non-distributable reserves	15	90 488	123 984	1 764	–
Retained earnings		1 087 162	1 066 540	135 886	141 751
Attributable to equity holders of Bell Equipment Limited		1 406 255	1 419 129	366 255	370 356
Non-controlling interest	16	12 454	1 306	–	–
Non-current liabilities		255 540	374 654	–	–
Interest-bearing liabilities	17	84 175	218 404	–	–
Repurchase obligations and deferred leasing income	18	79 902	49 724	–	–
Deferred warranty income	19	66 735	89 047	–	–
Lease escalation	20	20 266	10 899	–	–
Provisions	21	4 462	6 580	–	–
Current liabilities		971 031	1 131 025	558	471
Trade and other payables	22	699 158	530 151	558	471
Current portion of interest-bearing liabilities	17	4 974	52 830	–	–
Current portion of repurchase obligations and deferred leasing income	18	61 926	46 639	–	–
Current portion of deferred warranty income	19	23 852	17 599	–	–
Current portion of lease escalation	20	1 156	3 834	–	–
Current portion of provisions	21	40 627	33 365	–	–
Other financial liabilities	23	4 271	3 922	–	–
Taxation		23 138	14 856	–	–
Short-term interest-bearing debt	33.2	111 929	427 829	–	–
TOTAL EQUITY AND LIABILITIES		2 645 280	2 926 114	366 813	370 827
Number of shares in issue	('000)	94 958	94 958		
Net asset value per share	(cents)	1 494	1 496		

INCOME STATEMENTS for the year ended 31 December 2010

		Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
	Notes				
Revenue	24	3 410 691	2 699 149	–	–
Cost of sales		(2 684 220)	(2 164 082)	–	–
Gross profit		726 471	535 067	–	–
Other operating income		132 180	143 477	2 125	1 269
Distribution costs		(484 975)	(541 347)	–	–
Administration expenses		(52 989)	(45 223)	(15 017)	(3 325)
Other operating expenses		(196 050)	(355 400)	–	–
Profit (loss) from operating activities	25	124 637	(263 426)	(12 892)	(2 056)
Interest paid		(69 890)	(121 912)	–	(522)
Interest received		11 486	13 307	1 529	–
Profit (loss) before taxation		66 233	(372 031)	(11 363)	(2 578)
Taxation	26.1	(29 509)	100 325	5 498	4 022
Profit (loss) for the year		36 724	(271 706)	(5 865)	1 444
Profit (loss) for the year attributable to:					
– equity holders of Bell Equipment Limited		25 576	(259 744)		
– non-controlling interest		11 148	(11 962)		
Earnings (loss) per share					
Basic	(cents) 27.1	27	(274)		
Diluted	(cents) 27.2	27	(274)		

STATEMENTS OF COMPREHENSIVE INCOME for the year ended 31 December 2010

	Notes	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
Profit (loss) for the year		36 724	(271 706)	(5 865)	1 444
Other comprehensive loss					
Exchange differences arising during the period		(37 295)	(77 433)	–	–
Exchange differences on translating foreign operations		(34 823)	(74 954)	–	–
Exchange differences on foreign reserves		(2 472)	(2 479)	–	–
Loss arising on revaluation of properties		(4 054)	–	–	–
Taxation relating to components of other comprehensive loss	26.2	1 135	–	–	–
Other comprehensive loss for the year, net of tax		(40 214)	(77 433)	–	–
Total comprehensive (loss) income for the year		(3 490)	(349 139)	(5 865)	1 444
Total comprehensive (loss) income attributable to:					
– equity holders of Bell Equipment Limited		(14 638)	(337 177)		
– non-controlling interest		11 148	(11 962)		

STATEMENTS OF CHANGES IN EQUITY for the year ended 31 December 2010

	Attributable to equity holders of Bell Equipment Limited				Non-controlling interest R'000	Total capital and reserves R'000
	Stated capital R'000	Non-distributable reserves R'000	Retained earnings R'000	Total R'000		
Group						
Balance at 31 December 2008	228 586	200 940	1 326 761	1 756 287	13 268	1 769 555
Share options exercised	19	–	–	19	–	19
Total comprehensive loss for the year	–	(77 433)	(259 744)	(337 177)	(11 962)	(349 139)
Realisation of revaluation reserve on depreciation of buildings	–	(3 418)	3 418	–	–	–
Deferred taxation on realisation of revaluation reserve on depreciation of buildings	–	957	(957)	–	–	–
Increase in statutory reserves of foreign subsidiaries	–	2 938	(2 938)	–	–	–
Balance at 31 December 2009	228 605	123 984	1 066 540	1 419 129	1 306	1 420 435
Recognition of share-based payments	–	1 764	–	1 764	–	1 764
Total comprehensive (loss) income for the year	–	(40 214)	25 576	(14 638)	11 148	(3 490)
Realisation of revaluation reserve on depreciation of buildings	–	(1 896)	1 896	–	–	–
Deferred taxation on realisation of revaluation reserve on depreciation of buildings	–	531	(531)	–	–	–
Transfer of debit foreign currency translation reserve to retained earnings	–	6 319	(6 319)	–	–	–
Balance at 31 December 2010	228 605	90 488	1 087 162	1 406 255	12 454	1 418 709
Company						
Balance at 31 December 2008	228 586	–	140 307	368 893	–	368 893
Share options exercised	19	–	–	19	–	19
Total comprehensive income for the year	–	–	1 444	1 444	–	1 444
Balance at 31 December 2009	228 605	–	141 751	370 356	–	370 356
Recognition of share-based payments	–	1 764	–	1 764	–	1 764
Total comprehensive loss for the year	–	–	(5 865)	(5 865)	–	(5 865)
Balance at 31 December 2010	228 605	1 764	135 886	366 255	–	366 255

STATEMENTS OF CASH FLOWS for the year ended 31 December 2010

	Notes	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
CASH FLOW FROM OPERATING ACTIVITIES					
Cash generated from (utilised in) operations	A	621 049	560 568	(3 464)	(2 057)
Interest paid		(69 890)	(121 912)	–	(522)
Interest received		11 486	13 307	1 529	–
Taxation refunded (paid)	B	1 624	(95 526)	6 962	(12 293)
Net cash generated from (utilised in) operating activities		564 269	356 437	5 027	(14 872)
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of additional property, plant and equipment and intangible assets		(144 376)	(146 798)	–	–
Purchase of replacement property, plant and equipment and intangible assets		(3 407)	(4 324)	–	–
Proceeds on disposal of property, plant and equipment and intangible assets		36 300	30 436	–	–
Decrease in interest-bearing investments		–	3 370	–	–
Decrease in interest-bearing long-term receivables		21 102	–	–	–
Net cash utilised in investing activities		(90 381)	(117 316)	–	–
CASH FLOW FROM FINANCING ACTIVITIES					
(Advances to) repayments from subsidiaries		–	–	(5 027)	14 853
Interest-bearing liabilities raised	C	4 514	143 607	–	–
Interest-bearing liabilities repaid	C	(186 188)	(46 798)	–	–
Increase (decrease) in repurchase obligations and deferred leasing income		45 465	(50 824)	–	–
Increase in deferred warranty income		–	229	–	–
Increase in interest-bearing long-term receivables		–	(13 095)	–	–
Proceeds from share options exercised		–	19	–	19
Net cash (utilised in) generated from financing activities		(136 209)	33 138	(5 027)	14 872
Net increase in cash for the year		337 679	272 259	–	–
Net short-term interest-bearing debt at beginning of the year		(395 947)	(668 206)	–	–
Net short-term interest-bearing debt at end of the year	D	(58 268)	(395 947)	–	–

NOTES TO THE STATEMENTS OF CASH FLOWS for the year ended 31 December 2010

	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
A. CASH GENERATED FROM (UTILISED IN) OPERATIONS				
Profit (loss) from operating activities	124 637	(263 426)	(12 892)	(2 056)
Adjustments for:				
Depreciation	93 746	94 144	–	–
Amortisation of intangible assets	8 782	8 137	–	–
Impairment loss recognised on investment in subsidiary	–	–	10 755	–
Increase (decrease) in warranty provision	5 178	(17 398)	–	–
Increase in provision for residual value risk	411	844	–	–
Increase in lease escalation	6 689	9 005	–	–
Loss (gain) arising on financial assets at fair value through profit or loss	430	(430)	–	–
Loss arising on financial liabilities at fair value through profit or loss	349	3 922	–	–
Expense recognised in respect of equity-settled share-based payments	1 764	–	–	–
Net loss (surplus) on disposal of property, plant and equipment and intangible assets	180	(826)	–	–
Exchange differences on translation of foreign subsidiaries	(23 782)	(57 564)	–	–
Decrease in deferred warranty income	(16 059)	–	–	–
Operating profit (loss) before working capital changes	202 325	(223 592)	(2 137)	(2 056)
Decrease in inventory	263 115	927 784	–	–
(Increase) decrease in trade and other receivables and prepayments	(28 950)	212 562	(1 414)	(111)
Increase (decrease) in trade and other payables	169 007	(309 323)	87	110
Decrease (increase) in trade receivables recoverable beyond 12 months	15 552	(46 863)	–	–
Total cash generated from (utilised in) operations	621 049	560 568	(3 464)	(2 057)
B. TAXATION REFUNDED (PAID)				
Net taxation (owing) receivable at beginning of the year	(4 576)	(103 411)	1 464	(14 851)
Tax credit (charge) for the year:				
South African normal taxation	5 497	(153)	5 498	4 022
Foreign taxation	(17 002)	4 235	–	–
Withholding tax	(1 843)	(773)	–	–
Translation differences	695	–	–	–
Net taxation owing (receivable) at end of the year	18 853	4 576	–	(1 464)
Total taxation refunded (paid)	1 624	(95 526)	6 962	(12 293)
C. INTEREST-BEARING LIABILITIES				
Long-term portion of interest-bearing liabilities at beginning of the year	218 404	83 171	–	–
Add: current portion at beginning of the year	52 830	91 254	–	–
Total interest-bearing liabilities at beginning of the year	271 234	174 425	–	–
Translation differences	(411)	–	–	–
Interest-bearing liabilities raised	4 514	143 607	–	–
Interest-bearing liabilities repaid	(186 188)	(46 798)	–	–
Less: current portion at end of the year	(4 974)	(52 830)	–	–
Long-term portion of interest-bearing liabilities at end of the year	84 175	218 404	–	–
D. NET SHORT-TERM INTEREST-BEARING DEBT				
Short-term interest-bearing debt	(111 929)	(427 829)	–	–
Cash resources	53 661	31 882	–	–
Net short-term interest-bearing debt at end of the year	(58 268)	(395 947)	–	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 December 2010

1. GENERAL INFORMATION

Bell Equipment Limited (the company) is a public company incorporated in South Africa. The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report. The principal activities of the company and its subsidiaries (the group) are described in the directors' report under the heading general review.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the AC 500 standards as issued by the Accounting Practices Board and are consistent with those applied to the previous year, except for new and revised standards adopted per note 3 to the financial statements.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments, and adjustments, where applicable, in respect of hyperinflation accounting.

The consolidated financial statements are presented in South African Rand, which is the company's functional and presentation currency.

The significant accounting policies adopted are set out below:

2.2 Basis of consolidation

The group annual financial statements incorporate the financial position and results of the company and of its subsidiaries. The results of subsidiaries are included from the dates effective control was acquired until the effective dates of their disposal. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the company.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

When the group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

- the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under *IAS 39 Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

2.3 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Business combinations (continued)

When the consideration transferred by the group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Where a business combination is achieved in stages, the group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with *IAS 12 Income Taxes* and *IAS 19 Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the group of an acquiree's share-based payment awards are measured in accordance with *IFRS 2 Share-based Payments*; and
- assets (or disposal groups) that are classified as held for sale in accordance with *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

2.4 Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.5 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Property, plant and equipment

Freehold land is not depreciated and is stated at valuation with subsequent additions at cost, less any subsequent accumulated impairment losses. Freehold buildings are stated at valuation, with subsequent additions at cost less subsequent accumulated depreciation and any subsequent accumulated impairment losses. Other assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

Revaluations, on the market value in continuation of existing use basis, are undertaken every three years. Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation of assets commences when the asset is available for use.

The depreciable values of leasehold buildings are depreciated over the shorter of their expected useful lives and the period of the lease. Rental assets under short-term rentals are depreciated based on the hours utilised while on rental. Rental assets under buy-back agreements are depreciated to the value of the buy-back over the buy-back period.

Depreciation on other assets is provided on a straight-line basis over the anticipated useful lives of the assets taking residual values into account. Depreciation ceases on an asset only when the asset is derecognised or when it is classified as held for sale.

The annual rates of depreciation currently used are:

Freehold buildings	2% to 3,33%
Leasehold buildings	5% to 10%
Plant and equipment	10% to 33%
Aircraft	12,5%
Vehicles	20%

Useful lives and residual values are reviewed annually.

2.7 Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The annual rate of amortisation currently used is 20%.

Internally generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The annual rate of amortisation currently used varies from two to six years.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Leases

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the lessee.

Operating leases are those leases which do not fall within the scope of the above definition.

The group as lessee

Assets classified as finance lease agreements are recognised as assets of the group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Assets held under finance leases are depreciated on the straight-line basis over their estimated useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are charged to operating profit when incurred, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the group's policy on borrowing costs (see note 2.21).

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

The group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.9 Financial guarantee contracts

Financial guarantee contract liabilities are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with *IAS 37 Provisions, Contingent Liabilities and Contingent Assets*; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

2.10 Financial instruments

Financial assets and financial liabilities are recognised on the group's statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Financial instruments carried on the statement of financial position include cash and bank balances, interest-bearing investments, interest-bearing long-term receivables, trade and other receivables, interest-bearing liabilities, trade and other payables and short-term interest-bearing debt.

Derivative financial instruments

Derivative financial instruments, principally forward foreign exchange contracts, are used by the group in its management of financial risks. These contracts are held for trading at fair value through profit or loss.

Interest-bearing long-term receivables, trade and other receivables

Interest-bearing long-term receivables, trade and other receivables are recognised at amortised cost, less provision for impairment.

Cash resources

Cash resources comprise cash on hand and deposits held on call with banks and are subject to an insignificant risk of changes in value.

Short-term interest-bearing debt

Short-term interest-bearing debt comprises bank overdrafts and borrowings on call which are measured at amortised cost.

Trade and other payables

Trade and other payables are recognised at amortised cost.

Interest-bearing liabilities

Interest-bearing liabilities are measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing investments

Investments are initially recorded at cost and are adjusted for interest earned thereon and the group's share of the profits or losses of the investee after the date of acquisition. Distributions received from an investee reduce the carrying amount of the investment.

Offsetting financial agreements

Financial assets and liabilities are offset where the group has a legal and enforceable right to set off the recognised amounts and it intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Inventory

Inventory is stated at the lower of cost and net realisable value. Cost is generally determined on the following bases:

Merchandise spares, components, raw materials, work-in-progress and finished goods are valued on the first-in first-out basis. Finished goods, work-in-progress and manufactured components include the cost of direct materials, and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Redundant and slow moving inventory is identified and written down with regard to their estimated economic or realisable values. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.12 Share-based payments

Equity-settled share-based payments to employees are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a binomial model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of equity instruments that will eventually vest. At the end of each reporting period, the group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the employee benefits reserve in equity.

The above policy is applied to all equity-settled share-based payments that were granted after 7 November 2002 that vested after 1 January 2005. No amount has been recognised in the financial statements in respect of the other equity-settled share-based payments.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

2.13 Taxation

The taxation expense represents the sum of the taxation currently payable and deferred taxation.

The taxation currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current taxation is calculated using taxation rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxation is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding taxation bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred taxation liabilities are generally recognised for all taxable temporary differences and deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred taxation assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred taxation liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred taxation assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred taxation is calculated at the taxation rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred taxation is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred taxation is also dealt with in equity.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to set off current taxation assets against current taxation liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current taxation assets and liabilities on a net basis.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in South African Rand, which is the company's functional and presentation currency.

Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Forward foreign exchange contracts are separately valued at equivalent forward rates ruling at the reporting date.

Surpluses and losses arising on translation of foreign currency transactions are dealt with in profit or loss.

Foreign subsidiary translation

The results and financial position of all group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position are translated at the exchange rates prevailing at the end of the reporting period;
- income and expenses for each income statement are translated at average exchange rates for the period; and
- all resulting exchange differences are recognised in other comprehensive income and accumulated in equity in the group's foreign currency translation reserve.

Such translation differences are reclassified to profit or loss in the period in which the foreign operation is disposed of.

Where a subsidiary reports in the currency of a hyperinflationary economy, its financial statements are restated by applying a general price index pertaining to that economy before they are translated and included in the consolidated financial statements. Translation of the restated financial statements of the subsidiary is performed at rates of exchange ruling at the year-end.

2.15 Revenue

Revenue comprises the invoiced value of sales, service income and rentals received. Sales to group companies are invoiced at cost plus a mark-up and are reversed on consolidation.

2.16 Revenue recognition

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the buyer. If the sale of goods is combined with a buy-back agreement or a residual value guarantee, the sale is accounted for as an operating lease transaction if significant risks of the goods are retained in the group. Revenue from services is recognised when the services have been rendered. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount on initial recognition.

Deferred warranty income

Where management has sufficient information to reliably measure the expected costs of extended warranty contracts, the proceeds from the sale of these contracts is recognised in profit or loss over the period of the contracts. Where insufficient information is available to reliably measure the expected costs of extended warranty contracts, revenue is not recognised until expiry of the contract.

2.17 Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the group's obligation under the plans is equivalent to those arising in a defined contribution retirement benefit plan.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Impairment of tangible and intangible assets excluding goodwill

At the end of the reporting period, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease through other comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase in other comprehensive income.

2.19 Provisions

A provision is recognised when there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material.

Warranties

Provisions for warranty costs are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the group's obligation.

2.20 Segmental information

The operating segments of the group have been identified on the basis of internal reports about components of the group that are regularly reviewed by the board of directors in order to allocate resources to the segments and to assess their performance.

2.21 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.22 Government grants

Government grants are not recognised until there is reasonable assurance that the group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year the group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2010.

3.1 Standards and Interpretations adopted with no significant effect on the financial statements

The following new and revised Standards and Interpretations have been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in the financial statements:

New

IFRIC 17 – Distributions of Non-cash Assets to Owners

IFRIC 18 – Transfers of Assets from Customers

Revised

IFRS 1 – First-time Adoption of International Financial Reporting Standards: Amendments relating to oil and gas assets and determining whether an arrangement contains a lease

IFRS 1 – First-time Adoption of International Financial Reporting Standards: Revised and restructured

IFRS 2 – Share-based Payments: Amendments relating to group cash-settled share-based payment transactions

IFRS 3 – Business Combinations: Comprehensive revision on applying the acquisition method

IAS 27 – Consolidated and Separate Financial Statements: Consequential amendments arising from amendments to IFRS 3

IAS 28 – Investments in Associates: Consequential amendments arising from amendments to IFRS 3

IAS 31 – Interests in Joint Ventures: Consequential amendments arising from amendments to IFRS 3

IAS 39 – Financial Instruments – Recognition and Measurement: Amendments for eligible hedged items

Annual improvements to International Financial Reporting Standards (2009)

As part of the IASB's 2009 Annual Improvements Project, a collection of amendments have been made to the following Standards and Interpretations which have also been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in the financial statements:

IFRS 2 – Share-based Payments

IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations

IFRS 8 – Operating Segments

IAS 1 – Presentation of Financial Statements

IAS 7 – Statement of Cash Flows

IAS 17 – Leases

IAS 36 – Impairment of Assets

IAS 38 – Intangible Assets

IAS 39 – Financial Instruments: Recognition and Measurement

IFRIC 9 – Reassessment of Embedded Derivatives

IFRIC 16 – Hedges of a Net Investment in a Foreign Operation

3.2 Annual improvements to International Financial Reporting Standards (2010)

As part of the IASB's 2010 Annual Improvements Project, a collection of amendments have been made to the following Standards and Interpretations:

	Effective date for annual periods beginning on or after:
IFRS 1 – First-time Adoption of IFRS	1 January 2011
IFRS 3 – Business Combinations	1 July 2010
IFRS 7 – Financial Instruments Disclosures	1 January 2011
IAS 1 – Presentation of Financial Statements	1 January 2011
IAS 27 – Consolidated and Separate Financial Statements	1 July 2010
IAS 34 – Interim Financial Reporting	1 January 2011
IFRIC 13 – Customer Loyalty Programmes	1 January 2011

The directors will in due course evaluate the requirements of the amendments.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

3.3 Standards and Interpretations in issue not yet adopted

At the date of authorisation of these financial statements, the following new and revised Standards and Interpretations were in issue, but not yet effective:

	Effective date for annual periods beginning on or after:
New	
IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
Revised	
IFRS 1 – First-time Adoption of International Financial Reporting Standards: Limited exemption from comparative IFRS 7 disclosures for first-time adopters	1 July 2010
IFRS 1 – First-time Adoption of International Financial Reporting Standards: Replacement of “fixed dates” for certain exceptions with “the date of transition to IFRSs”	1 July 2011
IFRS 1 – First-time Adoption of International Financial Reporting Standards: Additional exemption for entities ceasing to suffer from severe hyperinflation	1 July 2011
IFRS 9 – Financial Instruments: Classification and measurement	1 January 2013
IAS 12 – Income Taxes: Limited scope amendment (recovery of underlying assets)	1 January 2012
IAS 24 – Related Party Disclosures: Revised definition of related parties	1 January 2011
IAS 32 – Financial Instruments – Presentation: Amendments relating to classification of rights issues	1 February 2010
IFRIC 14 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction: Amendment with respect to voluntary prepaid contributions	1 January 2011
IFRS 7 – Financial Instruments Disclosures: Amendments enhancing disclosures about transfers of financial assets	1 July 2011

The directors will in due course evaluate the impact that the adoption of these Standards and Interpretations in future periods will have on the financial statements of the group.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

4.1 Judgements made by management

Preparing financial statements in accordance with IFRS requires estimates and assumptions that affect reported amounts and related disclosures. Certain accounting policies have been identified as involving particularly complex or subjective judgements or assessments. The items for consideration have been identified as follows:

Asset lives and residual values

Property, plant and equipment are depreciated over the useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually taking into account factors such as technological innovation, product life cycles and maintenance programmes. Residual value assessments consider issues such as market conditions, the remaining life of the asset and projected disposal values.

Impairment of assets

Ongoing assessments are made regarding any potential impairment of assets, using assumptions made in terms of the models allowed under IFRS.

Recoverability of trade receivables

In assessing the amounts recoverable from trade receivables, assumptions are made based on past default experience, estimations of the value of any security, in the form of secondhand equipment, and the estimated costs of preparing the equipment for re-sale, including transport.

Recoverable value of inventory

The recoverable value of inventory takes into account current market conditions and the amounts expected to be realised from the sale of equipment, less estimated costs to sell.

Valuation of financial instruments

The value of derivative financial instruments fluctuates on a daily basis and the actual amounts realised may differ materially from their value at the end of the reporting period.

Warranty provision

The provision for future warranty costs on products sold is based on past experience and current warranty campaigns.

Deferred warranty income

Where management has sufficient information to reliably measure the expected costs of extended warranty contracts, the proceeds from the sale of these contracts is recognised in profit or loss over the period of the contracts. Where insufficient information is available to reliably measure the expected costs of extended warranty contracts, revenue is not recognised until expiry of the contract.

Revenue recognition

Where buy-back agreements with customers are concluded, management uses the guidance from IAS 18 with regard to the transfer of risks and rewards for the purposes of revenue recognition.

Provisions for residual value risks and repurchase commitments

Residual value risks are attributable to operating lease contracts and sales transactions combined with buy-back agreements or residual value guarantees. Residual value risks are the risks that the group in the future would have to dispose of used products at a loss if the price realised for these products is less than what was expected when the contracts were entered into. If revenue is not recognised on a transaction which includes a buy-back, then the residual value risks are pertaining to products that are reported as rental assets in the statement of financial position and these risks are reflected by depreciation or write-down of the carrying value of these assets. If revenue is recognised on a transaction which includes a buy-back, then the residual value risks are pertaining to products which are not reported as assets in the statement of financial position and these risks are reflected under the line item provisions. Significant assumptions are made in estimating residual values. These are assessed based on past experience and take into account expected future market conditions and projected disposal values.

Deferred taxation asset

A deferred taxation asset is recognised to the extent that future taxable income of sufficient amount is expected to be earned.

4.2 Key sources of estimation uncertainty

There are no other key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that management have assessed as having a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year.

5. OPERATING SEGMENTS

Information regarding the group's reportable segments is presented below.

The group's reportable segments have changed as a result of changes in the structure of the internal organisation. Amounts reported for the prior year have been restated accordingly.

In the prior year the reportable segments were:

South African sales operation
 South African manufacturing operation
 European operation
 Rest of Africa operation
 All other operations

The reportable segments have changed to:

South African sales operation
 South African manufacturing and logistics operation
 European operation
 Rest of Africa and other international operations
 All other operations

Information reported to the group's chief operating decision maker for purposes of resource allocation and assessment of segment performance is focused on geographical areas.

Each reportable segment derives its revenues from the sale of goods (machines and parts) and related services and rental income.

The accounting policies of the reportable segments are the same as the group's accounting policies described in note 2.

Group 2010	South African sales operation R'000	South African manufacturing and logistics operation R'000	European operation R'000	Rest of Africa and other international operations R'000	All other operations R'000	Eliminations R'000	Consolidated R'000
Revenue							
External revenue	2 028 997	402 266	438 499	540 929	–	–	3 410 691
Inter-segment revenue	20 626	1 753 299	93 996	–	–	(1 867 921)	–
Total revenue	2 049 623	2 155 565	532 495	540 929	–	(1 867 921)	3 410 691
Profit (loss) from operating activities	63 748	51 696	(34 006)	18 581	5 064	19 554	124 637
Net interest (paid) received	(14 407)	(46 479)	(67)	2 362	53	134	(58 404)
Taxation	(12 142)	(1 558)	(2 333)	(12 676)	3 676	(4 476)	(29 509)
Profit (loss) for the year	37 199	3 659	(36 406)	8 267	8 793	15 212	36 724
Segment assets	784 432	1 675 770	381 263	238 637	362 975	(797 797)	2 645 280
Segment liabilities	742 630	490 071	315 627	170 058	29 470	(521 285)	1 226 571
Other information							
Additions to property, plant and equipment and intangible assets	41 472	57 881	42 042	6 388	–	–	147 783
Depreciation and amortisation of intangibles	45 210	41 634	11 404	4 280	–	–	102 528
Other material items of income and expense:							
– net foreign currency (gains) losses	–	(3 378)	(2 834)	26 961	225	(2 625)	18 349
– staff costs (including directors' emoluments)	151 743	289 435	50 337	63 631	6 779	(638)	561 287
– increase (decrease) in warranty provision	10 268	(6 035)	742	203	–	–	5 178
– warranty expenditure	30 890	35 677	9 370	2 738	–	2 106	80 781

5. OPERATING SEGMENTS (continued)

Restated Group 2009	South African sales operation R'000	South African manu- facturing and logistics operation R'000	European operation R'000	Rest of Africa and other international operations R'000	All other operations R'000	Eliminations R'000	Con- solidated R'000
Revenue							
External revenue	1 598 998	71 813	351 807	676 531	–	–	2 699 149
Inter-segment revenue	94 977	1 064 047	39 641	169 134	–	(1 367 799)	–
Total revenue	1 693 975	1 135 860	391 448	845 665	–	(1 367 799)	2 699 149
Loss from operating activities	(29 332)	(254 200)	(68 731)	(11 742)	(9 197)	109 776	(263 426)
Net interest paid	(23 491)	(75 327)	(345)	(5 772)	(3 670)	–	(108 605)
Taxation	12 951	92 268	3 475	3 303	6 323	(17 995)	100 325
Loss for the year	(39 872)	(237 259)	(65 601)	(14 211)	(6 544)	91 781	(271 706)
Segment assets	931 261	1 773 631	527 842	323 332	546 423	(1 176 375)	2 926 114
Segment liabilities	906 041	598 598	409 453	250 425	154 146	(812 984)	1 505 679
Other information							
Additions to property, plant and equipment and intangible assets	89 933	32 006	24 899	4 284	–	–	151 122
Depreciation and amortisation of intangibles	30 654	44 455	22 471	4 701	–	–	102 281
Other material items of income and expense:							
– net foreign currency losses (gains)	–	10 230	(14 211)	10 422	828	(559)	6 710
– staff costs (including directors' emoluments)	163 325	318 858	66 993	60 459	7 694	277	617 606
– (decrease) increase in warranty provision	(6 884)	4 752	(10 713)	(4 553)	–	–	(17 398)
– warranty expenditure	29 828	39 348	12 842	2 209	–	(4 738)	79 489

6. PROPERTY, PLANT AND EQUIPMENT

Group	Cost/ valuation 2010 R'000	Accumulated depreciation 2010 R'000	Net book value 2010 R'000	Cost/ valuation 2009 R'000	Accumulated depreciation 2009 R'000	Net book value 2009 R'000
Owned						
Freehold land and buildings	181 248	–	181 248	205 259	13 859	191 400
Leasehold buildings	4 313	1 572	2 741	5 242	1 653	3 589
Plant and equipment	355 357	229 470	125 887	355 927	208 110	147 817
Rental assets	208 677	64 101	144 576	188 299	35 640	152 659
Aircraft	8 130	2 322	5 808	7 841	1 722	6 119
Vehicles	25 490	12 193	13 297	23 622	11 686	11 936
Leased						
Plant and equipment	11 995	4 805	7 190	9 227	3 107	6 120
Vehicles	699	423	276	1 393	581	812
Total	795 909	314 886	481 023	796 810	276 358	520 452

	Freehold land and buildings R'000	Leasehold buildings R'000	Plant and equipment R'000	Rental assets R'000	Aircraft R'000	Vehicles R'000	Total R'000
Movement in property, plant and equipment 2010							
Net book value at beginning of the year	191 400	3 589	153 937	152 659	6 119	12 748	520 452
Loss on revaluation	(4 054)	–	–	–	–	–	(4 054)
Additions	291	77	11 828	86 267	288	9 348	108 099
Disposals	–	–	(797)	(32 786)	–	(2 874)	(36 457)
Depreciation	(6 831)	(158)	(29 689)	(51 556)	(599)	(4 913)	(93 746)
Transfers	442	(442)	–	–	–	–	–
Translation differences	–	(325)	(2 202)	(10 008)	–	(736)	(13 271)
Net book value at end of the year	181 248	2 741	133 077	144 576	5 808	13 573	481 023
2009							
Net book value at beginning of the year	197 294	4 151	175 961	130 153	5 783	19 422	532 764
Additions	797	65	16 639	111 469	1 159	3 107	133 236
Disposals	–	–	(736)	(27 756)	(248)	(663)	(29 403)
Depreciation	(6 691)	(179)	(34 324)	(47 187)	(575)	(5 188)	(94 144)
Translation differences	–	(448)	(3 603)	(14 020)	–	(3 930)	(22 001)
Net book value at end of the year	191 400	3 589	153 937	152 659	6 119	12 748	520 452

Certain property, plant and equipment is encumbered as indicated in note 17.

The rental assets are subject to repurchase obligations as reflected in note 18.

	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
6. PROPERTY, PLANT AND EQUIPMENT (continued)				
Freehold land and buildings at cost/valuation comprise:				
Lot 1892 Alton Industrial Township, Richards Bay				
– at valuation on 31 December 2010	21 118	–	–	–
– at valuation on 1 October 2007	–	20 648	–	–
– subsequent additions at cost in 2007	–	501	–	–
– subsequent additions at cost in 2008	–	1 422	–	–
Lot 1894 Alton Industrial Township, Richards Bay				
– at valuation on 31 December 2010	53 344	–	–	–
– at valuation on 1 October 2007	–	56 618	–	–
– subsequent additions at cost in 2007	–	1 437	–	–
– subsequent additions at cost in 2008	–	1 189	–	–
– subsequent additions at cost in 2009	–	170	–	–
Lot 10024 Alton Industrial Township, Richards Bay				
– at valuation on 31 December 2010	106 786	–	–	–
– at valuation on 1 October 2007	–	104 642	–	–
– subsequent additions at cost in 2007	–	2 307	–	–
– subsequent additions at cost in 2008	–	15 698	–	–
– subsequent additions at cost in 2009	–	627	–	–
Total freehold land and buildings at cost/valuation	181 248	205 259	–	–
The freehold land and buildings were valued by the Mills Fitchet Group, independent qualified valuers, on the market value in continuation of existing use basis, on 31 December 2010.				
The valuation was undertaken in accordance with the international guidelines for the valuation of public company assets laid down by the Royal Institution of Chartered Surveyors (RICS) in their Statement of Asset Valuation Practice and Guidance Notes handbook.				
The book values of these properties were adjusted to their valuations during the relevant financial period and the resultant net losses debited to the revaluation reserve.				
The comparable amounts under the historical cost convention for the freehold land and buildings were:				
Historical cost	100 367	100 076	–	–

	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
7. INTANGIBLE ASSETS				
Capitalised software				
Cost				
At beginning of the year	41 242	39 098	–	–
Acquired	14	2 400	–	–
Disposed	–	(256)	–	–
At end of the year	41 256	41 242	–	–
Accumulated amortisation				
At beginning of the year	15 943	8 789	–	–
Charge for the year	7 220	7 225	–	–
Disposed	–	(71)	–	–
At end of the year	23 163	15 943	–	–
Carrying amount at end of the year	18 093	25 299	–	–
Capitalised development expenditure				
Cost				
At beginning of the year	15 486	–	–	–
Capitalised – current year	39 670	15 486	–	–
At end of the year	55 156	15 486	–	–
Accumulated amortisation				
At beginning of the year	912	–	–	–
Charge for the year	1 562	912	–	–
At end of the year	2 474	912	–	–
Carrying amount at end of the year	52 682	14 574	–	–
Total intangible assets	70 775	39 873	–	–
8. INVESTMENTS IN SUBSIDIARY COMPANIES				
Local subsidiaries				
Shares at cost	–	–	14 164	14 164
Recognition of share-based payments	–	–	1 515	–
Indebtedness by subsidiary*	–	–	69 869	64 842
Total local subsidiaries	–	–	85 548	79 006
Foreign subsidiaries				
Shares at cost	–	–	290 137	290 137
Impairment loss recognised**	–	–	(10 755)	–
Recognition of share-based payments	–	–	249	–
Total foreign subsidiaries	–	–	279 631	290 137
Total investments in subsidiary companies	–	–	365 179	369 143

* No interest is charged on the indebtedness by subsidiary. This is unsecured and has no fixed terms of repayment. Further details of investments in subsidiary companies are set out on page 91.

** The company impaired its investment in a subsidiary due to accumulated operating losses incurred in underlying sub-subsidiaries.

	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
9. INTEREST-BEARING LONG-TERM RECEIVABLES				
WesBank financing venture*	34 371	48 899	–	–
Less: provision for non-recovery	(4 900)	(6 239)	–	–
	29 471	42 660	–	–
Bank of Scotland (Ireland) Limited**	–	3 196	–	–
Retention deposits***	11 018	15 735	–	–
Trade receivables recoverable beyond 12 months	34 248	49 800	–	–
	74 737	111 391	–	–
Less: current portion	(40 359)	(37 409)	–	–
Total interest-bearing long-term receivables	34 378	73 982	–	–

* A financing venture has been entered into with WesBank, a division of FirstRand Bank Limited, in order to assist customers with the financing of equipment purchased from the group.

In terms of this arrangement, the following categories of financing are provided for:

- specific transactions, the risks and rewards of which are for the group. In respect of these transactions, the group is required to invest an amount equal to 25% of the value of the financing provided by WesBank to customers as collateral. A fee is paid to WesBank for administering this business. This investment, which earns interest at prime less 3,5%, is reflected as interest-bearing long-term receivables on the statement of financial position.
- transactions for which WesBank requires support, either due to the credit risk profile of the customer or the specific structuring of the financing deal. The group is entitled to a share of the profits from these transactions. Applications from customers are categorised into WesBank's risk grading system, with the risk category determining the level of risk shared by the group. No collateral investment is required by the group to support these transactions.

In respect of the first category above, in the event of default by a customer, the group is at risk for the full balance due to WesBank by the customer. This contingent liability is reflected in note 29.1.

** Deposit held as security for subsidiary's obligations under a customer's stocking finance agreement.

*** Deposits held by financial institutions as security for residual values on units guaranteed by the group. The recoverability of these deposits is dependent on the units realising the guaranteed residual values at the end of the guarantee period. This contingent liability and the group's provision for non-recovery is included in note 29.3.

The directors consider that the carrying amount of interest-bearing long-term receivables approximates their fair value.

	Net deferred taxation asset at beginning of year R'000	Recognised in profit/loss for the year R'000	Recognised in other compre- hensive loss for the year R'000	Net deferred taxation asset at end of year R'000
10. DEFERRED TAXATION				
The deferred taxation asset analysed by major category of temporary difference and the reconciliation of the movement in the deferred taxation balance is as follows:				
Group 2010				
Capitalised development expenditure	–	(14 751)	–	(14 751)
Deferred income	29 450	8 532	–	37 982
Excess tax allowances over depreciation charge	(23 631)	(16 003)	–	(39 634)
Finance leases	1 448	(1 316)	–	132
Investment subsidies	162	(44)	–	118
Import duty rebates	–	(2 630)	–	(2 630)
Prepayments	(1 225)	(30)	–	(1 255)
Accrual for bonuses	6	(6)	–	–
Provision for doubtful debts	4 634	(2 153)	–	2 481
Provision for lease escalation	4 134	1 847	–	5 981
Accrual for leave pay	5 684	(1 592)	–	4 092
Provision for residual value risk	236	116	–	352
Accrual for unit additional costs	3 527	(814)	–	2 713
Provision for warranty expenditure	11 488	1 942	–	13 430
Future expenditure allowance	732	(2 116)	–	(1 384)
Revaluation of properties	(24 751)	210	1 135	(23 406)
Sales in advance	6 066	(2 660)	–	3 406
Taxable losses	117 129	11 383	–	128 512
Unrealised foreign currency gains and losses	(2 700)	7 128	–	4 428
Unrealised profit in inventory	31 749	(5 020)	–	26 729
Totals	164 138	(17 977)	1 135	147 296
Group 2009				
Deferred income	27 336	2 114	–	29 450
Excess tax allowances over depreciation charge	(17 378)	(6 253)	–	(23 631)
Finance leases	–	1 448	–	1 448
Investment subsidies	223	(61)	–	162
Prepayments	(1 274)	49	–	(1 225)
Accrual for bonuses	3 935	(3 929)	–	6
Provision for doubtful debts	(830)	5 464	–	4 634
Provision for lease escalation	1 651	2 483	–	4 134
Accrual for leave pay	6 500	(816)	–	5 684
Provision for residual value risk	–	236	–	236
Accrual for unit additional costs	8 961	(5 434)	–	3 527
Provision for warranty expenditure	14 441	(2 953)	–	11 488
Future expenditure allowance	688	44	–	732
Revaluation of properties	(25 470)	719	–	(24 751)
Sales in advance	3 243	2 823	–	6 066
Taxable losses	45	117 084	–	117 129
Unrealised foreign currency gains and losses	(3 812)	1 112	–	(2 700)
Unrealised profit in inventory	49 703	(17 954)	–	31 749
Totals	67 962	96 176	–	164 138

	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
11. INVENTORY				
Merchandise spares, components and raw materials	676 824	788 931	–	–
Work in progress	150 013	123 712	–	–
Finished goods	528 776	706 085	–	–
Total inventory	1 355 613	1 618 728	–	–
Included above is inventory of R240,9 million (2009: R275,2 million) carried at net realisable value.				
Total inventory expensed, included in cost of sales, amounts to R2 632,7 million (2009: R2 116,9 million).				
Cost of sales includes an amount of R59,6 million (2009: R68,8 million) in respect of write-downs of inventory to net realisable value, and has been reduced by R3,8 million in respect of the reversal of such write-downs.				
12. TRADE AND OTHER RECEIVABLES				
Amounts receivable from the sale of goods and services	411 450	312 965	–	–
Allowance for estimated irrecoverable amounts	(20 234)	(25 921)	–	–
	391 216	287 044	–	–
Sundry receivables	55 571	124 964	1 634	220
Total trade and other receivables	446 787	412 008	1 634	220
In assessing the amounts recoverable from trade receivables, assumptions are made based on past default experience, estimations of the value of any security, including security in the form of secondhand equipment, and the estimated costs of preparing the equipment for re-sale, including transport.				
The directors consider that the carrying amount of trade and other receivables approximates their fair value.				
Further information regarding the group's credit risk management is set out in note 33.3.				
13. OTHER FINANCIAL ASSETS				
Financial assets carried at fair value through profit or loss				
Forward foreign exchange contracts	–	430	–	–
The fair value of forward foreign exchange contracts is determined with reference to quoted market prices.				
14. STATED CAPITAL				
Authorised:				
100 000 000 (2009: 100 000 000) ordinary shares of no par value	–	–	–	–
Issued:				
94 958 000 (2009: 94 958 000) ordinary shares of no par value	228 605	228 605	228 605	228 605

At 31 December 2010, the company had granted options in terms of share option scheme one to executive directors and employees to subscribe for 17 000 (2009: 34 000) shares in the company as set out in note 28.3.

At 31 December 2010, the company had granted options in terms of share option scheme two to executive directors and employees to subscribe for 2 795 000 (2009: nil) shares in the company as set out in note 28.3.

The unissued shares are under the unrestricted control of the directors until the next annual general meeting of shareholders.

	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
15. NON-DISTRIBUTABLE RESERVES				
Net surplus arising from revaluation of freehold land and buildings				
– prior years	86 866	89 327	–	–
– current year loss on revaluation	(4 054)	–	–	–
– deferred taxation on current year revaluation	1 135	–	–	–
– current year realisation	(1 896)	(3 418)	–	–
– deferred taxation on current year realisation	531	957	–	–
Net surplus arising from revaluation of freehold land and buildings	82 582	86 866	–	–
Statutory reserves of foreign subsidiaries				
– prior years	7 182	5 496	–	–
– current year transfer	–	2 938	–	–
– exchange difference	(1 040)	(1 252)	–	–
Total statutory reserves of foreign subsidiaries	6 142	7 182	–	–
Foreign currency translation reserve of foreign subsidiaries				
– prior years	29 936	106 117	–	–
– current year transfer	(34 823)	(74 954)	–	–
– transfer of debit foreign currency translation reserve to retained earnings	6 319	–	–	–
– exchange difference	(1 432)	(1 227)	–	–
Total foreign currency translation reserve of foreign subsidiaries	–	29 936	–	–
Equity-settled employee benefits reserve				
– current year recognition of share-based payments*	1 764	–	1 764	–
Total equity-settled employee benefits reserve	1 764	–	1 764	–
Total non-distributable reserves	90 488	123 984	1 764	–
* Details of the employee share option plan is set out in note 28.				
16. NON-CONTROLLING INTEREST				
Interest of Kagiso Strategic Investments 111 (Proprietary) Limited (Kagiso) (22,5%) and group employees in the South African, Namibian and Swazi operations (7,5%) in Bell Equipment Sales South Africa Limited (BESSA), which comprises the sales and customer service centres in South Africa as well as the investments in IA Bell Equipment Co Namibia (Proprietary) Limited and Bell Equipment Co Swaziland (Proprietary) Limited.				
Balance at beginning of the year	1 306	13 268	–	–
Share of total comprehensive income (loss) for the year	11 148	(11 962)	–	–
Balance at end of the year	12 454	1 306	–	–

		Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
17. INTEREST-BEARING LIABILITIES					
	Variable rate of interest (%)				
Secured:					
Repayable in instalments by:					
November 2011	9,0	326	932	–	–
May 2012	7,3	440	721	–	–
August 2012	7,0	2 590	4 244	–	–
August 2014	8,5	2 416	2 590	–	–
December 2015	11,0	3 164	–	–	–
Total secured liabilities		8 936	8 487	–	–
Less: current portion		(3 624)	(2 894)	–	–
Long-term portion		5 312	5 593	–	–
	Fixed rate of interest (%)				
Unsecured:					
Repayable in instalments by:					
November 2010	12,0	–	37 312	–	–
Less: current portion		–	(37 312)	–	–
Long-term portion		–	–	–	–
Unsecured – no fixed repayment:					
Loan – Kagiso Strategic Investments 111 (Proprietary) Limited*	determined annually	80 213	91 487	–	–
Loan – IA Bell & Company (Proprietary) Limited	12,0	–	133 948	–	–
Less: current portion		(1 350)	(12 624)	–	–
Long-term portion		78 863	212 811	–	–
Total current portion of interest-bearing liabilities		4 974	52 830	–	–
Total long-term portion of interest-bearing liabilities		84 175	218 404	–	–

The following property, plant and equipment, at net book value, is encumbered as security for the secured borrowings above:

Plant and equipment in South Africa R7 189 811 (2009: R6 120 469)

Capitalised software in South Africa Rnil (2009: R229 319)

Vehicles in France R275 808 (2009: R812 443)

* Interest on the loan for 2010 has been waived. The group has the right to defer settlement of the loan for a period of 12 months after 1 January 2011.

The company has provided suretyship for the repayment of the secured and unsecured borrowings.

The directors have unlimited borrowing powers in terms of the articles of association of the holding company.

	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
18. REPURCHASE OBLIGATIONS AND DEFERRED LEASING INCOME				
Total repurchase obligations and deferred leasing income	141 828	96 363	–	–
Less: current portion	(61 926)	(46 639)	–	–
Long-term portion of repurchase obligations and deferred leasing income	79 902	49 724	–	–
Repurchase obligations and deferred leasing income are in respect of the rental assets reflected in note 6 and relate to sales transactions combined with buy-back agreements or residual value guarantees where the revenue was not recognised on the transaction.				
19. DEFERRED WARRANTY INCOME				
Balance at beginning of the year	106 646	106 417	–	–
Extended warranty contracts sold during the year	25 022	34 276	–	–
Costs in excess of contract value	1 426	2 381	–	–
Expired during the year	(9 680)	(7 478)	–	–
Utilised during the year	(7 604)	(6 580)	–	–
Revenue recognised during the year	(25 223)	(22 370)	–	–
	90 587	106 646	–	–
Less: current portion	(23 852)	(17 599)	–	–
Long-term portion of deferred warranty income at end of the year	66 735	89 047	–	–
Deferred warranty income relates to extended warranty contracts sold.				
The warranty commitment period of the group extends beyond the warranty period contained in the standard conditions of sale.				
20. LEASE ESCALATION				
Total lease escalation	21 422	14 733	–	–
Less: current portion	(1 156)	(3 834)	–	–
Long-term portion of lease escalation	20 266	10 899	–	–

The lease escalation liability relates to rental and lease contracts with escalation clauses. Rentals payable under the contracts are charged to profit or loss on a straight-line basis over the term of the relevant lease.

	Warranty provision R'000	Group Provision for residual value risk R'000	Total R'000	Warranty provision R'000	Company Provision for residual value risk R'000	Total R'000
21. PROVISIONS						
Balance at 31 December 2008	59 449	–	59 449	–	–	–
Raised during the year	59 141	844	59 985	–	–	–
Utilised during the year	(79 489)	–	(79 489)	–	–	–
Balance at 31 December 2009	39 101	844	39 945	–	–	–
Less: current portion	(32 521)	(844)	(33 365)	–	–	–
Long-term provisions at 31 December 2009	6 580	–	6 580	–	–	–
Balance at 31 December 2009	39 101	844	39 945	–	–	–
Raised during the year	85 514	411	85 925	–	–	–
Utilised during the year	(80 781)	–	(80 781)	–	–	–
Balance at 31 December 2010	43 834	1 255	45 089	–	–	–
Less: current portion	(39 372)	(1 255)	(40 627)	–	–	–
Long-term provisions at 31 December 2010	4 462	–	4 462	–	–	–

The warranty provision represents management's best estimate of the group's liability under warranties granted on product sold, based on past experience and current warranty campaigns.

The provision for residual value risk relates to sales transactions combined with buy-back agreements or residual value guarantees where the revenue was recognised on the transaction. Residual value risk is the risk that the group in the future will have to dispose of used products at a loss if the price realised for these products is less than what was expected when the contracts were entered into. The provision represents the discounted value of management's best estimate of the group's liability.

	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
22. TRADE AND OTHER PAYABLES				
Trade creditors	399 596	284 789	14	14
Industrial Development Corporation of South Africa – trade finance*	150 111	90 844	–	–
Accruals	149 451	154 518	544	457
Total trade and other payables	699 158	530 151	558	471
<p>* The trade finance is unsecured and is a rolling credit facility, repayable six-monthly. The interest rate is linked to prime and is charged at 9,0% (2009: 10,5%) per annum.</p> <p>The directors consider that the carrying amount of trade and other payables approximates their fair value.</p>				
23. OTHER FINANCIAL LIABILITIES				
Financial liabilities carried at fair value through profit or loss				
Forward foreign exchange contracts	4 271	3 922	–	–
The fair value of forward foreign exchange contracts is determined with reference to quoted market prices.				
24. REVENUE				
Revenue represents:				
Sale of machines	2 413 361	1 875 674	–	–
Sale of parts	748 018	600 353	–	–
Service income	177 315	164 654	–	–
Rental income	71 997	58 468	–	–
Total revenue	3 410 691	2 699 149	–	–

Related party sales are disclosed in note 34.

	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
25. PROFIT (LOSS) FROM OPERATING ACTIVITIES				
Profit (loss) from operating activities is arrived at after taking into account:				
Income				
Currency exchange gains	113 868	184 078	–	–
Decrease in warranty provision	–	17 398	–	–
Deferred warranty income	42 507	36 428	–	–
Import duty rebates	44 845	75 340	–	–
Royalties	2 677	–	–	–
Net surplus on disposal of property, plant and equipment and intangible assets	–	826	–	–
Expenditure				
Amortisation of intangible assets				
– capitalised software	7 220	7 225	–	–
– capitalised development expenditure	1 562	912	–	–
Auditors' remuneration				
– audit fees – current	6 099	5 964	597	455
– prior	90	714	–	126
– other services	2 412	1 007	–	–
– expenses	28	157	–	–
Consulting fees	10 767	8 042	642	–
Currency exchange losses	132 217	190 788	119	–
Depreciation				
– freehold buildings	6 831	6 691	–	–
– leasehold buildings	158	179	–	–
– plant and equipment	29 689	34 324	–	–
– rental assets	51 556	47 187	–	–
– aircraft	599	575	–	–
– vehicles	4 913	5 188	–	–
Directors' emoluments				
Paid by company:				
– non-executive directors' fees	1 227	893	1 227	893
Paid by subsidiaries:				
Executive directors				
– salaries	7 217	9 106	–	–
– benefits	3 568	2 760	–	–
Equity-settled share-based payments	1 764	–	–	–
Impairment loss recognised on interest-bearing long-term receivables	–	39 790	–	–
Impairment loss recognised on investment in subsidiary	–	–	10 755	–
Increase in provision for residual value risk	411	844	–	–
Increase in warranty provision	5 178	–	–	–
Net loss on disposal of property, plant and equipment and intangible assets	180	–	–	–
Operating lease charges				
– equipment and vehicles	20 623	24 502	–	–
– land and buildings	59 500	56 852	–	–
Research expenses (excluding staff costs)	16 093	17 791	–	–
Staff costs	547 511	604 847	–	–
Number of employees at the end of the year	2 639	2 076	–	–

Details of emoluments paid to directors of the company are set out on page 92.

		Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
26. TAXATION					
26.1 Taxation recognised in profit (loss)					
South African normal taxation					
Current taxation					
– current year		–	18	–	–
– prior year		(5 497)	135	(5 498)	(4 022)
Deferred taxation					
– current year		10 162	(90 942)	–	–
– prior year		6 001	(3 341)	–	–
Foreign taxation					
Current taxation					
– current year		12 515	1 080	–	–
– prior year		4 487	(5 315)	–	–
Deferred taxation					
– current year		(1)	(2 733)	–	–
– prior year		(1)	–	–	–
Withholding tax		1 843	773	–	–
Total taxation charge (credit) recognised in profit (loss)		29 509	(100 325)	(5 498)	(4 022)
Reconciliation of rate of taxation					
Standard rate of taxation (%)		28	28	28	28
Adjustment for:					
Disallowable expenditure (%)		1	–	(27)	(6)
Special allowances for tax (%)		(16)	4	–	–
Income attributed from controlled foreign company (%)		–	–	–	(6)
Prior year taxation (%)		8	2	48	156
Withholding tax (%)		3	–	–	–
Tax loss (%)		(2)	–	(1)	(16)
Different tax rates of subsidiaries operating in other jurisdictions and the effect of unused tax losses not recognised as deferred tax assets by these subsidiaries (%)		23	(7)	–	–
Effective rate of taxation (%)		45	27	48	156
Estimated tax losses amount to approximately R619 million (2009: R548 million).					
Included in this amount are losses of R32 million that will expire in 2011, R8 million in 2014, R21 million in 2015 and R6 million in 2019. Other losses may be carried forward indefinitely.					
A deferred tax asset of R129 million (2009: R117 million) has been recognised in respect of such losses as reflected in note 10, as future taxable income of sufficient amount is expected to be earned.					
26.2 Taxation recognised in other comprehensive loss					
Deferred taxation					
– property revaluation		(1 135)	–	–	–
Total taxation recognised in other comprehensive loss		(1 135)	–	–	–

		Group 2010	Group 2009
27. EARNINGS (LOSS) PER SHARE			
27.1 Earnings (loss) per share (basic)			
Profit (loss) attributable to equity holders of Bell Equipment Limited	(R'000)	25 576	(259 744)
Weighted average number of shares in issue	('000)	94 958	94 952
Earnings (loss) per share (basic)	(cents)	27	(274)
27.2 Earnings (loss) per share (diluted)			
Profit (loss) attributable to equity holders of Bell Equipment Limited	(R'000)	25 576	(259 744)
Fully converted weighted average number of shares	('000)	94 960	94 955
Earnings (loss) per share (diluted)	(cents)	27	(274)
The number of shares in issue for this calculation has been adjusted for the effect of the dilutive potential ordinary shares relating to the unexercised options in employee share option scheme 1 as set out in note 28.3.			
27.3 Headline earnings (loss) per share			
Profit (loss) attributable to equity holders of Bell Equipment Limited	(R'000)	25 576	(259 744)
Net loss (surplus) on disposal of property, plant and equipment and intangible assets	(R'000)	180	(826)
Tax effect of net loss (surplus) on disposal of property, plant and equipment and intangible assets	(R'000)	(50)	231
Headline earnings (loss)	(R'000)	25 706	(260 339)
Weighted average number of shares in issue	('000)	94 958	94 952
Headline earnings (loss) per share (basic)	(cents)	27	(274)
27.4 Headline earnings (loss) per share (diluted)			
Profit (loss) as calculated in 27.3 above	(R'000)	25 706	(260 339)
Fully converted weighted average number of shares per 27.2 above	('000)	94 960	94 955
Headline earnings (loss) per share (diluted)	(cents)	27	(274)

28. SHARE-BASED PAYMENTS**28.1 Employee share option plan**

The company currently has two operating employee share option schemes for executives and senior employees. The directors in their sole discretion may from time to time, after giving due consideration to the purpose of the scheme, grant options to employees. The allocation is done according to a formula that recognises responsibility levels and is at the discretion of the Group Chief Executive and the board.

The maximum number of shares any employee may acquire in terms of the existing schemes may not exceed 200 000 shares. The options of both schemes have a maximum contractual life of 10 years from the date of award.

Each employee share option converts into one ordinary share of Bell Equipment Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The options on scheme number one are equity-settled, vest immediately and are forfeited on leaving the company. Scheme number two was approved by the board in December 2009 and share options were granted to employees on 15 February 2010. Five million ordinary shares have been reserved for this scheme. The options on scheme number two are equity-settled, each year's allocation of options will vest one third in each period after three years, five years and seven years respectively after the date of grant and are forfeited on leaving the company.

28. SHARE-BASED PAYMENTS (continued)**28.1 Employee share option plan (continued)**

The following share-based payment arrangements were in existence during the reporting period:

Options tranches	Number	Grant date	Expiry date	Exercise price	Fair value at grant date
Scheme 1: Granted 31 December 2000	17 000	2000/12/31	2010/12/31	R7,60	n/a
Scheme 1: Granted 28 February 2002	17 000	2002/02/28	2012/02/28	R9,00	n/a
Scheme 2: Granted 15 February 2010 (tranche 1)	993 333	2010/02/15	2020/02/14	R10,48	R3,92
Scheme 2: Granted 15 February 2010 (tranche 2)	993 333	2010/02/15	2020/02/14	R10,48	R4,14
Scheme 2: Granted 15 February 2010 (tranche 3)	993 333	2010/02/15	2020/02/14	R10,48	R4,38

28.2 Fair value of share options granted in the year

The fair value of the share options is determined once-off at grant date and is expensed on a straight-line basis over the vesting period. The weighted average fair value of the share options granted under scheme number two during the reporting period is R4,15 (2009: nil). Options were priced using a binomial option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate of exercise restrictions and behavioural considerations. Expected volatility is based on the historical share price volatility over the past 10 years. It was assumed that executives and senior employees would exercise the options after vesting date when the share price is 2,2 times the exercise price.

Inputs into the model		Tranche 1	Tranche 2	Tranche 3
Grant date share price	(R)	10,30	10,30	10,30
Exercise price of the option	(R)	10,48	10,48	10,48
Expected volatility of the share price	(%)	42,55	41,02	40,07
Expected life of the option	(years)	7,4	8,2	9,0
Dividend yield	(%)	0,79	0,79	0,79
Risk-free interest rate for the life of the option	(%)	8,79	8,84	8,88

28.3 Movements in share options during the period

The following reconciles the share options outstanding at the beginning and end of the year:

	Group 2010		Group 2009	
	Number of options	Weighted average exercise price R	Number of options	Weighted average exercise price R
Scheme 1				
Balance at beginning of year	34 000	8,30	50 000	6,41
Forfeited during the year	–	–	(8 000)	2,40
Exercised during the year	–	–	(8 000)	2,40
Expired during the year	(17 000)	7,60	–	–
Balance at end of year	17 000	9,00	34 000	8,30
Scheme 2				
Balance at beginning of year	–	–	–	–
Granted and accepted during the year	2 980 000	10,48	–	–
Forfeited during the year	(185 000)	10,48	–	–
Balance at end of year	2 795 000	10,48	–	–

The share options outstanding at the end of the year under scheme number one had a weighted average remaining contractual life of 1,2 years (2009: 1,6 years).

The share options outstanding at the end of the year under scheme number two had a weighted average remaining contractual life of 9,1 years (2009: nil).

	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
29. CONTINGENT LIABILITIES				
<p>29.1 The group has assisted customers with the financing of equipment purchased through a financing venture with WesBank, a division of FirstRand Bank Limited.</p> <p>In respect of the different categories of financing provided by WesBank, the group is liable for the full balance due to WesBank by default customers with regard to Bell-backed deals and a portion of the balance with regard to Bell-shared risk deals.</p> <p>At year-end the amount due by customers to WesBank for which the group is liable totalled</p> <p>In the event of default, the units financed would be recovered and it is estimated that they would presently realise the following towards the above liability</p>	124 110	151 517	–	–
	117 294	146 862	–	–
	6 816	4 655	–	–
Less: provision for non-recovery	4 900	6 239	–	–
Net contingent liability	1 916	–	–	–
Where customers are in arrears with WesBank and there is a shortfall between the estimated realisation values of units and the balances due by the customers to WesBank, an assessment of any additional security is done and a provision for any shortfall is made.				
<p>29.2 The repurchase of units sold to customers and financial institutions has been guaranteed by the group for an amount of</p> <p>In the event of repurchase, it is estimated that these units would presently realise</p>	3 105	6 903	–	–
	9 512	17 475	–	–
Net contingent liability	–	–	–	–
<p>29.3 The residual values of certain equipment sold to financial institutions have been guaranteed by the group. In the event of a residual value shortfall, the group would be exposed to an amount of</p> <p>Less: provision for residual value risk</p>	12 985	12 100	–	–
	1 255	844	–	–
Net contingent liability	11 730	11 256	–	–
The provision for residual value risk is based on the assessment of the probability of return of units.				
<p>29.4 The company provided unlimited suretyship for the overdrafts, short-term borrowings and loans made to subsidiaries</p>	–	–	813 290	794 013
<p>29.5 Letters of support have been issued by the company to certain of the subsidiaries to the effect that financial assistance would be provided should the subsidiaries be unable to meet their commitments.</p>				
<p>29.6 Retention guarantees have been provided to certain customers for an amount of</p>	715	786	–	–
<p>29.7 Guarantees have been provided to certain suppliers for an amount of</p>	10 629	–	–	–

	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
30. CAPITAL EXPENDITURE COMMITMENTS				
Contracted	1 135	58	–	–
Authorised, but not contracted	58 240	29 487	–	–
Total capital expenditure commitments	59 375	29 545	–	–
This capital expenditure is to be financed from internal resources and long-term facilities.				
31. OPERATING LEASE ARRANGEMENTS				
31.1 Operating lease commitments				
The group has commitments under non-cancellable operating leases as set out below:				
Land and buildings:				
Less than one year	45 571	45 124	–	–
One to five years	148 578	144 541	–	–
More than five years	200 555	228 191	–	–
Equipment and vehicles:				
Less than one year	9 848	11 183	–	–
One to five years	6 097	6 491	–	–
More than five years	–	503	–	–
Total operating lease commitments	410 649	436 033	–	–
31.2 Operating lease receivables				
Non-cancellable operating lease receivables are set out below:				
Equipment and vehicles:				
Less than one year	34 588	25 859	–	–
One to five years	19 913	32 461	–	–
Total operating lease receivables	54 501	58 320	–	–

32. RETIREMENT BENEFIT INFORMATION

South African group employees in certain scheduled occupations are required by legislation to join an industrial defined benefit plan. The pension fund is governed by the Pension Funds Act and retirement benefits are determined with reference to the employees' pensionable remuneration and years of service. Sufficient information regarding this multi-employer plan is not available to enable the group to identify its share of the underlying financial position and performance and to account for the plan as a defined benefit plan. The last actuarial review as at 31 March 2008 found the fund to be in a sound financial position.

Other employees are eligible to join the Bell Equipment Pension Fund and the Bell Equipment Provident Fund, which are externally managed defined contribution plans. These funds are governed by the Pension Funds Act and retirement benefits are determined with reference to the employees' contributions to the fund. These funds are actuarially valued but by their nature the group has no commitment to meet any unfunded benefits.

Certain of the foreign subsidiaries offer pension fund plans to their employees. These funds are externally managed defined contribution plans and are not actuarially valued. These companies have no commitment to meet any unfunded benefits.

The employer contributions to retirement benefit funds were R45 million during the current year (2009: R49 million) and were charged to profit and loss.

There is no obligation to meet any post retirement medical costs of employees.

	Group 2010 R'000	Group 2009 R'000
33. FINANCIAL INSTRUMENTS		
Financial instruments as disclosed in the statement of financial position include long and short-term borrowings, interest-bearing investments, cash resources, interest-bearing long-term receivables, trade receivables, trade payables and forward foreign exchange contracts.		
Categories of financial instruments		
Financial assets		
Loans and receivables at amortised cost		
– Interest-bearing long-term receivables (including current portion)	74 737	111 391
– Trade and other receivables	446 787	412 008
– Cash resources	53 661	31 882
Financial assets at fair value through profit or loss	–	430
Total financial assets	575 185	555 711
Financial liabilities		
Financial liabilities at amortised cost		
– Interest-bearing liabilities (including current portion)	89 149	271 234
– Trade and other payables	699 158	530 151
– Short-term interest-bearing debt	111 929	427 829
Financial liabilities at fair value through profit or loss	4 271	3 922
Total financial liabilities	904 507	1 233 136

Financial risk management

The group's approach to risk management includes being able to identify, describe and analyse risks at all levels throughout the group, with mitigating actions being implemented at the appropriate point of activity. The very significant, high impact risk areas and the related mitigating action plans are monitored by the board. The overall risk strategy remains unchanged with emphasis on liquidity and sustainability.

In the normal course of its operations, the group is exposed to capital, liquidity, credit and market risks (foreign currency and interest rate risks). In order to manage these risks, the group may enter into transactions which make use of derivatives. They include forward foreign exchange contracts. The group does not speculate in derivative instruments.

The group's treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to operations of the group through internal risk reports which analyse exposures and the magnitude of risks.

The group's liquidity, credit and market risks (foreign currency and interest rate risks) are monitored regularly by a treasury committee, consisting of certain directors and senior executives, which reports to the board. The committee operates within group policies approved by the board.

	Group 2010 R'000	Group 2009 R'000
33. FINANCIAL INSTRUMENTS (continued)		
33.1 Capital risk management		
The group's overall strategy is to generate cash and to secure the long-term sustainability of the group. This is consistent with the prior year.		
The capital structure of the group consists of debt, which includes short-term and long-term borrowings as disclosed in note 17, cash and cash equivalents, all components of equity, comprising issued capital, reserves and non-controlling interest, as disclosed in notes 14 to 16, and retained earnings.		
The reduction during the period in short-term and long-term interest-bearing debt, comprising bank overdrafts, borrowings on call and shareholders' loans, was funded by the reduction in inventory, increased trade payables and trade finance as disclosed in note 22, and operating profit.		
Gearing ratio		
The board reviews the capital structure on a regular basis. As part of this review, the board considers the cost of capital and the risks associated with each class of capital.		
The gearing ratio at the year-end was as follows:		
Short-term and long-term borrowings	201 078	699 063
Cash resources	(53 661)	(31 882)
Net debt	147 417	667 181
Total equity	1 418 709	1 420 435
Equity attributable to holders of Bell Equipment Limited	1 406 255	1 419 129
Non-controlling interest	12 454	1 306
Net debt-to-equity ratio (%)	10	47

33.2 Liquidity risk

The group manages liquidity risk by management of working capital and cash flows. Banking facilities are constantly monitored for adequacy. The general banking facilities are repayable on demand and their utilisation at 31 December 2010 is as follows:

	Group		Group	
	Facilities 2010 R'000	Utilisation 2010 R'000	Facilities 2009 R'000	Utilisation 2009 R'000
General banking facilities	513 290	111 929	606 701	427 829
Short-term interest-bearing debt comprising bank overdrafts and borrowings on call are unsecured and floating interest rates linked to prime are charged. There are no covenants in place on short-term interest-bearing debt.				
The utilisation at 31 December 2010 on other facilities made available by the Industrial Development Corporation of South Africa are as follows:				
Industrial Development Corporation of South Africa				
Trade finance	150 000	149 150	150 000	90 100
Interest accrued	–	961	–	744
	150 000	150 111	150 000	90 844
Medium-term loan	150 000	–	–	–
Totals	300 000	150 111	150 000	90 844

Ultimate repayment date for the trade finance is 31 December 2012 and the medium term loan is available for drawing until 28 February 2012.

In terms of the loan agreement a certain subsidiary of the company is required to maintain a ratio of shareholders' interest to total assets of at least 40%.

33. FINANCIAL INSTRUMENTS (continued)

33.2 Liquidity risk (continued)

The following details the group's remaining contractual maturities for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows and where applicable includes both interest and principal cash flows.

Non-derivative financial liabilities	Less than one year R'000	One to two years R'000	Two to three years R'000	More than three years R'000	Total R'000
Group 2010					
Secured interest-bearing liabilities	3 911	2 847	1 616	2 159	10 533
Unsecured interest-bearing liabilities	1 350	78 863	–	–	80 213
Trade and other payables	699 158	–	–	–	699 158
Short-term interest-bearing debt	111 929	–	–	–	111 929
Totals	816 348	81 710	1 616	2 159	901 833
Group 2009					
Secured interest-bearing liabilities	3 524	3 077	1 950	1 168	9 719
Unsecured interest-bearing liabilities	52 776	133 948	–	78 863	265 587
Trade and other payables	530 151	–	–	–	530 151
Short-term interest-bearing debt	427 829	–	–	–	427 829
Totals	1 014 280	137 025	1 950	80 031	1 233 286

The following details the group's maturity analysis for its derivative financial instruments.

The table has been drawn up based on the undiscounted gross cash inflows/(outflows) on the derivative instruments that settle on a gross basis.

	Group 2010 R'000	Group 2009 R'000
Derivative financial instruments		
Less than one year		
Gross settled forward foreign exchange contracts – imports	(141 128)	(167 592)
Gross settled forward foreign exchange contracts – exports	31 987	31 943
	(109 141)	(135 649)

33.3 Credit risk

Credit risk consists mainly of short-term cash deposits, interest-bearing long-term receivables and trade receivables. The group only deposits short-term cash with approved financial institutions and counterparty credit limits are in place. Trade receivables comprise a widespread customer base, and operations management undertake ongoing credit evaluations of the financial condition of their customers. Before accepting any new customer, the group assesses the potential customer's credit quality and defines credit limits by customer.

The group's credit risk is regularly monitored by a credit committee, consisting of certain directors and senior executives, which reports to the board. As part of its function the committee assesses credit limits by customer and customers' credit quality.

The average credit period on sales of goods and services is 30 days (2009: 30 days). Other than in specific circumstances, no interest is charged on overdue balances. An allowance has been made for estimated irrecoverable amounts from the sale of goods and has been determined by reference to past default experience and the value of the underlying security.

With the exception of the credit risk disclosed in note 29.1, the carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the group's maximum exposure to credit risk. At 31 December 2010, the group does not consider there to be any material credit risk that has not been adequately provided for.

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

Included in the group's trade receivable balance are debtors with a carrying amount of R48,6 million (2009: R71,6 million) which are past the original expected collection date (past due) at the reporting date for which the group has not provided against as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Included in interest-bearing long-term receivables is an amount of R32,0 million (2009: R57,6 million) outstanding from a single customer in the Democratic Republic of the Congo. The debt is repayable by July 2012. No provision for impairment of this receivable has been made as the amount is considered recoverable and there is no shortfall between the balance outstanding and the estimated value of the underlying security, being secondhand equipment, less costs to re-sell.

	Group 2010 R'000	Group 2009 R'000
33. FINANCIAL INSTRUMENTS (continued)		
33.3 Credit risk (continued)		
A summarised age analysis of past due debtors is set out below:		
Ageing of past due but not impaired		
60-90 days	18 441	16 685
90-120 days	15 253	15 640
120+ days	14 938	39 310
Total	48 632	71 635
Movement in the allowance for doubtful debts		
Balance at beginning of the year	25 921	32 908
Amounts written off as uncollectible	(6 654)	(2 665)
Amounts recovered during the year	(420)	(1 043)
Increase (decrease) in allowance	1 387	(3 279)
Balance at end of the year	20 234	25 921

33.4 Market risk

The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. There has been no change to the group's exposure to market risks or the manner in which it manages and measures the risks.

33.4.1 Currency risk

The group undertakes certain transactions denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts. The group follows a policy of matching import and export cash flows where possible. The foreign subsidiaries do not hedge their intra-group purchases. The majority of any remaining inward or outward trade exposure is covered forward. In this regard the group has entered into certain forward exchange contracts which do not relate to specific items appearing in the statement of financial position, but which were entered into to cover foreign commitments not yet due.

The details of contracts held at 31 December 2010 are listed below. These contracts will be utilised during the next six months. These contracts have been fair valued at the year-end as follows:

	Foreign amount '000	Rate	Market value in Rands R'000	Fair value gain (loss) R'000
Group 2010				
Import contracts				
Euro	1 510	9,23	13 937	(562)
Japanese Yen	558 985	11,99	46 621	(732)
United States Dollar	7 527	6,72	50 581	(460)
British Pound	2 711	11,07	30 011	(1 803)
Export contracts				
Euro	3 514	8,86	31 134	(192)
British Pound	81	10,36	839	3
Group 2009				
Import contracts				
Euro	989	10,73	10 612	(318)
Japanese Yen	304 198	12,33	24 671	(784)
United States Dollar	17 346	7,42	128 707	(2 585)
Export contracts				
Euro	2 972	10,60	31 503	449

33. FINANCIAL INSTRUMENTS (continued)**33.4.1 Currency risk (continued)**

The group is mainly exposed to the United States Dollar and the Euro. The analysis below details the group's sensitivity to a 20% strengthening or weakening in the South African Rand against these currencies and assumes that the relationship between the United States Dollar and the Euro remains the same.

If the South African Rand had been 20% weaker against these currencies and all other variables were held constant, the group's:

- profit for the year ended 31 December 2010 would have increased by R112 million (2009: profit increase of R121 million);
- other equity at the year-end would have increased by R52 million (2009: R81 million).

For a 20% strengthening, there would have been an equal and opposite impact on the profit and other equity.

33.4.2 Interest rate risk

The group is exposed to interest rate risk as entities in the group borrow funds at both fixed and floating interest rates.

Exposure to interest rate risk on borrowings and investments is monitored on a proactive basis. The financing of the group is structured on a combination of floating and fixed interest rates. The group's interest rate profile of borrowings at 31 December 2010, is as follows:

		Call	Long-term borrowings	Long-term borrowings	Total borrowings
Group 2010					
Borrowings	(R'000)	111 929	80 213	8 936	201 078
Rate profile		Floating	Fixed	Floating	
Percentage of total borrowings	(%)	56	40	4	
Group 2009					
Borrowings	(R'000)	427 829	262 747	8 487	699 063
Rate profile		Floating	Fixed	Floating	
Percentage of total borrowings	(%)	61	38	1	

The sensitivity analysis below has been determined based on the exposure to interest rates on borrowings at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the period was outstanding for the whole year. A 100 basis points increase or decrease is used and presents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher and all other variables were held constant, the group's:

- profit for the year ended 31 December 2010 would have decreased by R1,9 million (2009: decrease in profit of R4,1 million).

For a 100 basis points decrease, there would have been an equal and opposite impact on the profit.

	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
34. RELATED PARTY TRANSACTIONS				
Details of transactions between the group and other related parties are disclosed below.				
Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.				
Related party relationships exist between certain directors and trading partners.				
The nature and value of the transactions concluded during the year and balances at the year-end are detailed below:				
Shareholders				
IA Bell & Company (Proprietary) Limited				
– amounts owing to	–	133 948	–	–
– interest paid	15 662	13 029	–	–
John Deere Construction and Forestry Company				
– sales	61 367	20 125	–	–
– purchases	398 967	203 487	–	–
– royalties received	2 677	–	–	–
– royalties paid	2 670	6 939	–	–
– interest paid	3 185	14 568	–	–
– amounts owing to	66 501	139 592	–	–
– amounts owing by	4 235	4 729	–	–
Enterprises over which directors and shareholders are able to exercise significant influence and/or in which directors and shareholders have a beneficial interest				
Loinette Company Limited				
– property rental paid	4 491	5 393	–	–
Loinette Company Leasing Limited				
– commission received	851	–	–	–
– amounts owing by	905	–	–	–
Minosucra SARL				
– sales	14 102	6 443	–	–
– amounts owing to	43	–	–	–
– amounts owing by	2 847	1 312	–	–
Triumph International Madagascar SARL				
– sales	1 534	3 861	–	–
– amounts owing by	240	1 065	–	–
Triumph International Trading Limited				
– sales	10 836	2 962	–	–
– amounts owing to	–	1 060	–	–
– amounts owing by	4 057	181	–	–
Tractor and Equipment (Mauritius) Limited				
– sales	3 668	1 142	–	–
– commission received	100	12	–	–
– amounts owing to	–	836	–	–
– amounts owing by	892	209	–	–
Buttery Family Investments (Proprietary) Limited				
– management fees paid	71	253	–	–
– commission paid	–	75	–	–
Ruthbut Investments (Proprietary) Limited				
– property rental paid	120	114	–	–

	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
34. RELATED PARTY TRANSACTIONS (continued)				
Enterprises over which directors and shareholders are able to exercise significant influence and/or in which directors and shareholders have a beneficial interest (continued)				
Castle Crest Properties 33 (Proprietary) Limited				
– property rental paid	481	525	–	–
– amounts owing by	49	49	–	–
Matriarch Trading Close Corporation*				
– sales	14	10	–	–
– leasing costs paid	134	73	–	–
– amounts owing to	5	10	–	–
BAC Aviation (Proprietary) Limited				
– property rental received	186	180	–	–
– profit on sale of assets	–	382	–	–
– leasing income	34	–	–	–
– other income	21	64	–	–
– aircraft maintenance expenses	249	218	–	–
– aircraft rebuild expenses	279	1 074	–	–
– leasing costs paid	51	–	–	–
– other expenses	22	–	–	–
– amounts owing by	19	20	–	–
Bravo Equipment Rental Close Corporation				
– transport revenue received	27	58	–	–
– amounts owing by	–	12	–	–
Subsidiaries				
Bell Equipment Company SA (Proprietary) Limited				
– management fee received	–	–	150	150
– administration fee paid	–	–	471	456
– amounts owing by	–	–	69 869	64 842
Bell Equipment Group Insurance Brokers (Proprietary) Limited				
– commission received	–	–	–	1 365
– administration fee paid	–	–	–	9
Bell Equipment International SA				
– bank guarantee fee received	–	–	847	–
– amounts owing by	–	–	789	–
Bell Equipment Switzerland SA				
– bank guarantee fee received	–	–	148	–
– amounts owing by	–	–	138	–
Bell Equipment UK Limited				
– bank guarantee fee received	–	–	739	–
– amounts owing by	–	–	688	–

* During the current year Sno-Shu Investments (Proprietary) Limited changed its name to Matriarch Trading Close Corporation.

Amounts owing by related parties that are in respect of the sale of equipment by the group, are secured by the underlying secondhand equipment. Other amounts outstanding are unsecured. Amounts will be settled in cash. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

Compensation of key management personnel

Executive directors are defined as key management personnel and their remuneration during the year is reflected on page 92.

The remuneration of executive directors is determined by the board having regard to the performance of individuals and market trends.

35. SUBSEQUENT EVENTS

No fact or circumstance material to the appreciation of these annual financial statements has occurred between the financial year-end and the date of this report.

SUBSIDIARIES as at 31 December 2010

		Interest of Bell Equipment Limited							
	Business Type	Issued share capital 2010 R	Effective holding 2010 %	Share of profit (loss) 2010 R000	Share of profit (loss) 2009 R000	Book value of shares 2010 R000	Book value of shares 2009 R000	Amounts owing by 2010 R000	Amounts owing by 2009 R000
SUBSIDIARIES									
Southern Africa									
Bell Equipment Company SA (Proprietary) Limited	O	2	100	16 037	(27 758)	13 293	12 064	69 869	64 842
Bell Equipment Sales South Africa Limited	O	3 000 000	70	22 274	(185 846)	2 386	2 100	–	–
Bell Equipment Group Insurance Brokers (Proprietary) Limited	D	360	100	–	(1)				
IA Bell Equipment Co Namibia (Proprietary) Limited	O	4	70	3 697	(586)				
Bell Equipment Co Swaziland (Proprietary) Limited	O	2	70	68	(63)				
Bell Equipment Finance Company (Proprietary) Limited	D	100	100	–	–				
Other Africa									
Bell Equipment (Zambia) Limited	O	1 170 017	100	(117)	(7 537)				
Bell PTA (Pvt) Limited	O	3 301 533	100	5 854	(41)				
Bell Equipment (Malawi) Limited	O	2	100	82	(107)				
Bell Equipment Mozambique Limitada	O	763 652	100	(2 406)	(9 282)				
Bell Equipment (DRC) SPRL	O	67 125	100	3 063	(3 661)				
Europe									
Bell Equipment International SA	H	265 911 000	100	(15 371)	(7 983)	279 631	290 137	789	–
Bell France SAS	O	30 256 187	100	(2 675)	(11 784)				
Bell Equipment UK Limited	O	50 515 875	100	(21 274)	(4 529)	–	–	688	–
Heathfield Haulamatic Limited	D	62 698	100	–	–				
Bell Equipment Switzerland SA	O	1 007 342	100	(5 485)	(20 188)	–	–	138	–
Bell Equipment (Deutschland) GmbH	O	39 886 650	100	(6 012)	(35 103)				
Bell Equipment Spain SA	O	886 370	100	(2 472)	(14 189)				
LLC Bell Equipment Russland	O	1 331 656	100	(515)	–				
United States of America									
Bell Equipment North America Inc	D	42 545 760	100	(4 782)	434				
Asia									
Bell Equipment (SEA) Pte Limited	O	136 607	100	475	731				
Australasia									
Bell Equipment (NZ) Limited	O	2 145	100	117	114				
Bell Equipment Australia (Proprietary) Limited	O	20	100	218	376				
Interest in subsidiary companies						295 310	304 301	71 484	64 842

Key: D: Dormant companies; H: Holding companies; O: Operating companies

DIRECTORS' EMOLUMENTS for the year ended 31 December 2010

	Salary R	Ex gratia grant R	Pension/ provident fund R	Other benefits and allowances R	2010 Total R	2009 Total R
Paid to directors of the company by the company and its subsidiaries:						
Executive directors						
GW Bell	1 826 386	–	140 888	116 484	2 083 758	1 612 500
PA Bell (resigned as director 13 January 2009)	–	–	–	–	–	573 370
PC Bell (resigned as director 2 November 2009)	–	–	–	–	–	1 247 000
HJ Buttery (retired 6 May 2010)	922 003	2 150 000	104 997	48 000	3 225 000	1 540 836
MA Campbell (resigned as director 13 January 2009)	–	–	–	–	–	680 880
L Goosen	1 578 330	–	217 670	107 969	1 903 969	1 904 408
GP Harris	507 343	–	77 657	97 800	682 800	664 196
AR Mc Duling	1 226 616	–	163 271	160 629	1 550 516	1 318 093
DL Smythe (resigned as director 2 November 2009)	–	–	–	–	–	1 069 192
KJ van Haght	1 155 937	–	153 397	29 146	1 338 480	1 255 146
	7 216 615	2 150 000	857 880	560 028	10 784 523	11 865 621

	Retirement grant R	Fees R	2010 Total R	2009 Total R
Non-executive directors				
PJC Horne (retired 7 May 2008)	147 000	–	147 000	147 000
MA Mun-Gavin	–	320 000	320 000	295 770
TO Tsukudu	–	171 000	171 000	170 520
DJJ Vlok	–	291 000	291 000	262 508
JR Barton	–	297 500	297 500	17 640
	147 000	1 079 500	1 226 500	893 438
Total			12 011 023	12 759 059

Other benefits and allowances comprise travel allowances and reimbursive allowances, annual leave encashments, the group's contributions to medical aid and life insurance.

Voluntary salary sacrifices by directors during the year totalled Rnil (2009: R2 438 131).

Total number of unexercised share options held by directors at the end of the year was as follows:

	2010 Number of options	2010 Weighted average price R	2009 Number of options	2009 Weighted average price R
Executive directors				
L Goosen	100 000	10,48	–	–
GP Harris	50 000	10,48	–	–
AR Mc Duling	115 000	10,29	15 000	9,00
KJ van Haght	100 000	10,48	–	–
	365 000	10,42	15 000	9,00

SHAREHOLDER INFORMATION as at 31 December 2010

	Number of shareholders	Percentage of total shareholders	Number of shares	Percentage of total issued share capital
ANALYSIS OF SHAREHOLDING				
1 – 5 000	1 081	79,66	1 468 046	1,55
5 001 – 10 000	118	8,70	896 489	0,94
10 001 – 50 000	95	7,00	2 195 063	2,31
50 001 – 100 000	17	1,25	1 173 093	1,24
100 001 – 1 000 000	35	2,58	12 108 293	12,75
1 000 001 – And more	11	0,81	77 117 016	81,21
Total	1 357	100,00	94 958 000	100,00
MAJOR BENEFICIAL SHAREHOLDERS				
(5% and more of the shares in issue)				
John Deere Construction and Forestry Company			30 000 000	31,59
IA Bell and Company (Pty) Limited			35 723 570	37,62
TOP TEN HOLDERS INCLUDING FUND MANAGERS				
John Deere Construction and Forestry Company			30 000 000	31,59
IA Bell and Company (Pty) Limited			35 723 570	37,62
PIC			5 403 560	5,69
Old Mutual			4 267 363	4,49
Basfour 3014 CC			1 200 000	1,26
JP Morgan			901 244	0,95
Metropolitan			874 988	0,92
Basfour 2052 CC			800 000	0,84
Citibank			784 811	0,83
Stanlib			682 186	0,72
Lucysat Investments (Pty) Limited			628 255	0,66
NON-RESIDENTS	57	4,20	33 143 773	34,90

SHAREHOLDER INFORMATION as at 31 December 2010

	Number of shareholders	Percentage of total shareholders	Number of shares	Percentage of total issued share capital
SHAREHOLDER SPREAD				
Non-public	8	0,59	74 531 421	78,49
Directors	4	0,30	8 807 704	9,28
Associates	1	0,07	148	0,00
10% of issued capital or more	3	0,22	65 723 569	69,21
Public	1 349	99,41	20 426 579	21,51
Total	1 357	100,00	94 958 000	100,00
DISTRIBUTION OF SHAREHOLDERS				
Individuals	1 064	78,41	3 452 392	3,63
Private companies	46	3,39	68 198 122	71,82
Public companies	3	0,22	103 994	0,11
Nominees and trusts	102	7,52	945 411	0,99
Close corporations	20	1,47	2 228 117	2,35
Other corporate bodies	26	1,91	254 238	0,27
Banks	11	0,81	2 051 403	2,16
Insurance companies	11	0,81	5 069 306	5,34
Pension funds and medical aid societies	18	1,33	4 406 716	4,64
Collective investment schemes and mutual funds	56	4,13	8 248 301	8,69
Total	1 357	100,00	94 958 000	100,00

	Number of shares held		
	Direct beneficial 2010	Indirect beneficial 2010	Associates 2010
DIRECTORS			
GW Bell	120 600	8 671 264	–
GP Harris	–	1 800	–
MA Mun-Gavin	–	10 000	–
L Goosen	4 040	–	–
AR McDuling	–	–	148
	124 640	8 683 064	148

	Number of shares held
TEN PERCENT OR MORE OF SHARES	
John Deere Construction and Forestry Company	30 000 000
IA Bell and Company (Pty) Limited	35 723 569
	65 723 569

		Year ended 31 December 2010	Year ended 31 December 2009
STOCK MARKET STATISTICS			
Market price of shares			
– Year-end	(cents)	1 012	960
– Highest	(cents)	1 196	1 450
– Lowest	(cents)	890	488
Net asset value per share	(cents)	1 494	1 496
Number of shares traded	('000)	10 075	20 685
Value of shares traded	(R000)	102 274	193 254

	31 December 2010		31 December 2009	
	Weighted average	Year-end	Weighted average	Year-end
EXCHANGE RATES				
The following rates of exchange were used in the preparation of the financial statements:				
United States Dollar: Australian Dollar	0,92	1,02	0,80	0,90
United States Dollar: British Pound	1,54	1,55	1,57	1,61
United States Dollar: Euro	1,32	1,34	1,40	1,44
Japanese Yen: United States Dollar	87,27	81,40	93,69	92,36
Malawi Kwacha: United States Dollar	149,36	150,00	139,81	140,00
Mozambique Meticaïs: United States Dollar	34,30	32,15	27,32	28,25
United States Dollar: New Zealand Dollar	0,72	0,77	0,64	0,73
SA Rand: United States Dollar	7,30	6,64	8,29	7,36
Singapore Dollar: United States Dollar	1,36	1,28	1,45	1,40
Swiss Franc: United States Dollar	1,04	0,94	1,08	1,03
Zambia Kwacha: United States Dollar	4 819	4 780	5 037	4 630

GLOSSARY

ADT	Articulated Dump Truck
“Bell” or “the group”	Bell Equipment Limited and its subsidiaries
BEE or BBBEE	Black Economic Empowerment or Broad-Based Black Economic Empowerment
BECSA	Bell Equipment Company SA (Pty) Limited
BEE0	Bell Equipment European Operations
BEIO	Bell Equipment International Operations
BESSA	Bell Equipment Sales South Africa Limited
BRIC	Brazil, Russia, India and China
CRM	Customer Relations Management
CSC	Customer Service Centre
DRC	Democratic Republic of the Congo
GDP	Gross Domestic Product
IDC	Industrial Development Corporation
IPAP2	Industrial Policy Action Plan 2
ISO	International Standards Organisation
John Deere	John Deere Construction and Forestry Company, a Delaware corporation
LTIFR	Lost Time Injury Frequency Rate
LTRS	Lifetime Revenue Stream
MIDP	Motor Industry Development Programme
NUMSA	National Union of Metalworkers of South Africa
NVC	National Vocational Curriculum
OROA	Operating Return on Assets
SFA	Strategic Focus Areas
SVA	Shareholder Value Add
TMP cycle	Trough, Mid and Peak cycle
TRZFC	Thanda Royal Zulu Football Club

NOTICE OF ANNUAL GENERAL MEETING

Bell Equipment Limited

(Incorporated in the Republic of South Africa)

(Registration number: 1968/013656/06)

ISIN code: ZAE000028304

Share code: BEL

("Bell Equipment" or "the company" or "the group")

Notice is hereby given that the 43rd annual general meeting of members of Bell Equipment will be held at the company's registered office, 13 – 19 Carbonode Cell Road, Alton, Richards Bay, on Wednesday, 4 May 2011 at 11:00 to attend to the following matters, with or without modification:

ORDINARY BUSINESS

1. To adopt and approve the annual financial statements of the company and the group for the year ended 31 December 2010 that accompanied the notice to the annual general meeting, together with the auditors' and directors' reports therein.
2. Re-election of directors in terms of article 94.1 of the company's articles of association by way of separate resolutions:
 - 2.1 To re-elect DJJ Vlok as a director;
 - 2.2 To re-elect TO Tsukudu as a director;
 - 2.3 To re-elect DM Gage as a director; and
 - 2.4 To re-elect JR Barton as a director;

who retire by rotation in terms of the company's articles of association at this annual general meeting and, being eligible, make themselves available for re-election. Brief particulars of the qualifications and experience of the abovementioned directors are available on page 8 to 9 of this report.

3. Election of directors in accordance with article 94.3 of the company's articles of association by way of separate resolutions:
 - 3.1 To elect L Goosen as a director;
 - 3.2 To elect D de Bastiani as a director; and
 - 3.3 To elect B Harie as a director;

who have been appointed by the board of the company during the period and being eligible, offer themselves for election. Brief particulars of the qualifications and experience of the abovementioned directors are available on page 8 to 9 of this report.

4. To re-appoint Deloitte & Touche as the independent auditors of the company and Ms Camilla Howard-Browne as the individual registered auditor who will undertake the audit for the company for the ensuing year.
5. To approve the annual fees payable to independent non-executive directors for board and committee membership with effect from 1 January 2012 as follows:

Retainers to be paid:

– MA Mun-Gavin	R200 000
– JR Barton	R130 000
– B Harie	R56 500
– TO Tsukudu	R56 500
– DJJ Vlok	R130 000

Fees to be paid per meeting:

– Board	R22 000
– Audit Committee	R14 000
– Risk and Sustainability Committee	R11 000
– Nominations and Remuneration Committee	R14 000
– Bell Audit Services Committee	R7 000

The chairman of the board is paid an additional R13 000 per board meeting, over and above the standard meeting fee of R22 000. The three other non-executives on the board are John Deere Construction and Forestry Company representatives and have waived the payment of directors' fees to them.

6. To confirm by means of a non-binding vote the group's remuneration policy as set out on pages 39 to 40 of the annual report.

SPECIAL BUSINESS

As special business, to consider, and if deemed fit, to pass, with or without modification, the following ordinary and special resolutions:

ORDINARY RESOLUTION NUMBER 1

7. To resolve that, in accordance with the provisions of section 221 of the Companies Act, Act 61 of 1973, as amended, the authorised but unissued shares of the company in respect of the share option schemes be and are hereby placed under the control of the directors who are hereby authorised to allot and issue any of the same to such person/s and on such terms and conditions as specified in the share option scheme rules and at such time/s as the directors may determine.

Note: The company has authorised unissued share capital totalling 5 042 000 shares of no par value reserved for the purposes of the employee share option schemes. Of this, 42 000 shares are in respect of the employee share option scheme number one and the balance is in respect of share option scheme number two.

VOTING AND PROXIES

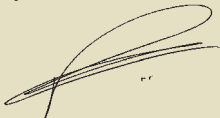
Members who have not dematerialised their shares or who have dematerialised their shares with "own name" registration who are unable to attend the meeting, are entitled to appoint a proxy or proxies to attend, speak and vote in their stead. The person so appointed need not be a member. Proxy forms must be received by the Group Company Secretary at the registered office of the company at 13 – 19 Carbonode Cell Road, Alton, Richards Bay or posted to Private Bag X20046, Empangeni, 3880 or the company's share transfer secretaries, Link Market Services SA (Pty) Limited, 11 Diagonal Street, Johannesburg or posted to PO Box 4844, Johannesburg, 2000 by 11:00 on Monday, 2 May 2011. Proxy forms must only be completed by members who have not dematerialised their shares or who have dematerialised their shares with "own name" registration.

On a show of hands, every member of the company present in person or represented by proxy shall have one vote only. On a poll, every member of the company shall have one vote for every share held in the company by such member.

Members who have dematerialised their shares, other than those members who have dematerialised their shares with "own name" registration, should contact their central securities depository participant (CSDP) or broker in the manner and time stipulated in their agreement:

- to furnish them with their voting instructions; and
- in the event that they wish to attend the meeting, to obtain the necessary authority to do so.

By order of the board



R Verster
Group Company Secretary

9 March 2011

FORM OF PROXY

Bell Equipment Limited

Company registration number: 1968/013656/06

Share code: BEL

ISIN code: ZAE000028304

("Bell" or "the company" or "the group")



If you are a dematerialised shareholder, other than with "own name" registration, do not use this form. Dematerialised shareholders (other than with "own name" registration) should provide instructions to their appointed central securities depository participant (CSDP) or broker in the form stipulated in the custody agreement entered into between the shareholder and their CSDP or broker.

An ordinary shareholder entitled to attend and vote at the annual general meeting to be held in the visitors' centre of Bell Equipment Limited, 13 – 19 Carbonode Cell, Alton, Richards Bay, KwaZulu-Natal on Wednesday, 4 May 2011 at 11:00, is entitled to appoint a proxy to attend, speak or vote thereat in his/her stead. A proxy need not be a shareholder of the company.

All forms of proxy must be received by the Group Company Secretary at the registered office of the company at 13 – 19 Carbonode Cell Road, Alton, Richards Bay or posted to Private Bag X20046, Empangeni, 3880 or the company's share transfer secretaries, Link Market Services SA (Pty) Limited, 11 Diagonal Street, Johannesburg or posted to PO Box 4844, Johannesburg, 2000 by 11:00 on Monday, 2 May 2011.

I/ We _____ (please print full names)

Of _____ (address)

Being an ordinary shareholder(s) of the company holding _____ ordinary shares in the company, hereby appoint:

1. _____ or failing him/her

2. _____ or failing him/her

3. the chairman of the annual general meeting

as my/our proxy to attend, speak and on a poll to vote or abstain from voting on my/our behalf at the annual general meeting or at any adjournment thereof for the purpose of considering and, if deemed fit, passing with or without modifications, the following resolutions to be considered at the annual general meeting:

	For	Against	Abstain
1. Adoption of annual financial statements			
2. Directors:			
2.1 Re-election of DJJ Vlok			
2.2 Re-election of TO Tsukudu			
2.3 Re-election of DM Gage			
2.4 Re-election of JR Barton			
3. New directors:			
3.1 Election of L Goosen			
3.2 Election of D de Bastiani			
3.3 Election of B Harie			
4. Appointment of auditors			
5. Approval of the fees payable to independent non-executive directors with effect from 1 January 2012			
6. Confirmation of group's remuneration policy by non-binding vote			
7. Ordinary resolution number 1: Control of authorised but unissued shares in terms of employee share option schemes			

Signed at _____ on _____ 2011

Signature/s _____

Assisted by (where applicable) _____

NOTES TO THE FORM OF PROXY

1. A person who holds ordinary shares in Bell ("member") is entitled to attend and vote at the annual general meeting and to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the company. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space/s provided overleaf, with or without deleting "the chairman of the annual general meeting", but any such deletion must be initialled by the member. Should this space be left blank, the proxy will be exercised by the chairman of the annual general meeting. The person whose name appears first on the form of proxy and who is present at the annual general meeting, will be entitled to act as proxy to the exclusion of those whose names follow.
2. A member's voting instructions to the proxy must be indicated by the insertion of an "X", or the number of votes exercisable by that member, in the appropriate spaces provided overleaf. Failure to do so will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting, as he/she thinks fit in respect of all the member's exercisable votes. A member or his/her proxy is not obliged to use all the votes exercisable by him/her or by his/her proxy, but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the member or by his/her proxy.
3. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
4. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries or waived by the chairman of the annual general meeting.
5. The completion and lodging of this form of proxy will not preclude the relevant member from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.
6. The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this form of proxy must be initialled by the signatory/ies.
7. The chairman of the annual general meeting shall be entitled to decline or accept the authority of a person signing the proxy form:
 - a. under a power of attorney; or
 - b. on behalf of a company;unless his power of attorney or authority is deposited at the offices of the Group Company Secretary or that of the transfer secretaries not later than 48 hours before the meeting.

Note: In order to be valid this form must be completed and returned to:

The Group Company Secretary
Bell Equipment Limited
Private Bag X20046
Empangeni
3880

Or the company's share transfer secretaries:

Link Market Services SA (Pty) Limited
PO Box 4844
Johannesburg
2000

by no later than 11:00 on Monday, 2 May 2011.

SHAREHOLDERS' DIARY

Financial year-end	31 December
Annual report	March 2011
Annual general meeting	Thursday, 4 May 2011
Interim results announcement	August 2011

CORPORATE INFORMATION

GROUP CHIEF EXECUTIVE

Gary Bell
Tel: +27 (0)35 907 9111
garyb@bell.co.za

GROUP FINANCE DIRECTOR

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JSE SPONSORS

RMB Corporate Finance

COMPANY REGISTRATION NUMBER

1968/013656/06

SHARE CODE

BEL

ISIN CODE

ZAE000028304

www.bellequipment.com

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