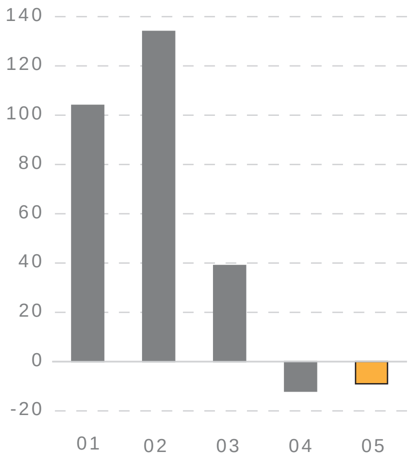
2005 Annual Report

Strong reliable machines

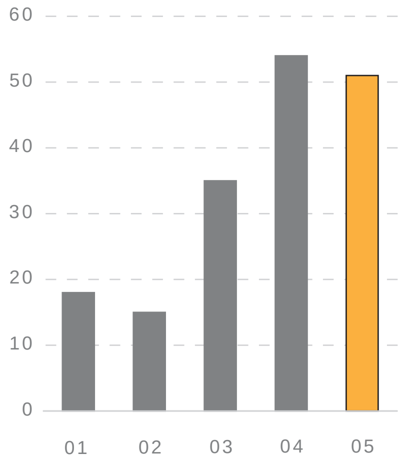
CONTENTS

FINANCIAL HIGHLIGHTS

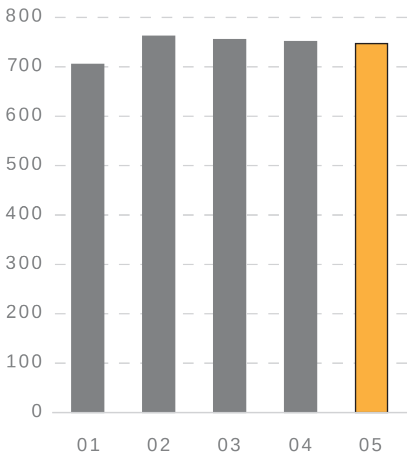
EARNINGS PER SHARE (cents)



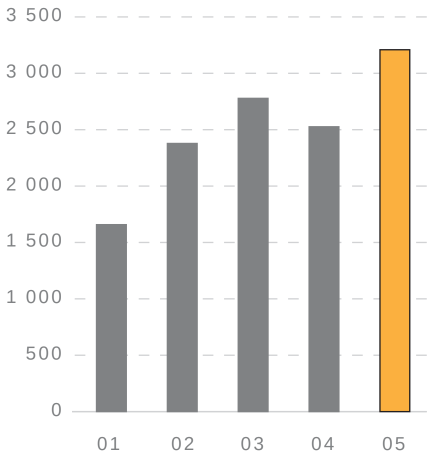
GEARING (%)



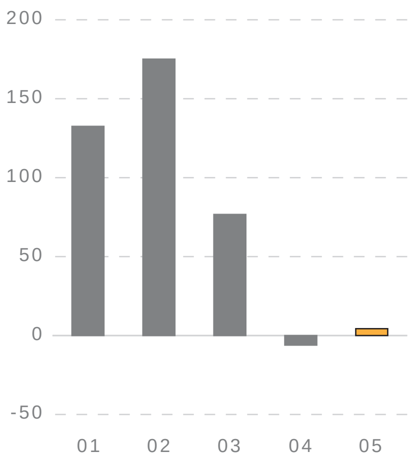
NET ASSET VALUE (cents)



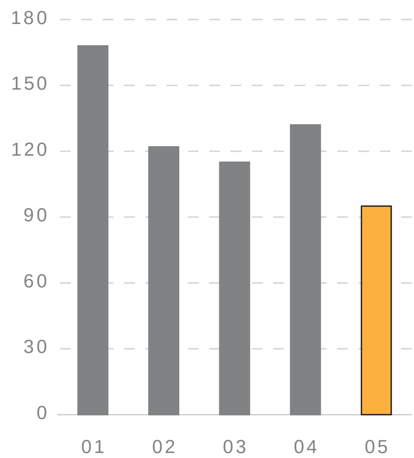
REVENUE (Rm)



INCOME BEFORE TAXATION (Rm)



TRADE CYCLE (days)



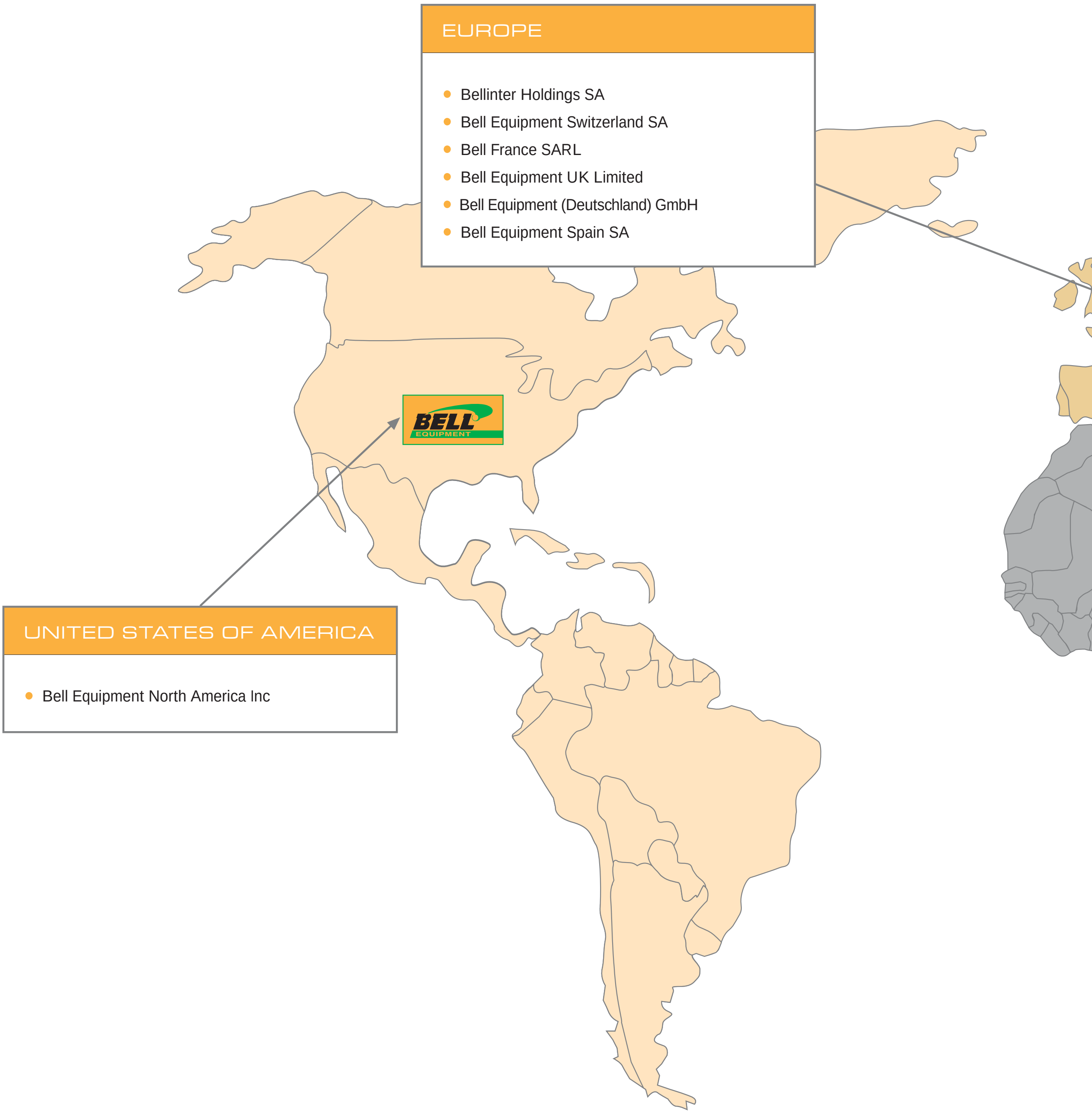
for the year ended 31 December 2005

	2005 R'000	Restated 2004 R'000	2003 R'000	2002 R'000	2001 R'000
INCOME STATEMENT					
Revenue	3 209 233	2 526 488	2 778 279	2 386 356	1 658 096
Cost of sales	2 701 658	2 053 943	2 173 237	1 768 707	1 228 425
Gross profit	507 575	472 545	605 042	617 649	429 671
Net operating costs	460 296	447 194	452 333	386 423	296 696
Operating profit before finance costs	47 279	25 351	152 709	231 226	132 975
Net finance costs	43 459	31 833	76 001	56 144	475
Profit (loss) before taxation	3 820	(6 482)	76 708	175 082	132 500
Taxation	12 017	6 169	40 054	49 481	35 217
(Loss) profit after taxation	(8 197)	(12 651)	36 654	125 601	97 283
Shares in issue ('000)	94 763	94 246	94 224	94 210	93 837
Shares in issue ('000) (wt avg)	94 567	94 237	94 219	93 892	93 750
(Loss) earnings per share (cents)	(9)	(13)	39	134	104
Proposed dividend per ordinary share (cents)	–	–	–	15	10
Net asset value (cents)	738	744	755	762	705
BALANCE SHEET					
Property, plant and equipment	237 394	219 200	154 819	142 284	135 054
Investments and long-term receivables	50 885	57 553	56 389	30 440	21 083
Deferred taxation	7 486	43	16 560	5 303	–
Inventory	928 838	1 056 828	855 791	843 994	635 838
Receivables and prepayments	381 672	231 284	251 409	295 135	344 976
Taxation	2 194	21 457	–	–	–
Total assets	1 608 469	1 586 365	1 334 968	1 317 156	1 136 951
Shareholders' equity	699 259	701 462	711 257	717 688	661 259
Deferred taxation	–	–	–	–	11 627
Payables, provisions and dividends payable	549 593	502 082	368 821	471 360	326 146
Taxation	–	–	3 475	19 675	17 590
Net borrowings	359 617	382 821	251 415	108 433	120 329
Total equity and liabilities	1 608 469	1 586 365	1 334 968	1 317 156	1 136 951

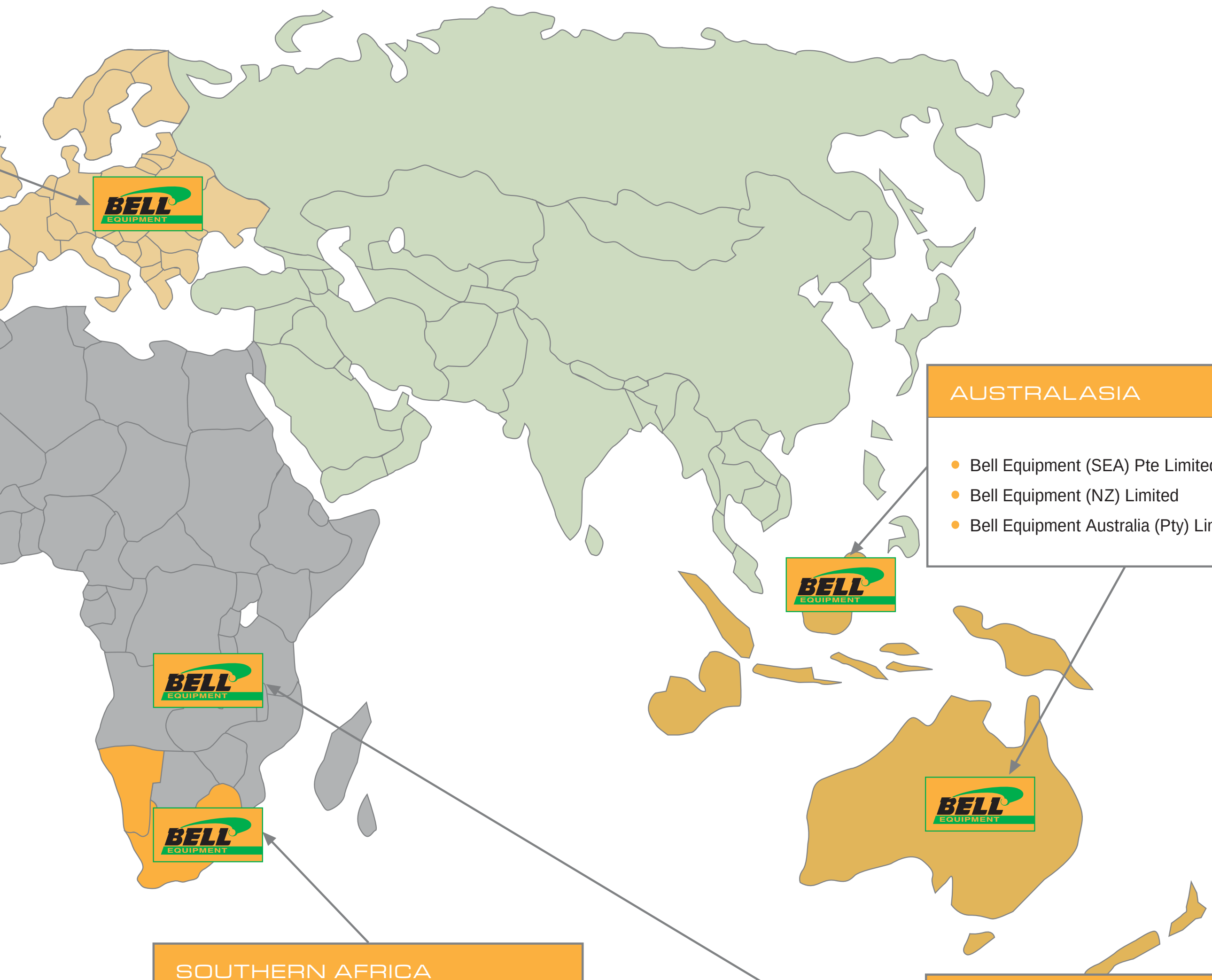
for the year ended 31 December 2005

	2005	Restated 2004	2003	2002	2001
KEY RATIOS					
Operating ratios					
Operating margin (%)	1	1	5	10	8
(Operating profit)					
(Revenue)					
Net asset turn (times)					
(Revenue)	3	2	3	3	2
(Average net assets)					
Return on net assets (%) (RONA)					
(Operating profit)	4	2	17	29	19
(Average net assets)					
Financial ratios					
Gearing (%)					
(Net borrowings)	51	55	35	15	18
(Total shareholders' funds)					
Interest cover (times)					
(Operating profit)	2	1	7	18	17
(Net interest paid)					
Overall performance					
Return on shareholders' funds (%)					
(Attributable profit)	(1)	(2)	5	18	17
(Average shareholders' funds)					
Ratios					
Gross profit to revenue (%)	16	19	22	26	26
Working capital days trade cycle					
Inventory	125	188	144	174	189
Receivables	43	33	33	45	76
Payables	74	89	62	97	97
Total	95	132	115	122	168

	R'000	R'000	R'000	R'000	R'000
ABBREVIATED CASH FLOW					
Cash operating profit before working capital changes	100 679	16 705	187 237	211 408	221 226
Cash invested in working capital	(23 146)	(89 712)	(95 356)	(30 917)	(122 210)
Cash generated from (applied to) operations	77 533	(73 007)	91 881	180 491	99 016
Net finance costs paid	(43 459)	(31 833)	(80 492)	(57 718)	(3 530)
Taxation refunded (paid)	501	(28 984)	(62 599)	(64 402)	(41 268)
Net cash generated from (applied to) operating activities	34 575	(133 824)	(51 210)	58 371	54 218
Dividends paid	–	–	(14 131)	(9 385)	(9 364)
Invested in property, plant, equipment, investments and long-term receivables	(41 670)	(46 692)	(75 612)	(16 814)	(69 195)
Increase (decrease) in interest-bearing liabilities, repurchase obligations and deferred leasing income	25 899	46 251	4 856	(40 782)	1 025
Proceeds from shares issued	1 532	62	44	953	533
Net cash inflow (outflow)	20 336	(134 203)	(136 053)	(7 657)	(22 783)



Delivering worldwide



AUSTRALASIA

- Bell Equipment (SEA) Pte Limited
- Bell Equipment (NZ) Limited
- Bell Equipment Australia (Pty) Limited

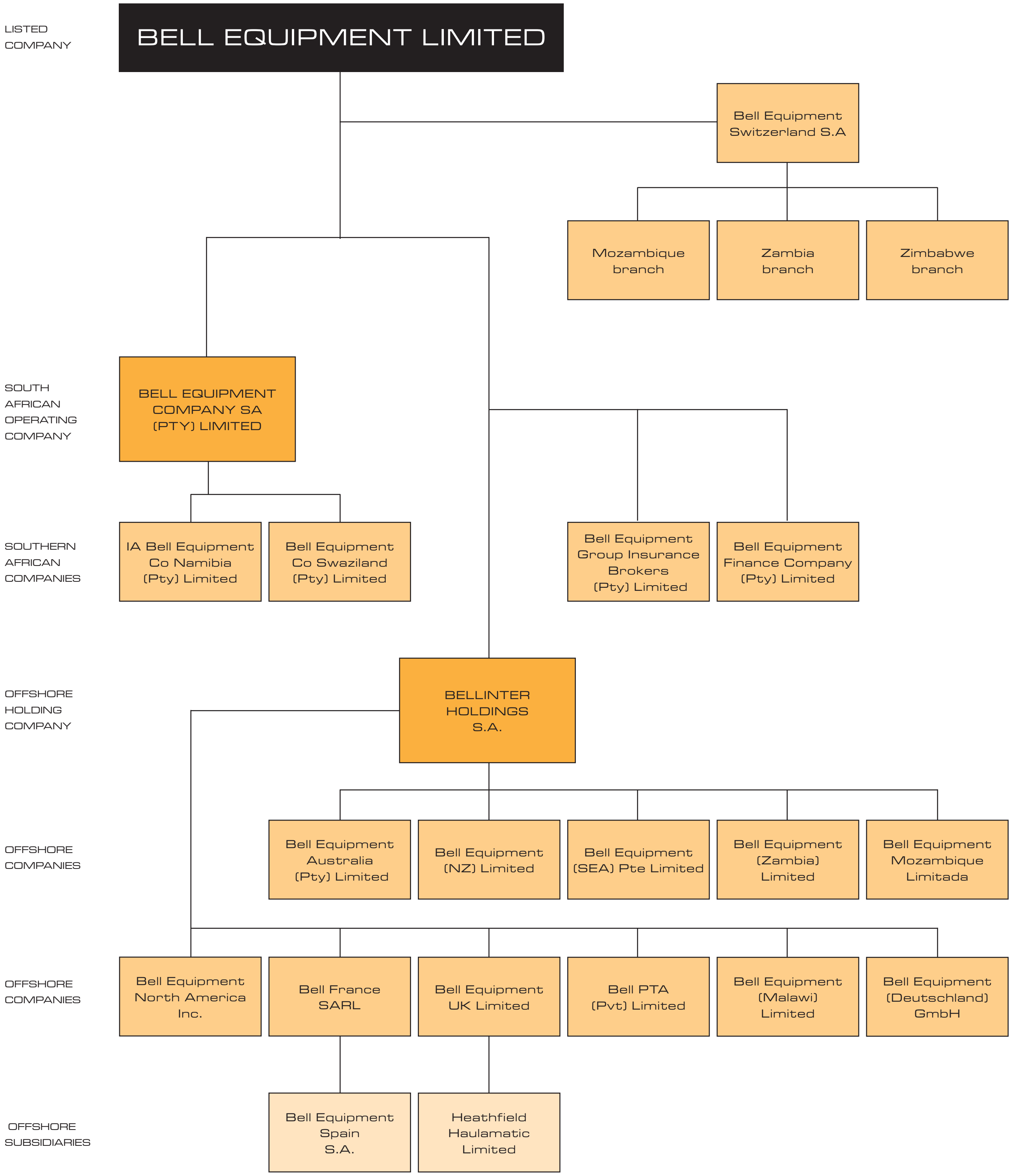
SOUTHERN AFRICA

- Bell Equipment Limited
- Bell Equipment Co SA (Pty) Limited
- Bell Equipment Group Insurance Brokers (Pty) Limited
- Bell Equipment Co Swaziland (Pty) Limited
- I A Bell Equipment Co Namibia (Pty) Limited

OTHER AFRICA

- Bell Equipment (Zambia) Limited
- Bell PTA (Pvt) Limited
- Bell Equipment (Malawi) Limited
- Bell Equipment Mozambique Limitada

GROUP STRUCTURE



ADMINISTRATION

SECRETARY

DP Mahony FCIS FCIBM

BUSINESS ADDRESS

13-19 Carbonode Cell
Alton
Richards Bay 3900

Telephone: + 27 (0)35 907 9111
Facsimile: + 27 (0)35 797 4336

POSTAL ADDRESS

Private Bag X20046
Empangeni 3880
South Africa

ATTORNEYS

Chapman Dyer Inc.

AUDITORS

Deloitte & Touche

SHARE TRANSFER SECRETARIES

Computershare Investor Services 2004 (Pty) Limited
70 Marshall Street
Marshalltown 2001

PO Box 61051
Marshalltown 2107

Telephone: +27 (0)11 370 5101
Facsimile: +27 (0)11 370 5272

Shareholders are reminded to notify the transfer secretaries of any change in address or dividend payment mandates

BANKERS TO THE GROUP

ABSA Bank Limited
African Banking Corporation of Zimbabwe Limited
Banco Internacional de Mocambique
Banque Cantonale de Fribourg – Switzerland
Barclays Bank plc – London and Zambia
Commerzbank AG
FNB Corporate, a division of FirstRand Bank Limited
Investec Bank Limited
National Australia Bank Limited
National Bank of New Zealand Limited
Nedbank Limited – London
The Development Bank of Singapore Limited
UBS SA – Switzerland
Uniao Commercial de Bancos – Mozambique

WEB

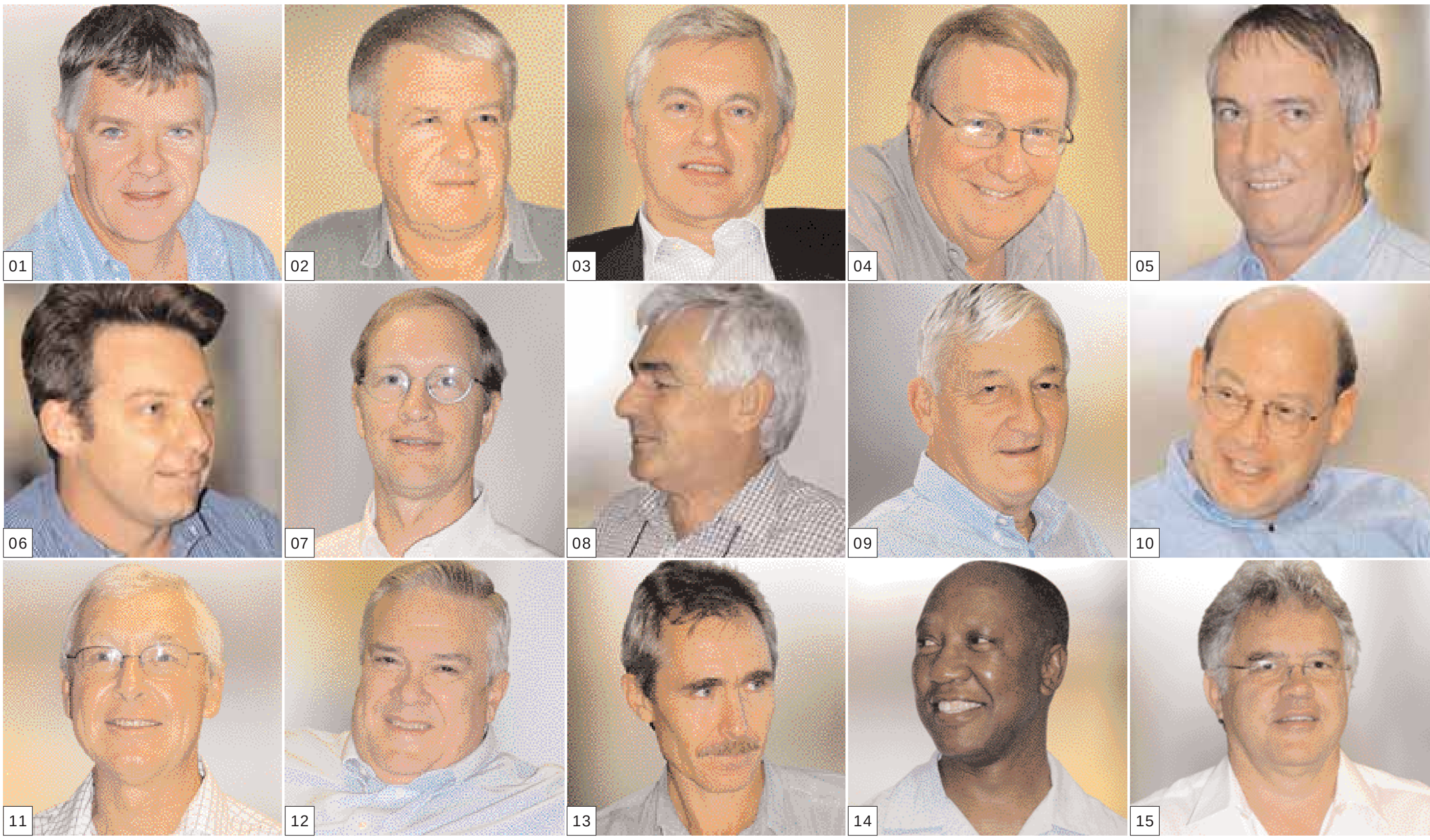
www.bellequipment.com

E-MAIL

Company Secretary – patm@bell.co.za

INVESTOR RELATIONS

www.bellir.co.za



BOARD OF DIRECTORS

01 Gary Bell
Chief Executive
Dip Mech Eng
Years Service: 35
Age: 53

02 Peter Bell
Alternate Director
Years Service: 38
Age: 56

03 Roger Bridges ◆●†
Director
BS Bus Admin
Years Service: 1
Age: 54

04 Howard Buttery
Group Chairman
CTA
Years Service: 35
Age: 59

05 Michael Campbell
Alternate Director
Years Service: 29
Age: 48

06 John du Toit
Director
BSc Mech Eng
Years Service: 11
Age: 35

07 Douglas Gage ◆†
Alternate Director
BSc Mech Eng, MBA
Years Service: 2
Age: 49

08 Guy Harris
Director
BCom Hons, CA(SA)
Years Service: 12
Age: 53

09 Jeremy Horne ◆●
Director
Chair of Risk Management and Audit Committee
ACMA, CA(SA)
Years Service: 9
Age: 68

10 John Kloet ◆●†
Director
BSc Acctg, CPA
Years Service: 4
Age: 52

11 Michael Mun-Gavin ◆●
Director
BCom CA(SA)
Years Service: 0
Age: 56

12 Barry Schaffter ◆†
Director
BSc Eng Mgt
Years Service: 1
Age: 55

13 Derek Smythe
Director
BCompt
Years Service: 19
Age: 48

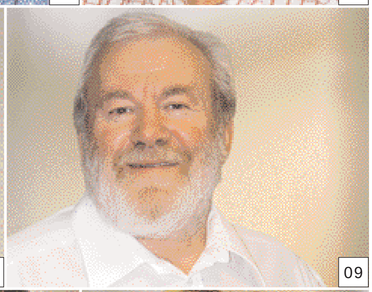
14 Tiisetso Tsukudu ◆‡
Director
BA, MBA
Years Service: 2
Age: 52

15 Danie Vlok ◆●‡
Director
Chair of Nominations and Remuneration Committee
BCom, MBA
Years Service: 11
Age: 61

Key:
◆ *Non-executive* † *USA*
● *Risk Management and Audit Committee*
‡ *Nominations and Remuneration Committee*

DIRECTORATE AND SENIOR MANAGEMENT

as at 1 January 2006



SENIOR MANAGEMENT

01 Clive Barrett
Group Executive Manager – Parts
Years Service: 29
Age: 61

02 Paul Bell
Alternate Director
Years Service: 29
Age: 48

03 Dominic Chinnapen
Executive Manager
Planning & Scheduling
CPIM
Years Service: 18
Age: 37

04 Bokkie Coertze
Executive Manager
Africa Sales and Distribution
Years Service: 20
Age: 55

05 Rino D' Alessandro
Group Executive Manager
Information Systems
CPIM
Years Service: 9
Age: 42

06 Mike Dutton
Executive Manager
Technical Services
Years Service: 18
Age: 40

07 Eric Lerche
Executive Manager
Europe Operations
Years Service: 21
Age: 61

08 Richard Machanick
Group Executive Manager
Human Resources
BA
Years Service: 17
Age: 50

09 Pat Mahony
Group Company Secretary
FCIS, FCIBM
Years Service: 10
Age: 62

10 André McDuling
Executive Manager
Manufacturing RSA
Dip Mech Eng
Years Service: 18
Age: 38

11 Simon Padgett
Group Risk Manager
FCCA ACFE
Years Service: 0
Age: 42

12 Peter Purchase
Executive Manager
Logistics
Years Service: 19
Age: 47

13 Marc Schurmann
Executive Manager
Manufacturing and Engineering
BEng Mech, PrEng
Years Service: 11
Age: 37

14 Karen van Haght
Group Financial Controller
B Compt (Hons)
CA(SA)
Years Service: 5
Age: 39

Due to strong demand in South Africa, Europe and North America our revenues increased by 27%. Exports were up R555,03 million and now represents 57,2% of our worldwide turnover... Gearing for the year dropped by 4% to 51% as we continue to strive to reach our target of 40% gearing. Trade cycle days improved from 132 days to 95 days as a direct result of improved inventory levels.

For the second year in succession the group has recorded a small net loss after taxation. The profitability recorded in the first six months of R12,63 million was reduced to a loss of R8,20 million for the year as a result of a loss after tax of R20,83 million in the second half of the year. The group was profitable before tax but not so after tax due to the South African subsidiaries having taxable profits whilst most of the foreign operations incurred losses with no tax relief. We also decided to write-off foreign deferred tax assets at a cost of R3,29 million. Our offshore operations incurred a total after tax loss of R18,26 million for the year. We have taken the necessary action to turn this result around.

Due to strong demand in South Africa, Europe and North America our revenues increased by 27%. Exports were up R555,03 million and now represents 57,2% of our worldwide turnover. Parts sales increased by 45% and their contribution to group turnover increased from 14,4% to 16,5%. Nevertheless whilst both sales and volumes were substantially up on 2004, our gross profit dropped by 3 percentage points to 16%. This was as a result of increased competition, the continuing strength of the Rand and the loss-making contract to supply Articulated Dump Trucks (ADTs) to North America. Operating profit for the year increased by R21,93 million to R47,28 million as a result of increased gross profit, albeit a lower percentage, and other operating income.

Overheads were well contained with a total increase of 4%, this despite a large increase in warranty costs which was made up of actual warranties incurred during the year to which any increase or decrease in the provision for future warranties must be added or deducted. Total warranty cost for the year was R127,33 million, 23,02% of total overheads, and more importantly 3,97% of total sales. The high level of warranty is an accumulation of a number of design and component claims and specification problems, the bulk of which have been settled and for which robust solutions have been found. The rollout to implement the solutions to these issues is essential to ensure that our all important customer base is assured of the best quality and reliability from our product.

Warranty costs aside, our overheads dropped by 10,11% year-on-year, which is a great tribute to our cost containment exercise driven through our Project 100 Plus programme. We expect further benefits from Project 100 Plus to flow to our bottom line in 2006 and I would like to take this opportunity to congratulate every Bell employee for their part in the successful rollout of the project. We are confident we will be able to obtain more than the targeted R100 million in sustainable savings of cost from this project.

Cash flow for the first time in some years was positive with the better performance in the first six months of the year. Capital expenditure of R41,67 million being R10,1 million more than depreciation added to the cash flow challenge. R37,62 million of our capex relates to our investment in rental assets as a result of the accounting rules relating to revenue recognition. Net asset value dropped by 6 cents per share whilst capital and reserves was maintained at R700 million due to a small increase in share capital and an increase in foreign reserves during the year. Almost all of the share options granted to employees over the past 10 years have now been exercised. Of significant interest to all shareholders John Deere Construction & Forestry Company (Deere) gave notice that they were not going to exercise their option to acquire the shares owned by IA Bell & Company (Pty) Limited in our company.

Along with the success in reducing overheads the Project 100 Plus was able to provide considerable assistance in seeing

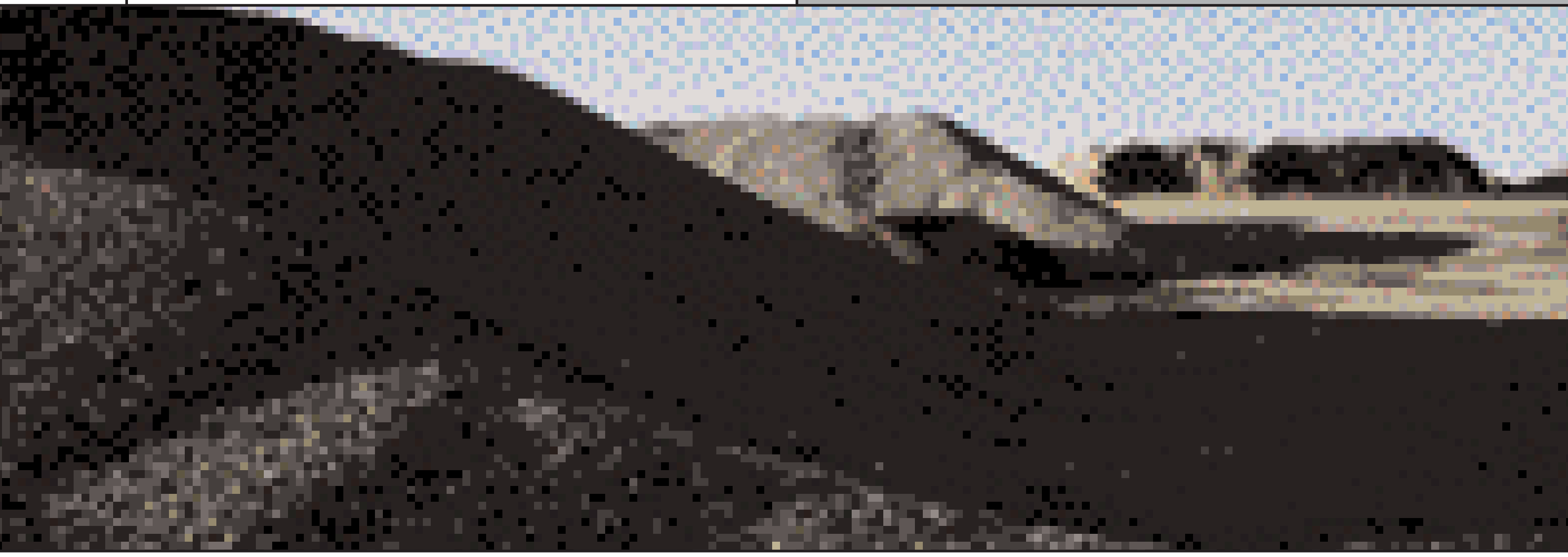
HOWARD BUTTERY
Chairman

inventory being reduced by R127,99 million year-on-year. Bell has since 1999 increased its inventory levels every year and in 2005 we have been able to see a reduction in the holding of this asset. This is due to management's unrelenting efforts to drive down our working capital. Unfortunately our debtors increased by R148,67 million as compared to December 2004 due primarily to very high revenue of R335,78 million in December 2005. Cash flow for the first two months of 2006 has continued to be positive and our focus on working capital reduction continues. Gearing for the year dropped by 4% to 51% as we continue to strive to reach our target of 40% gearing. Trade cycle (working capital) days improved from 132 days to 95 days as a direct result of improved inventory levels.

We continue to support customers to assist them with financing their purchasing of our equipment, at the same time actively managing down our contingent liabilities and provisions. Our financing joint venture with WesBank (a division of FirstRand Bank Limited) continues to increase its profitability. At the year end the book was R678,59 million of which R71,84 million was funded by Bell. We are pleased to report that this joint venture not only finances sales in the local market but during the year extended its activities to Southern Africa and in particular to Zambia. Our arrangement with a Swiss based leasing company was extended to provide unit sale finance to South America where we sold over 100 units in 2005. An agreement was signed during the year with Deutsche Leasing AG in Germany to provide unit sale finance on a Pan-European basis. A number of transactions were concluded during the year and this arrangement will provide us with a financing edge throughout Europe in the years to follow. Finance is an extremely important element of the sales function in our industry and we believe that the three alliances that we have established will prove invaluable going forward.

Sales to North America in 2005 amounted to R860,04 million most of which were sold at a gross loss. To rectify this we have been able to achieve the implementation of the new arrangements with our strategic alliance partner and shareholder, Deere. The initial contract to supply Deere with ADTs ceased on 31 December 2005 and during the last six months we have been able to supply ADT kits to the new Deere ADT plant in Davenport (USA). The kits are supplied on a total factory warehouse cost basis plus an agreed profit margin and we also now earn royalties from Deere on their sale of US manufactured ADTs. The assembly and partial manufacture of Tractor Loader Backhoes (TLBs) in South Africa commenced during the year under review. The product has been extremely well received in the market place with the best sales month ever being recorded in February 2006. Front-End Loader (FEL) kits are being imported from Deere and assembled in our Richards Bay plant. The cost of manufacture of both the TLBs and the FELs has been substantially reduced and we are seeing a great improvement in the gross profit margins earned on both these products. The joint efforts by Deere and Bell to better leverage combined volumes and a common global supply base to reduce the ADT product cost has not been as successful as first hoped. This initiative is continuing with renewed vigour and we are expecting positive cost reductions to be achieved in 2006.

In last year's report I mentioned that as a result of moving some ADT manufacturing to Deere, our plant in Richards Bay would have excess capacity. I am pleased to report that with increased demand and a small reduction in the number of limited duration contractors we have been able to deal with this problem with no disruption or hardship to our employees.



I would like to pay tribute to our Southern African Sales and Distribution team who continue to form a vital part of the group. They continue to be profitable and provide excellent sales and service standards to our local customers and are most definitely at the forefront of the industry.

Corporate governance best practices continue to enjoy our highest priority and commitment. The Board of directors, which consists of a majority of non-executive directors, ensures that management, who are the stewards of our shareholders' capital, pursue the best interests of all stakeholders. Of vital importance are the roles, functions and responsibilities of our non-executive directors and our management's respect for the contribution of these directors. We continue to apply most of the best practice recommendations contained in the second King Report and want all stakeholders to be aware of our continued commitment to excellence in this area.

We are also pleased to report that all Board sub-committees comprise only non-executive directors and are chaired by independent non-executive directors. Bell Audit Services, our internal audit function, continues to provide valuable information and service to both the Risk Management and Audit Committee and our management teams. Also, the independent non-executive chairman of the Risk Management and Audit Committee spends time each month in the company in pursuit of his duties and attends all the Bell Audit Services committee meetings.

In the years when the group was establishing its product range and at the same time developing its international markets, Government through the Inland Revenue Services offered substantial tax assistance to us as manufacturers and exporters to help cover these enormous development costs. During the Minister of Finance's recent budget speech he recommended changes to the Income Tax Act in order to assist manufacturers and exporters with research and development (R&D) expenditure. At a time when the local economy and fiscal receipts are well ahead of budgets, exporters still continue to battle with a strong Rand. The lack of profitability has adversely affected our group's ability to develop new products and markets, our limited resources being used to ensure that our existing product range was kept at the forefront of their development, quality and technology. We applaud the Minister's actions and look forward to seeing the modified definition as to what represents R&D for tax purposes. The proposed deduction for current research and development expenditure, to be increased from 100% to 150% and the enhanced wear and tear claims on capital expenditure used in R&D, is of significant potential benefit to our company and its shareholders. As was the case with previous allowances the Bell group will ensure a considerable pay back on any tax advantage obtained. The challenges facing our executive and management team by being located in South Africa so distant from our major markets and a few large key suppliers, with high real interest rates and the negative impact on the strength of the Rand, makes effective supply-side friendly measures such as the R&D support programme very important.

Once again we are pleased to report that our strategic alliances continue to be developed. All three of our alliance partners, John Deere Construction & Forestry Company, Hitachi Construction Machinery and Liebherr-Hydraulikbagger GmbH, increased their units and parts purchases from us during the year. We are

extremely grateful for these alliances and the benefits that they provide to our group.

Until the group returns to profitability and positive cash flow, the Board has suspended the payment of any dividend; therefore there will be no dividend in respect of the year ended 31 December 2005.

The current outlook for Bell is more positive and we are already seeing the benefits of our cost and working capital initiatives. The improvement in our margin on our sales to North America and a firm handle on our warranty expenses should see us return to profitability. As mentioned previously the rollout of our Project 100 Plus programme will help reduce both overhead and component costs in 2006.

I take this opportunity to thank the management team and my Board colleagues for all the time and energy spent on these fundamental issues during the year. I particularly would like to pay tribute to our non-executive directors, many of whom travel vast distances to attend our meetings, for their continued commitment and support for the group. We have steered our way through very challenging times and I believe that the group will benefit considerably from meeting these challenges in the future.

Finally, I would like to acknowledge and thank our three most important stakeholders, our customers, our employees and our suppliers who strive to work together to ensure mutual growth and ongoing development. A special feature of our business is the Bell employees who do everything they can to take ownership and responsibility to make our company a success. I pay tribute to the employees and their families who have given much to the company and made many sacrifices.

HJ Buttery
Group Chairman

10 March 2006

The group is well positioned, has the right products and most importantly, the right people to move into the ranks of the leading players in the global construction, mining and agricultural equipment markets.

The past year has been a landmark in the history of Bell Equipment in our quest to be a leading player in the global materials handling capital equipment market.

Perhaps the foremost change in 2005 was the restructuring of our business model with John Deere where both parties will be able to leverage the significant advantages of the synergies of our partnership. I shall comment further on this issue later.

PRODUCTION

The group had record production in 2005 with the range of Articulated Dump Trucks (ADTs) continuing to form the bulk of our output. The assembly plant in Germany continued to focus on ADTs for the northern hemisphere markets and produced quality machines from kits that were shipped from our factory in Richards Bay.

In the coming year our production facilities will be streamlined and we will make better use of the resources available to us and our strategic partners. Our markets will be served as illustrated in the tabulation on page 15.

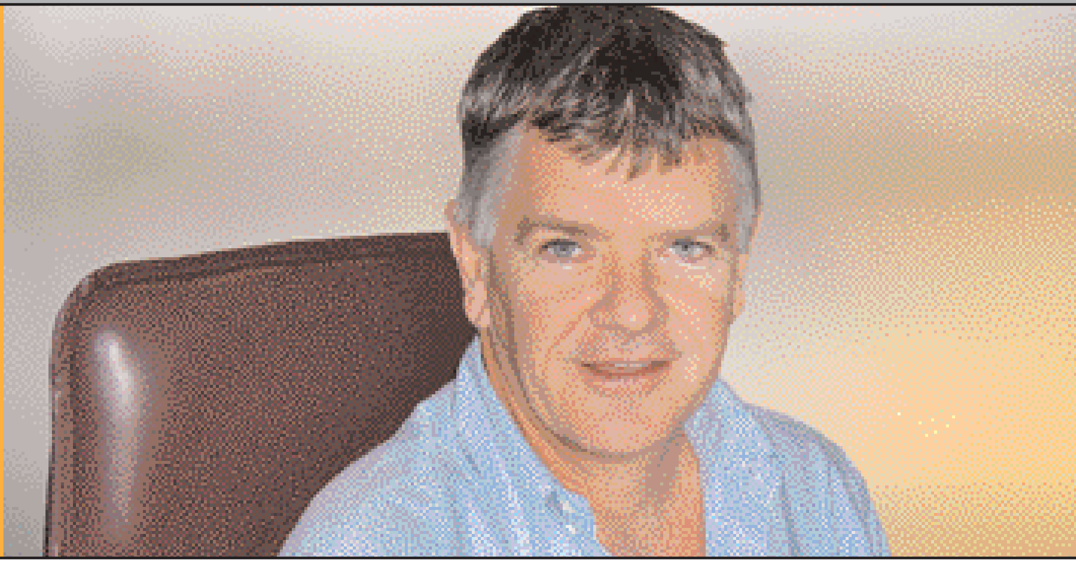
In terms of a manufacturing, supply and distribution agreement with John Deere there is a requirement that Bell will pay Deere royalties for the production of Front End Loaders and Tractor Loader Backhoes, while Deere will pay Bell a royalty for the right to produce ADTs in America.

Both parties will source their componentry from common suppliers, thus achieving the advantages of commonality of parts and the benefits of bulk purchases of the combined purchasing power.

RESEARCH AND DEVELOPMENT

Our R&D team in Richards Bay has been trimmed down, again as a consequence of the agreements with John Deere. Bell will continue to develop the ADTs and will share these advances with John Deere. In turn John Deere will be primarily responsible for developing the FEL and TLB products and will share this with Bell. The parties will thus share mutually in the research and development of these products.

Our policy remains to write off R&D expenditure other than R&D of a capital nature as incurred and not to capitalise these costs to be written off subsequently when the machines come into production. We continue to invest a significant amount in new product development.



GARY BELL
Chief Executive

Production site	Products	Markets
Richards Bay, South Africa	Articulated Dump Trucks	Southern Africa Other Africa Eastern Hemisphere
	Front End Loaders	Southern Africa Other Africa
	Side Shift Tractor Loader Backhoes	Southern Africa Other Africa Eastern Hemisphere
	Tri-Wheeler Products	Southern Africa Other Africa South America Eastern Hemisphere
Eisenach, Germany	Articulated Dump Trucks	United Kingdom France Germany and the rest of Europe
Davenport, USA (A Deere facility)	Articulated Dump Trucks	North, Central and South America

REGIONAL REVIEW

The strengthening of the Rand against the major currencies was a feature of 2005 and this, coupled with increased competitor activity in the South African market, put our margins under pressure. In terms of unit sales we were, however, able to achieve greater penetration in our markets in Southern Africa which once again provided the backbone of our group results. Bell branded products that are sold in terms of strategic alliances and other dealership agreements were steady in Southern Africa in the past year.

The North American market for ADTs showed steady growth in a buoyant economy, however the hoped for growth in our Construction Tractor range was not up to expectations.

Bell lost some market share in FELs due to the cessation of our own product range which was replaced in the second half of the year with the John Deere units which are now being built in Richards Bay. However, with this production fully on stream it is confidently expected that we will regain the lost market share in 2006.

Sales into other African countries continued to deliver good results and we see some opportunity to develop our used equipment sales into this region.

Our market for ADTs in the UK has continued to grow and by the end of 2005 we had proudly taken over the position of market leader. However, our business in other European countries, notably France and Germany, has room for improvement.

Whilst margins for unit sales were under pressure in most regions we were able to strengthen our results through parts sales which, as our machine park increases year by year, continues to grow at good profit margins.

A pleasing feature of the past year has been the volume of sales of our pioneer product, the Tri-Wheeler Loader, in the South American market. We expect to see this rate of growth maintained in 2006.

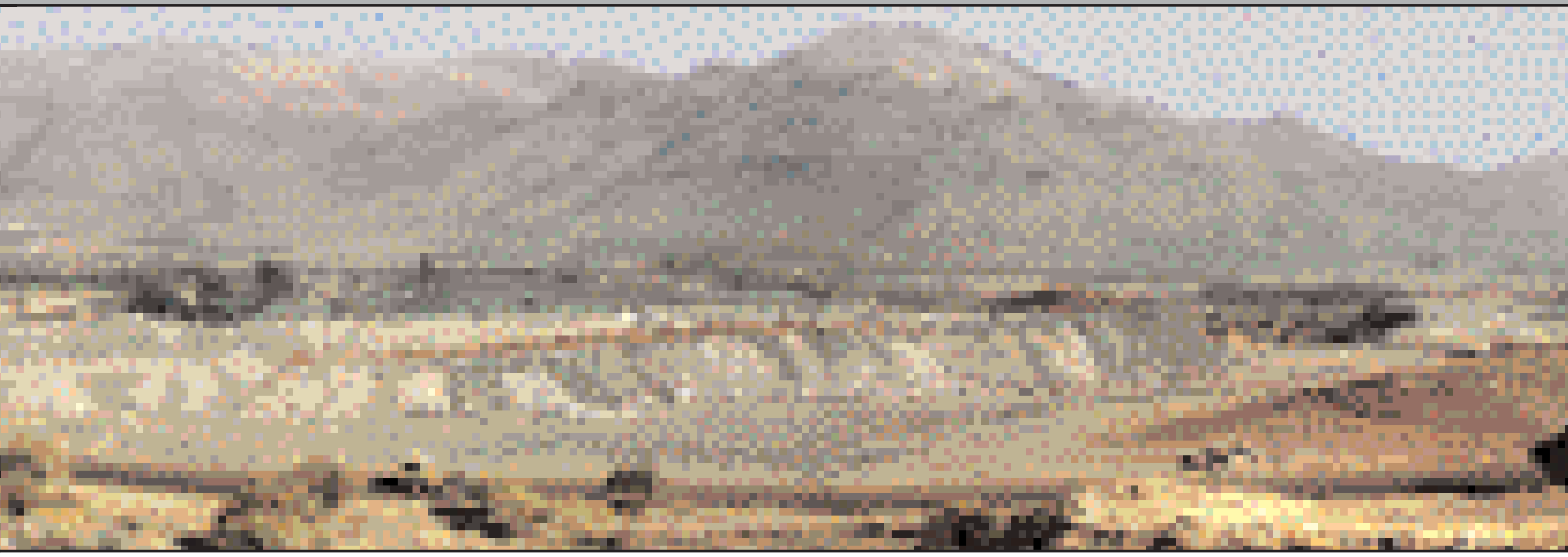
STRATEGIC OBJECTIVES

Our focus in the past year, and which will continue into the future, has been to concentrate our management efforts on a limited number of key areas. These are Quality, Cost Reduction, Safety and Working Capital Management and are aimed at delivering world class products to our customers.

Management is proud of the support it enjoys from all levels of staff in all areas of operation and their alignment with these objectives.

PROSPECTS

Now that the new business model which maximises the synergies of our strategic alliance with John Deere has been established and implemented, we are confident that our vulnerability to factors such as exchange rate fluctuations and supply chains is greatly reduced.



The group is well positioned, has the right products and most importantly, the right people to move into the ranks of the leading players in the global construction, mining and agricultural equipment markets. Whilst making extravagant promises is unwise I am confident that we will be able to produce better results for our stakeholders in the future.

ACKNOWLEDGEMENTS

I am extremely proud of the Bell Team. We, as the Board and Executive Management, are able to rely on the support of all our people – from the top right down through the ranks – in making our company something really special. This is what gives us the edge and will ensure that Bell Equipment will become a world leader, admired by its customers, competitors and all those who have come to know us as a South African success story and role model.

GW Bell
Group Chief Executive

10 March 2006

Leading products

Bell Equipment manufactures and distributes a wide range of top quality strong and reliable machines for the Construction, Mining, Forestry and Agriculture industries for the South African and international markets.

01

02

03

01 Articulated Dump Trucks
Designed and manufactured in Richards Bay, South Africa, and assembled at factories in Germany and the United States, the range starts at the 18 ton model and increases to 20, 25, 30, 35, 40 and 50 tonners. These are class leading products and are the strongest contributor to group results.

02 Tractor Loader Backhoes
Production of these Deere designed units started in South Africa in 2005, the only such facility in the southern hemisphere. The machines have impressed local users and should gain a firm foothold in the South African market in 2006.

03 Loggers
Based on the pioneering Bell three wheeler design, these machines are widely used in the forestry industry and provide cost effective handling solutions.

PRODUCT GALLERY

04

06

05

07

04 Front End Loaders

Manufactured in Richards Bay, South Africa, under a licensing agreement with John Deere, the range comprises seven models, starting with the L1204D and going up to the top of the range L2706D a 26 tonner, and are successfully used in various industries giving superior performance and results.

05 Graders

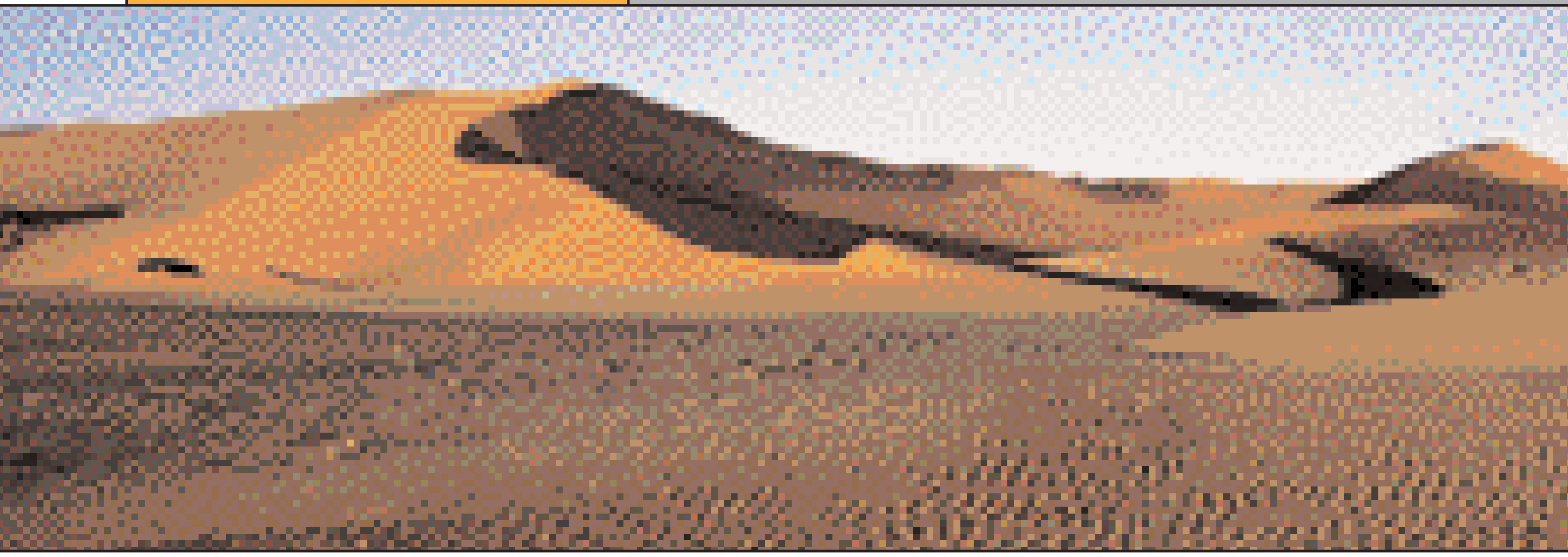
Imported from the United States, these robust machines are distributed by Bell Equipment Company in South Africa and feature as a significant player in the construction industry.

06 Excavators

Distributed by Bell under licence from Kato in Japan, the range comprises four different models, from 21 to 46 tons operating weight. Used in tandem with Bell Articulated Dump Trucks these are regularly seen in operation at construction and mining sites across the country.

07 Rigid Tractors

These versatile machines are reliable workhorses and are economical to operate. The range comprises two models. Pictured here is the popular 1866F which is used in haulage applications in many industries.



2005 has been another challenging financial year for Bell Equipment Company. It has, however, been a good year in terms of sales volumes. Our customer base has continued to grow and they have continued to support us in most regions in the world.

The Southern African Sales and Distribution operations continued to perform well. The total sales into the Southern African market have increased substantially during the course of the past two years and were close to all time records. The Construction Industry has led the growth with sales being close to twice the volumes that were recorded in 2003. This growth has been inspired by a buoyant demand for housing and related infrastructure development as well as the enhancements of our product range which has been driven by the strength of the South African Rand in conjunction with low interest rates. Bell Equipment Company has been in a position to perform strongly in a number of the different product sectors during the course of 2005.

There has, however, been room for improvement and with the localisation of the Side Shift Tractor Loader Backhoe (SSTLB) and the launch of the D Series range of Wheeled Loaders we are seeing further growth in sales.

In July 2005 the first SSTLB was produced in our Richards Bay factory. The localisation of the product has increased our competitive advantage and since our production line has been open our sales and market share have been moving in the right direction. The total TLB market in Southern Africa is at an all time high with close to 1 900 units being sold in 2005.

The limited release of our D Series Wheeled Loaders in June 2005 has been well accepted by our Construction, Mining and Plant Hire customers throughout Southern Africa. With the next three D Series models being launched in early 2006 we should be well positioned in this sector of the market.

We have continued to dominate the Southern African Articulated Dump Truck (ADT) market. The total market is another sector at record highs. Our sales into the Construction market have remained strong and our B50D, the world's largest ADT, has been at the forefront of our increasing sales into the Mining Industry. The Mining Industry has been positively affected, similar to the Construction market, by the affordability of product and the increase in mining activity.

An increase in the volume of timber being harvested has again led to growth in sales of our product servicing the Agricultural market. We have exceeded our previous sales volumes of the past five years. A specific area of growth has been our sales of Three Wheeled product into the South American market where we had an increase of 60% in our sales volumes.

During the course of 2005 we signed a distribution agreement with John Deere to distribute their Forestry product range (formerly known as the Timberjack product) in our home market. This product dominates the world wide sales in the Forestry market and will stand us in good stead when further mechanisation occurs in this market. Sales into the Sugar Industry have remained largely unchanged during the year under review but with the increase in world sugar prices fuelled by demand for ethanol and higher crude oil prices, the prospects for 2006 and beyond are good.

Sales into the European Construction and Mining industries remained depressed during 2005 in the sectors in which we compete. The total

ADT market has remained similar to the volumes achieved in 2004 but considerably lower than sales achieved in 2002 and 2003. New territories that have joined the EU and former eastern bloc countries have started to develop an appetite for ADTs and this has breathed some life into this market. The pleasing side to this is that we have been able to achieve further growth in sales in the depressed European market. We do not believe that there will be much growth in the European ADT market in 2006.

Sales through our Alliance partners, John Deere and Hitachi, were strong in 2005. The North American market came into its own in 2005 with over 50% of all ADTs sold worldwide being sold into this single market. John Deere has taken advantage of the growth in sales and has capitalised on this opportunity by working with Bell Equipment and localising the production of the ADT product into its Davenport manufacturing facility. This improved their ability to meet their customers' needs more quickly and has allowed them to improve their sales considerably.

Although sales of ADT product were generally slow in all the Australasian industries during 2005, our partner Hitachi did well to become market leaders in the Australian market. Sales into this territory have again been dominated by the demand in the mining industry.

The continued growth in sales of product, parts and service through our own operations and through our alliance partners has been a very positive aspect of 2005 and will again be pursued as a strategic objective of the group.

Bell Equipment has once again been recognised in the Technology Top 100 Awards by winning the awards for marketing and innovation excellence in the large company category for our flagship product, the B50D Articulated Dump Truck. The unique areas that were the basis of winning the awards are our fleet management system, trademarked "Fleetm@tic", which allows customers to monitor the productivity of their fleet of ADTs and make improvements to their operations to optimise the way the product is used and also our new active suspension system that allows an operator to drive the trucks at higher speeds, in greater comfort, and thus increase the tons carried per hour. Our customers have recognised the importance of features like these and demand for the B50D remains strong.

The directors and management of Bell Equipment are constantly aware of the need to apply sound principles of corporate governance to all our operations in South Africa and internationally. We are strongly committed to ensuring that our business is built on the fundamental pillars of corporate governance contained in the second report of the King Committee. We see our compliance with the recommendations made in the King II Report as an essential feature of the way we behave as a responsible corporate citizen and an integral part of our drive to become world class.

An assessment of our compliance with the recommendations made in the second King Report confirms that the group substantially complies with the majority of aspects.

Some aspects upon which we wish to make additional and specific comments are:

INTERNAL CONTROL SYSTEMS

The internal audit function of the group enjoys the full support and co-operation of the Board of Directors, Management and staff. The internal audit function, which is being expanded in 2006, has the prerequisite professional integrity and experience for this task and they have given the assurance to the Risk Management and Audit Committee that the internal control systems are adequate. The Board of Directors is kept fully informed of the proceedings of the Risk Management and Audit Committee.

There are inherent limitations in 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.

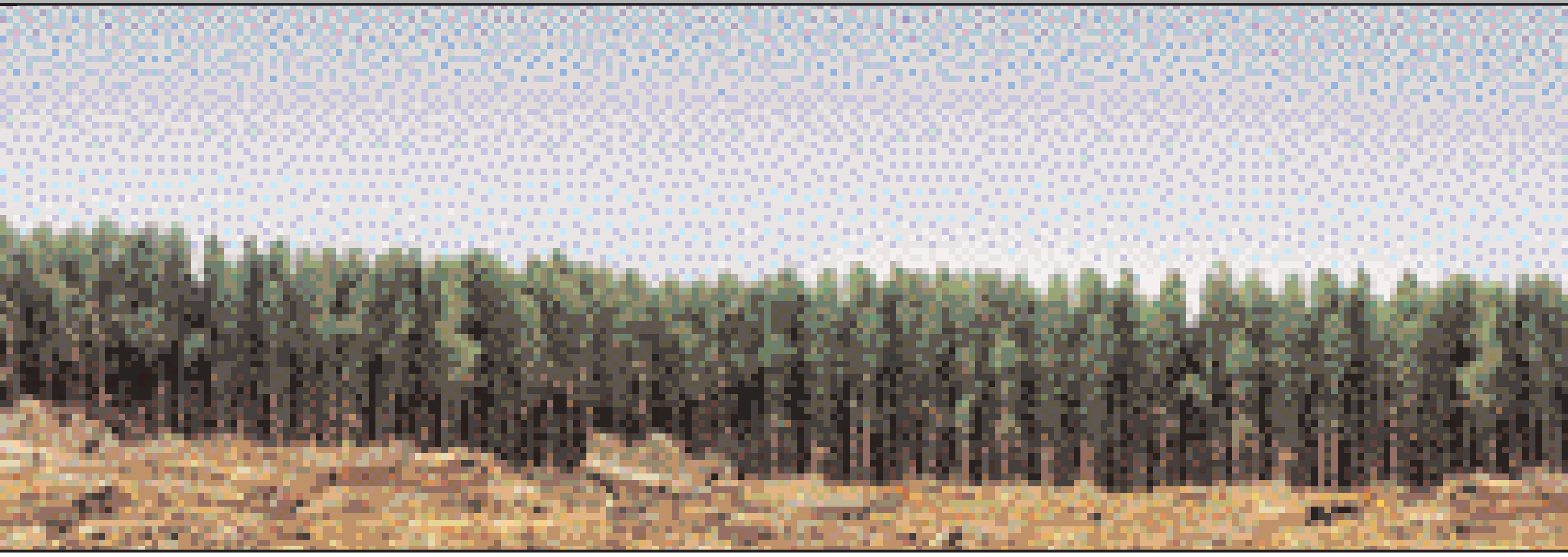
Nothing has come to the attention of the directors, or to the attention of the internal or external auditors, to indicate that any material breakdown in the functioning of the group's key internal controls and systems occurred during 2005.

GOING CONCERN

After making due inquiries, the directors are satisfied that the group has adequate resources to continue to operate for the foreseeable future. For this reason the financial statements have been prepared on the going concern basis.

In reaching this view the directors took into account the following factors:

- Our current order book for new unit sales;
- The technology of our products;
- The budget for the next financial year;
- The volume of the after sales market;
- The liquidity and working capital of the group including its credit facilities;
- The banking facilities available to the group;
- Market share for its products as monitored by independent third parties;
- The strategic alliance with Deere;
- Improved working capital management;



- Warranty controls;
- The positive working relationships with suppliers and employees; and
- The projected benefits that will flow from our Project 100 Plus.

RISK MANAGEMENT

As enunciated in the recommendations contained in the King II Report, the overall responsibility for risk rests with the Board. Up to now the Board has managed risk in terms of professional advice given by our external risk consultants who also play a prominent role in ensuring that suitable procedures are implemented by management.

In order to assist the Board in a stringent and successful risk management process, the group has employed a highly qualified risk manager whose main task will be to implement structures and procedures leading to effective management of risk. The advantage of having this dedicated resource will lie in raising the profile of risk awareness in all facets of operations and making better use of available resources.

The new structure will combine and rationalise physical risk management with financial mechanisms that will yield the most cost effective results and bring together related functions such as Internal Audit, Security and our short-term insurance portfolio, all of which provide assurance regarding controls and risks.

ENVIRONMENT

Bell Equipment places environmental responsibility among our core values and recognises the importance of preserving the integrity of our natural heritage. We aim to comply with the environmental regulatory standards of all countries into which we sell our products.

Our concern for the environment will be subject to review of accomplishment and continuous improvement processes. A more detailed report on how we manage our environmental responsibility is contained in the sustainability report on page 27.

In designing and manufacturing our products we aim to ensure that:

- All industrial effluent and waste products generated by our manufacturing operations are managed so as to minimise their impact on the environment;
- Our products will be designed so as to ensure that emissions have the least impact on the environment and that operating noise levels are minimised; and
- The environmental impact of our products will be minimised by having due regard to their functionality in working in the industries into which they are sold.

As part of our drive towards sound corporate governance the group is committed to complying with environmental requirements for its Richards Bay factory, German assembly plant and distribution operations worldwide.

EMPLOYMENT EQUITY

Bell Equipment has committed itself to and takes pride in providing fulfilling work opportunities and creating a workplace in which all employees, regardless of background, race or gender, can enjoy equal opportunities. Substantial investment is being made in the development of our people, particularly those who were previously disadvantaged.

STRUCTURE OF THE BOARD AND COMMITTEES

The roles of the Chairman and Chief Executive are distinct and there are seven non-executive directors, one of whom chaired the Risk Management and Audit Committee and another the Nominations and Remuneration Committee throughout the year under review. The company has a unitary Board which meets at least four times per annum.

All directors have access to the Company Secretary and are entitled to seek other independent professional advice in regard to the performance of their duties.

Newly appointed directors, should they not have the relevant prior experience and knowledge, are briefed on their fiduciary duties, their legal obligations and the group's history, operations and key initiatives.

The Board of Directors is ultimately responsible for ensuring that Bell Equipment is a viable business and to this end effectively controls the company and its subsidiaries, monitors executive management and is involved in all decisions that are material for this purpose.

DIRECTORS' ATTENDANCE AT MEETINGS

During 2005 the Board met on four occasions, with attendance recorded as follows:

Executive

GW Bell	4 out of 4
HJ Buttery (Chairman)	4 out of 4
JP du Toit	4 out of 4
GP Harris	4 out of 4
DL Smythe	4 out of 4

Non-executive

CD Anderson	2 out of 2
RL Bridges	3 out of 3
JW Kloet	3 out of 4
BW Schaffter	2 out of 3

Independent non-executive

PJC Horne	4 out of 4
MA Mun-Gavin	2 out of 2
TO Tsukudu	3 out of 4
DJJ Vlok	4 out of 4

Alternates

DM Gage	4 out of 4
DB Rhind	1 out of 1

At least two John Deere directors attended each meeting of the Board and all Board committees.

Particulars of the composition of the Board of Directors and committees appear on pages 8 and 9 of this report.

RISK MANAGEMENT AND AUDIT COMMITTEE

The Chairman of the Risk Management and Audit Committee is an independent non-executive director. This committee operates in terms of a formally approved charter which clearly sets out the roles and responsibilities of committee members and its main task is to review the effectiveness of internal controls in the group in the light of the findings of the external or internal auditors. It has complied with the terms of the charter.

Other areas that are reviewed include the review of important accounting issues, pending changes in legislation which will give rise to changes in practice, specific disclosures in the financial statements and the publication of the interim and annual reports, as well as reviewing the company's risk management programme.

RISK MANAGEMENT AND AUDIT COMMITTEE ATTENDANCE AT MEETINGS

During 2005 the Risk Management and Audit Committee met on four occasions, with attendance being as follows:

Members

PJC Horne (Chairman)	4 out of 4
JW Kloet	3 out of 4
MA Mun-Gavin	1 out of 1
DJJ Vlok	4 out of 4

By invitation

CD Anderson	2 out of 2
GW Bell	4 out of 4
RL Bridges	2 out of 2
HJ Buttery	4 out of 4
DM Gage	4 out of 4
DB Rhind	1 out of 1
KJ van Haght	2 out of 2

NOMINATIONS AND REMUNERATION COMMITTEE

Bell Equipment's Nominations and Remuneration Committee, which also operates in terms of a formally approved charter, is chaired by an independent non-executive director and reviews and approves the remuneration of the executive directors and senior management in line with their individual contributions to the company's overall performance. It also reviews the qualifications and suitability of candidates and makes recommendations to the Board for appointment of directors. All members of this committee are non-executive directors. The committee met twice in the year, with attendance as shown below and has complied with the terms of its charter.

Members

DJJ Vlok (Chairman)	2 out of 2
CD Anderson	1 out of 1
RL Bridges	1 out of 1
TO Tsukudu	2 out of 2

By invitation

GW Bell	2 out of 2
HJ Buttery	2 out of 2
DM Gage	2 out of 2

The company's remuneration philosophy is to reward its people fairly and in line with the market in similar industries. As recognition for superior performance the company has incentive schemes which make provision for the payment of monthly and annual bonuses which could place employees' remuneration packages beyond the norm provided that certain hurdles are cleared.

The remuneration paid to directors of the company is disclosed in note 23 to the annual financial statements.

STAKEHOLDER COMMUNICATION AND WORKER PARTICIPATION

The Board recognises the importance and value of communications with all stakeholders and this is achieved in a variety of ways.

For our external business partners (principally our suppliers, customers and dealers) we hold an annual conference where we communicate our plans for the year ahead so that our stakeholders are fully apprised of our expectations and requirements.

We produce our annual and interim reports as required and also have these published on the company's website.

The company produces an annual employee report and has other regular communications with our employees. Among the foremost of these are 'Bell Online', which is an effective, transparent, balanced and fair mechanism whereby we address topical issues with our employees approximately on a five weekly basis. Employees are encouraged to make use of this publication to raise issues and air their views.

The company takes pride in its 'Bulletin', a quarterly magazine which is distributed worldwide and has articles of technical, commercial and general interest for its readership.

CODE OF ETHICS

The company has a Code of Ethics which commits the company and its employees to the highest standards of ethical and professional integrity and has the full commitment of the Board of Directors and the Chief Executive. It is effectively communicated to all Bell Equipment operations worldwide.

The Code of Ethics covers the interactive relationships between the company, its directors, management and employees as between themselves and outside stakeholders, customers, shareholders and society at large.

SAFETY

The company has implemented an effective safety management process, based on the highly successful Deere 'STOP' (Safety Training Observation Programme) model, which is aimed at making the workplace and all work processes safe. Any safety breach incidents are thoroughly investigated to ensure that these are not repeated and proper training and retraining is given where appropriate. We work positively to inculcate a safety awareness ethic in all our employees and others who visit our site.

We are aligning our safety initiative for our Richards Bay factory with the standards as defined in ISO 9000 and also ISO 18000 which will be implemented in the course of 2006. Our African Sales and Distribution Operations headquarters in Jet Park has achieved the Technilaw 5 star grading.

SOCIAL

Whilst our annual report focuses on the events of the past year we recognise that being a successful enterprise means that one has to plan for the future. Key to the ongoing success of any business is how it manages its responsibilities to all stakeholders and in particular its employees.

Our stable and committed workforce around the world has continued to keep the company on track and enthusiastically supported key initiatives to improve profitability and maintain product and service competitiveness. A high level of teamwork between our various divisions and work teams has contributed to the positive spirit needed to sustain the company through continuing tough trading conditions.

PEOPLE DEVELOPMENT

Bell Equipment believes in identifying skills required to run its business successfully. It also believes in ensuring that employees are given the opportunity to develop these skills and the opportunity to use them. All training is preceded by assessment of learning potential to ensure that employees are matched to programmes which will be most relevant to their level of ability to learn and perform. The company is very aware of its obligation to employees belonging to groups who suffered discrimination in the past and as a result were denied opportunities to advance. The close link between our Employment Equity and our Skills Development Plans has resulted in development and recruitment plans to increase the number of skilled, professional and management level employees from these groups. We are justifiably proud of our record of training artisans and technical professionals to ensure that we can sustain our ability to develop innovative products and services for the benefit of our customers. Our programmes have produced people who have proved themselves in diverse roles around the world and have been the nursery for our strong management team.

In addition to our industry leading apprenticeship and learnership programmes, we have implemented a fast track programme where we have identified a number of employees from historically disadvantaged groups with potential to work at higher levels than their present jobs. These employees have been assessed for potential and interviewed to establish mutually agreed development and career paths.

EMPLOYEE WELLNESS

Bell Equipment continues to treat employee health as a key concern. Occupations are classified into various risk categories and are monitored accordingly. We continue to monitor the HIV/AIDS threat to our employees and have maintained a strong campaign on preventing its spread among our workforce. We are pleased to note that the Government's rollout of anti-retroviral drugs is now gathering pace and we should be able to transfer those employees on our treatment programme to the State run programme during 2006.

We also recognise that employees have many other issues which may impact on their performance from time to time. Bell Equipment's Employee Assistance Programme is in place to help employees experiencing problems in areas such as coping with a disability, substance abuse, family problems, financial management and trauma.

RELATIONSHIPS

The implementation of the TASK (Tuned Assessment of Skills and Knowledge) grading system has been successful and has enabled the company to realistically benchmark salaries with the rest of the market to ensure that it retains key skills and talent. To this end the company has initiated a specialised survey for the earthmoving industry as an additional step to ensure that our conditions of service are not out of line with the market.

Employee relations in the company continued to remain settled in 2005 and the trend of spending significant time discussing business efficiencies continued during the year 2005. It is heartening to report that the discussions are being led by the relevant line managers rather than only by Human Resources officials.

Union membership has shown interesting statistics over the years and this year is no exception. Significantly a high proportion of our staff have chosen not to become members of any union.

	2005 %	2004 %
Non-union members	45	46
Solidarity	20	10
NUMSA	26	31
UASA	8	12
NICWU	1	1

Key
NUMSA = The National Union of Metalworkers of South Africa
UASA = United Association of South Africa
NICWU = National Industrial Commercial Workers Union

It is interesting to note a significant decline in union membership with the exception of Solidarity which has grown at the expense of both NUMSA and UASA. Many of the employees previously available as employee representatives are more interested in taking advantage of career opportunities offered by the company and no longer have the time to offer themselves in leadership roles in union structures, which has had an effect on the ability of many unions to maintain service levels to their members. This is a microcosm of the process facing unions at national level. In spite of this trend Bell Equipment remains committed to continue engaging employee representative bodies in constructive relationships.

BLACK ECONOMIC EMPOWERMENT

Bell Equipment supports Black Economic Empowerment (BEE) and has partnered with emerging plant hire, construction and mining groups to assist them in establishing their operations and is looking at similar developments in the construction, forestry and sugar industries.

Apart from providing BEE companies with opportunities to grow their business, Bell Equipment believes it has a responsibility to play an active role in identifying such initiatives and supports the emergence of these enterprises. Focus areas to promote success are a real transfer of skills in sales, management, administration, logistics, product support and related areas.

COMMUNITY OBLIGATIONS

Bell Equipment believes that for successful business to continue in the future it is necessary to plough back some of its earnings into the community in which it operates.

Our employees form part of this community and by helping to improve the standard of living the company is also improving the quality of life for its employees and their families.

The company focuses its efforts on the key areas of job creation, education, development, environmental preservation issues, HIV/AIDS, crime prevention and the upliftment of the poorest sector of our community.

In the past our approach has been to empower the community to encourage sustainability, well-being, and sense of self worth, but the company will continue to support various fund raising drives and makes modest donations to ease the financial concerns of deserving charities.

Bell Equipment remains an active member of the Zululand branch of Business Against Crime and we work together with other employers and the community in tackling the scourge of HIV/AIDS in the region.

ENVIRONMENT

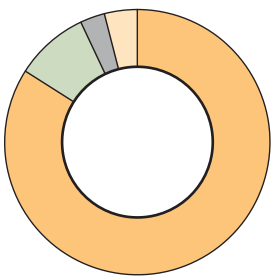
Although the Bell Equipment factory in Richards Bay deals with noxious fumes during the manufacturing process, it does not create emissions or unacceptable levels of pollution. The company takes environmental protection seriously and disposes of oils and other harmful waste products in a responsible manner.

All factory employees are supplied with protective clothing and are required to undergo medical tests, including hearing level assessments, to ensure that the working environment is responsibly managed and does not negatively impact on their health.

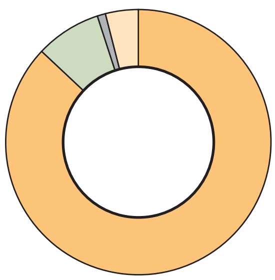
Environmental concerns extend to the products manufactured by the company and Bell Equipment aims to meet and beat international emission standards when designing products. The company likewise remains mindful of other environmental factors such as ground compaction and endeavours to act as responsibly as possible to reduce the impact of its products on the environment.

for the year ended 31 December 2005	2005		2004	
	R'000	%	Restated R'000	%
Revenue	3 209 233		2 526 488	
Goods and services acquired	2 721 401		2 136 917	
Total value added	487 832		389 571	
Applied as follows:				
To employees – remuneration benefits	408 987	84	337 856	87
To lenders – net finance costs	43 459	9	31 833	8
To governments – taxation	12 017	3	6 169	1
Retained for investment in the group				
– Depreciation	31 566	6	26 364	7
– Deficit	(8 197)	(2)	(12 651)	(3)
Total value added	487 832	100	389 571	100

2005



2004



Employees Lenders Governments Retained for investment

APPROVAL OF 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 31 to 69 were approved by the directors on 10 March 2006 and are signed on their behalf by:

HJ Buttery
Group Chairman

GW Bell
Group Chief Executive

10 March 2006

CERTIFICATION BY 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.

DP Mahony
Group Company Secretary

10 March 2006

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 set out on pages 31 to 69 for the year ended 31 December 2005. These financial statements are the responsibility of the company's directors. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and the group at 31 December 2005, and the results of their operations and 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

Deloitte & Touche
Registered Accountants and Auditors
Chartered Accountants (SA)

Richards Bay
10 March 2006

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 2005.

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 joint 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 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 Chief Executive's report and Chairman's statement.

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 2005 comprised 94 763 400 (December 2004: 94 246 400) ordinary shares of no par value.

DIVIDENDS

The directors do not propose a dividend for the year ended 31 December 2005 (2004: Nil cents).

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment are recorded in note 6 to the annual financial statements.

SHARE OPTION SCHEMES

The company has two employee share option schemes. The maximum number of shares any employee may acquire in terms of these schemes shall not exceed 200 000. Particulars of transactions which occurred on scheme number one during the year are as follows:

	2005	2004
Options granted brought forward	723 450	751 950
Options granted and accepted	–	4 900
Options exercised	(526 400)	(22 300)
Options forfeited	(40 050)	(11 100)
Options granted carried forward	157 000	723 450

Senior management hold 47 500 of the above 157 000 unexercised options (2004: 225 900), the balance being held by other employees throughout the group.

The maximum aggregate number of shares available to employees under scheme number one was 2 159 200.

The unallocated balance at 31 December 2005 was 79 600 shares (December 2004: 30 150).

There were no transactions during the year under review for scheme number two which has a maximum of 5 000 000 shares available for allocation.

SHARE PURCHASE OPTION

In terms of an agreement concluded on 18 March 1999, John Deere Construction and Forestry Company acquired a 32,2% interest in Bell and had the option to acquire the IA Bell & Co. (Pty) Limited shares in Bell Equipment Limited at US$1,45 per share, plus or minus the increase or decrease in net asset value at 31 December 1998 (R2,56) up to the previous quarter end of exercising this option, or at 80% of the average market price for the previous 30 days, whichever was the higher. John Deere gave notice on 24 August 2005 that they did not intend to exercise their option which was expiring on 31 December 2005.

DIRECTORS

In terms of the shareholders' agreement concluded between IA Bell & Co. (Pty) Limited and John Deere Construction and Forestry Company, these two principal shareholder parties are entitled to nominate four and three directors respectively.

During the year under review the following changes occurred in the composition of the Board of Directors:

Directors:

PE Leroy – Resigned 11 March 2005
CD Anderson – Resigned 5 August 2005
SCM Nyembezi – Resigned 5 August 2005

BW Schaffter – Appointed 24 March 2005
RL Bridges – Appointed 8 July 2005
MA Mun-Gavin – Appointed 1 November 2005

Alternate Directors:

D B Rhind – Deceased 24 March 2005

Details of the directors and senior management of the Bell Equipment Group appear on pages 8 and 9 of this report.

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

	Direct beneficial		Indirect beneficial		Indirect non-beneficial	
	2005	2004	2005	2004	2005	2004
GW Bell	10 000	10 000	10 906 333	10 985 945	–	–
PC Bell	–	–	10 906 333	10 985 945	–	–
PA Bell	–	–	10 906 333	10 985 945	23 400	23 400
HJ Buttery	–	–	4 642 968	4 667 795	–	8 000
MA Campbell	–	–	3 784 758	3 812 403	–	–
GP Harris	–	–	1 800	1 800	–	–
PJC Horne	–	–	20 000	20 000	5 500	5 500
DL Smythe	–	42 250	–	–	–	–

MAJOR SHAREHOLDERS

The major shareholders in Bell Equipment Limited as at 31 December 2005 were:

IA Bell & Co (Pty) Limited	47,41%
John Deere Construction and Forestry Company	31,65%
Sanlam Funds	5,23%

SECRETARY

Particulars of the Company Secretary and his business and postal addresses appear on page 7 of this report.

SUBSIDIARIES

Details of the company's interest in its subsidiary companies are contained on page 69 of this report.

SUBSEQUENT EVENTS

There is no material fact or circumstance which has arisen since the balance sheet date and the date of this report.

Signed on behalf of the Board

HJ Buttery
Group Chairman

GW Bell
Group Chief Executive

10 March 2006

BALANCE SHEETS

as at 31 December 2005	Notes	GROUP 2005 R'000	GROUP Restated 2004 R'000	COMPANY 2005 R'000	COMPANY Restated 2004 R'000
ASSETS					
Non-current assets		295 765	276 796	232 438	265 366
Property, plant and equipment	6	237 394	219 200	–	–
Interest in subsidiary companies	7	–	–	232 438	265 366
Investment	8	36 537	42 926	–	–
Long-term receivables	9	14 348	14 627	–	–
Deferred taxation	10	7 486	43	–	–
Current assets		1 345 842	1 322 650	–	2
Inventory	11	928 838	1 056 828	–	–
Trade and other receivables	12	361 812	213 139	–	2
Current portion of long-term receivables	9	12 128	11 264	–	–
Prepayments		7 732	6 881	–	–
Taxation		2 194	21 457	–	–
Cash resources		33 138	13 081	–	–
TOTAL ASSETS		**1 641 607**	1 599 446	232 438	265 368
EQUITY AND LIABILITIES					
Capital and reserves		699 259	701 462	225 066	260 810
Stated capital	13	225 946	224 414	225 946	224 414
Non-distributable reserves	14	36 921	33 147	–	–
Retained earnings (accumulated loss)		436 392	443 901	(880)	36 396
Non-current liabilities		89 401	53 289	–	–
Interest-bearing	15	4 754	6 669	–	–
Repurchase obligations and deferred leasing income	16	69 176	34 431	–	–
Lease escalation	17	3 922	5 252	–	–
Provisions	18	11 549	6 937	–	–
Current liabilities		852 947	844 695	7 372	4 558
Trade and other payables	19	390 340	391 952	1 647	1 212
Current portion of interest-bearing liabilities	15	2 731	3 684	–	–
Current portion of repurchase obligations and deferred leasing income	16	8 639	14 617	–	–
Current portion of lease escalation	17	1 330	159	–	–
Current portion of provisions	18	64 637	48 734	–	–
Taxation		–	–	5 725	3 346
Short-term interest-bearing debt		385 270	385 549	–	–
TOTAL EQUITY AND LIABILITIES		1 641 607	1 599 446	232 438	265 368
Shares issued ('000)		94 763	94 246		
Net asset value per share (cents)		738	744		

INCOME STATEMENTS

for the year ended 31 December 2005		GROUP		COMPANY	
	Notes	2005 R'000	Restated 2004 R'000	2005 R'000	Restated 2004 R'000
Revenue					
Continuing operations	20	3 209 233	2 526 488	–	–
Cost of sales		2 701 658	2 053 943	–	–
Gross profit		507 575	472 545	–	–
Other operating income		92 615	84 228	–	–
Distribution costs		(441 523)	(429 821)	–	–
Administration expenses		(62 615)	(57 135)	(1 621)	(1 510)
Other operating expenses		(48 773)	(44 466)	(33 600)	–
Profit (loss) from operating activities		47 279	25 351	(35 221)	(1 510)
Finance costs	21	(155 308)	(157 799)	(520)	(447)
Finance income	22	111 849	125 966	243	–
Profit (loss) before taxation	23	3 820	(6 482)	(35 498)	(1 957)
Taxation	24	(12 017)	(6 169)	(1 778)	(994)
Net loss for the year		(8 197)	(12 651)	(37 276)	(2 951)
		Cents	Cents		
Loss per share					
Basic	25	(9)	(13)		
Diluted	25	(9)	(13)		
Headline loss per share					
Basic	25	(11)	(14)		
Diluted	25	(11)	(14)		
Proposed dividends per share		–	–		

for the year ended 31 December 2005	Notes	GROUP 2005 R'000	GROUP Restated 2004 R'000	COMPANY 2005 R'000	COMPANY Restated 2004 R'000
CASH FLOW FROM (APPLIED TO) OPERATING ACTIVITIES					
Cash generated from (applied to) operations	A	77 533	(73 007)	(1 184)	(1 075)
Net finance costs paid		(43 459)	(31 833)	(277)	(447)
Taxation refunded (paid)	B	501	(28 984)	601	(2 202)
Net cash flow from (applied to) operating activities		34 575	(133 824)	(860)	(3 724)
CASH FLOW APPLIED TO INVESTING ACTIVITIES					
Purchase of additional property, plant and equipment		(54 259)	(57 167)	–	–
Purchase of replacement property, plant and equipment		(2 169)	(61)	–	–
Proceeds on disposal of property, plant and equipment		8 954	2 797	–	–
Decrease (increase) in investment		6 389	(15 603)	–	–
Net cash flow applied to investing activities		(41 085)	(70 034)	–	–
CASH FLOW FROM FINANCING ACTIVITIES					
Repayments from subsidiaries		–	–	(672)	3 662
Interest-bearing liabilities repaid	C	(5 405)	(2 827)	–	–
Interest-bearing liabilities raised	C	2 537	30	–	–
Increase in repurchase obligations and deferred leasing income		28 767	49 048	–	–
(Increase) decrease in long-term receivables		(585)	23 342	–	–
Proceeds from share issues		1 532	62	1 532	62
Net cash flow from financing activities		**26 846**	69 655	860	3 724
Net increase (decrease) in cash for the year		20 336	(134 203)	–	–
Net short-term interest-bearing debt at beginning of the year		(372 468)	(238 265)	–	–
Net short-term interest bearing debt at end of the year	D	(352 132)	(372 468)	–	–

NOTES TO THE CASH FLOW STATEMENTS

for the year ended 31 December 2005	GROUP		COMPANY	
	2005 R'000	Restated 2004 R'000	2005 R'000	Restated 2004 R'000
A. CASH GENERATED FROM (APPLIED TO) OPERATIONS				
Profit (loss) from operating activities	47 279	25 351	(35 221)	(1 510)
Adjustments for:				
Depreciation	31 566	26 364	–	–
Increase (decrease) in warranty provision	16 212	(30 042)	–	–
Increase in provision for residual value risk	3 458	4 669	–	–
Decrease in lease escalation	(159)	–	–	–
Provision for impairment in interest in subsidiary company	–	–	33 600	–
Surplus on disposal of property, plant and equipment	(2 372)	(454)	–	–
Exchange differences on translation of foreign subsidiaries	4 695	(9 183)	–	–
Operating profit (loss) before working capital changes	100 679	16 705	(1 621)	(1 510)
Decrease (increase) in inventory	127 990	(201 037)	–	–
(Increase) decrease in receivables and prepayments	(149 524)	11 222	2	(2)
(Decrease) increase in trade and other payables	(1 612)	100 103	435	437
Total cash generated from (applied to) operations	77 533	(73 007)	(1 184)	(1 075)
B. TAXATION REFUNDED (PAID)				
Net refund due (taxation owing) at beginning of year	21 457	(8 014)	(3 346)	(4 554)
Tax charge for the year:				
SA normal taxation	(18 339)	5 434	(1 778)	(994)
Foreign taxation	(227)	(4 947)	–	–
Withholding tax on dividends	(196)	–	–	–
Net (refund due) taxation owing at end of year	(2 194)	(21 457)	5 725	3 346
Total taxation refunded (paid)	501	(28 984)	601	(2 202)
C. INTEREST-BEARING LIABILITIES				
Interest-bearing liabilities at beginning of year	6 669	8 612	–	–
Add: current portion at beginning of year	3 684	4 538	–	–
Total non-current liabilities at beginning of year	10 353	13 150	–	–
Interest-bearing raised	2 537	30	–	–
Interest-bearing repaid	(5 405)	(2 827)	–	–
Less: current portion at end of year	(2 731)	(3 684)	–	–
Interest-bearing liabilities at end of year	4 754	6 669	–	–
D. NET SHORT-TERM INTEREST-BEARING DEBT				
Short-term interest-bearing debt	385 270	385 549	–	–
Cash resources	(33 138)	(13 081)	–	–
Net short-term interest-bearing debt at end of year	352 132	372 468	–	–

for the year ended 31 December 2005

	Stated capital R'000	Non-distributable reserves R'000	Retained earnings (accumulated loss) R'000	Total R'000
Group				
Balance at 31 December 2003	224 352	34 883	452 022	711 257
Effect of adoption of IFRS:				
Adjustment to opening retained earnings in respect of depreciation of property, plant and equipment previously taken into account (note 32)	–	–	13 443	13 443
Prior year adjustments:				
Adjustment in respect of amortised lease escalation (note 33)	–	–	(4 057)	(4 057)
Correction to income tax treatment of profits earned by controlled foreign company of the group (note 33)	–	–	(5 097)	(5 097)
As restated	224 352	34 883	456 311	715 546
Issue of share capital	62	–	–	62
Surplus on revaluation of properties	–	16 820	–	16 820
Deferred taxation on revaluation of properties	–	(5 046)	–	(5 046)
Realisation of revaluation reserve on depreciation of buildings	–	(241)	241	–
Decrease in foreign currency translation reserve of foreign subsidiaries	–	(11 934)	–	(11 934)
Exchange difference on foreign reserves	–	(1 335)	–	(1 335)
Net loss for the year	–	–	(12 651)	(12 651)
Balance at 31 December 2004	224 414	33 147	443 901	701 462
Issue of share capital	1 532	–	–	1 532
Effect of change in tax rate on surplus on revaluation of properties	–	265	–	265
Realisation of revaluation reserve on depreciation of buildings	–	(688)	688	–
Increase in foreign currency translation reserve of foreign subsidiaries	–	2 666	–	2 666
Exchange difference on foreign reserves	–	1 531	–	1 531
Net loss for the year	–	–	(8 197)	(8 197)
Balance at 31 December 2005	225 946	36 921	436 392	699 259
Company				
Balance at 31 December 2003	224 352	–	44 444	268 796
Prior year adjustment:				
Correction to income tax treatment of profits earned by controlled foreign company of group	–	–	(5 097)	(5 097)
As restated	224 352	–	39 347	263 699
Issue of share capital	62	–	–	62
Net loss for the year	–	–	(2 951)	(2 951)
Balance at 31 December 2004	224 414	–	36 396	260 810
Issue of share capital	1 532	–	–	1 532
Net loss for the year	–	–	(37 276)	(37 276)
Balance at 31 December 2005	225 946	–	(880)	225 066

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2005

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) for the first time. The disclosures required by IFRS concerning the transition from South African Statements of Generally Accepted Accounting Practice to IFRS are given in note 32. The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments.

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. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is capitalised and reviewed for impairment at least annually. Any excess in the group's interest in the net fair value of a subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

2.3 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. Revaluations, on the depreciated replacement cost basis, are undertaken every five years. Other assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of assets commences when the asset is available for use. Depreciation on revalued buildings is charged to income. The depreciable values of leasehold buildings and materials handling equipment held as rental assets are depreciated over the shorter of their expected useful lives and the period of the lease. 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 – 3,33%
Leasehold buildings	5 – 10%
Plant and equipment	10 – 33%
Aircraft	12,5%
Vehicles	20%

for the year ended 31 December 2005

2. SIGNIFICANT ACCOUNTING POLICIES continued

2.3 Property, plant and equipment continued

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Useful lives and residual values are reviewed annually.

2.4 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 balance sheet 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.

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.

2.5 Financial instruments

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

Financial instruments carried on the balance sheet include cash and bank balances, investments, trade receivables, trade payables and borrowings. The estimated fair values of these instruments approximate their carrying amounts.

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 accounted for on a mark to market basis and the associated gains and losses are recognised in the results of the current period.

for the year ended 31 December 2005

2. SIGNIFICANT ACCOUNTING POLICIES continued

2.5 Financial instruments continued

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents 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 borrowings at call and on bank overdraft which are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

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.

Off-setting financial agreements

Financial assets and liabilities are set-off 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.

2.6 Inventory

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

Raw materials, merchandise spares, 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 are 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.

for the year ended 31 December 2005

2. SIGNIFICANT ACCOUNTING POLICIES continued

2.7 Taxation

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

The tax 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 tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such 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 tax 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 tax assets is reviewed at each balance sheet date 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 tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax 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 tax is also dealt with in equity.

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

2.8 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 each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet 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.

for the year ended 31 December 2005

2. SIGNIFICANT ACCOUNTING POLICIES continued

2.8 Foreign currency translation continued

Forward cover 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 the income statement.

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 balance sheet presented are translated at the exchange rates prevailing on the balance sheet date;

– income and expenses for each income statement are translated at average exchange rates; and

– all resulting exchange differences are recognised as equity and transferred to the group's foreign currency translation reserve.

Such translation differences are recognised in 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.

2.9 Revenue

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

2.10 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 interest rate applicable.

2.11 Research and development

Research and development costs, excluding capital items, are charged against operating income as incurred.

2.12 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 obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

for the year ended 31 December 2005

2. SIGNIFICANT ACCOUNTING POLICIES continued

2.13 Impairment of assets

Where there is an indication that an asset may be impaired, the recoverable amount of the asset is estimated. Recoverable amount is the higher of an asset's net selling price and its value in use. An impairment loss is recognised whenever the carrying amount of an asset exceeds 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.

A reversal of an impairment loss for an asset 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.

2.14 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 balance sheet date, and are discounted to present value where the effect is material.

2.15 Segmental information

The principal segments of the group have been identified on a primary basis by significant geographical regions. The primary basis is representative of the internal structure for management reporting purposes.

2.16 Borrowing costs

Borrowing costs are charged against operating profit as incurred.

2.17 Government grants

Government grants are recognised as income over the periods necessary to match them with the related costs.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

New
IFRS 4 – Insurance Contracts
IFRS 7 – Financial Instruments: Disclosures
IFRIC 4 – Determining whether an Arrangement contains a Lease
IFRIC 7 – Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
IFRC 8 – Scope of IFRS 2

Revised
IAS 1 – Presentation of Financial Statements
IAS 19 – Employee Benefits
IAS 39 – Financial Instruments: Recognition and Measurement

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the group.

for the year ended 31 December 2005

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.

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 balance sheet date.

Warranty provision

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

Provisions for residual value risks

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 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 the residual value risks are pertaining to products that are reported as rental assets on the balance sheet, these risks are reflected by depreciation or write down of the carrying value of these assets. If the residual value risks are pertaining to products which are not reported as assets on the balance sheet, these risks are reflected under the line item provisions.

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 balance sheet date 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.

for the year ended 31 December 2005

5. SEGMENTAL ANALYSIS

	South Africa R'000	Rest of world R'000	Eliminations R'000	Consolidated R'000
Group				
2005				
Revenue				
External sales	1 372 508	1 836 725	–	3 209 233
Inter-segment sales	11 614	630 095	(641 709)	–
Total revenue	1 384 122	2 466 820	(641 709)	3 209 233
Net loss				
Profit (loss) from operating activities	55 271	(7 992)		47 279
Net finance costs				(43 459)
Taxation				(12 017)
Net loss				(8 197)
Other information				
Assets	1 193 701	447 906		1 641 607
Current liabilities	658 965	193 982		852 947
Non-current liabilities	50 256	30 121		80 377
Long-term warranty provision	3 086	5 938		9 024
Consolidated total liabilities				942 348
Capital expenditure	40 778	15 650		56 428
Depreciation	25 421	6 145		31 566
Other non-cash expenses	12 566	7 104		19 670

for the year ended 31 December 2005	South Africa R'000	Rest of world R'000	Eliminations R'000	Consolidated R'000
5. SEGMENTAL ANALYSIS continued				
Restated				
Group				
2004				
Revenue				
External sales	1 244 794	1 281 694	–	2 526 488
Inter-segment sales	3 740	619 228	(622 968)	–
Total revenue	1 248 534	1 900 922	(622 968)	2 526 488
Net loss				
Profit from operating activities	22 049	3 302		25 351
Net finance costs				(31 833)
Taxation				(6 169)
Net loss				(12 651)
Other information				
Assets	1 087 711	511 735		1 599 446
Current liabilities	630 902	213 793		844 695
Non-current liabilities	19 198	27 154		46 352
Long-term warranty provision	6 937	–		6 937
Consolidated total liabilities				897 984
Capital expenditure	28 119	29 109		57 228
Depreciation	22 757	3 607		26 364
Other non-cash expenses	(36 769)	6 727		(30 042)

for the year ended 31 December 2005	GROUP					
	2005 R'000			2004 R'000		
	Cost/ valuation	Accumulated depreciation	Net book value	Cost/ valuation	Accumulated depreciation	Net book value
6. PROPERTY, PLANT AND EQUIPMENT						
Restated						
Owned						
Freehold land and buildings	87 283	3 203	84 080	91 777	280	91 497
Leasehold buildings	2 378	1 645	733	2 053	1 250	803
Plant and equipment	189 622	125 294	64 328	174 060	104 814	69 246
Rental assets – materials handling equipment	82 082	6 733	75 349	45 271	1 418	43 853
Aircraft	2 866	1 062	1 804	3 715	2 169	1 546
Vehicles	9 693	3 624	6 069	6 984	3 487	3 497
Capitalised leased assets						
Leasehold buildings	2 207	602	1 605	2 265	351	1 914
Plant and equipment	3 912	1 583	2 329	9 455	2 746	6 709
Vehicles	1 410	313	1 097	194	59	135
Total	381 453	144 059	237 394	335 774	116 574	219 200

	GROUP							
	Freehold land and buildings R'000	Leasehold buildings R'000	Plant and equip-ment R'000	Rental assets R'000	Aircraft R'000	Vehicles R'000	Total 2005 R'000	Total 2004 R'000
Movement in property, plant and equipment (Restated)								
Net book value at beginning of the year	91 497	2 717	75 955	43 853	1 546	3 632	219 200	154 819
Surplus on revaluation	–	–	–	–	–	–	–	16 820
IFRS adjustment to accumulated depreciation	–	–	–	–	–	–	–	19 204
Additions	–	264	11 339	37 613	1 026	6 186	56 428	57 228
Disposals	(5 073)	(485)	(213)	–	(528)	(283)	(6 582)	(2 344)
Depreciation	(3 274)	(139)	(20 525)	(6 214)	(240)	(1 174)	(31 566)	(26 364)
Translation differences	930	(19)	101	97	–	(1 195)	(86)	(163)
Net book value at end of the year	84 080	2 338	66 657	75 349	1 804	7 166	237 394	219 200

Certain property, plant and equipment is encumbered as indicated in note 15.

The rental assets are subject to repurchase obligations as reflected in note 16.

for the year ended 31 December 2005	GROUP	
	Total 2005 R'000	Total 2004 R'000
6. PROPERTY, PLANT AND EQUIPMENT continued		
Freehold land and buildings at cost/valuation comprise:		
Lot 1894 Alton Industrial Township, Richards Bay		
– at valuation on 1 October 2004	27 669	27 669
Lot 10024 Alton Industrial Township, Richards Bay		
– at valuation on 1 October 2004	59 614	59 614
Avda Collao no. 1944, Concepcion, Chile		
– at cost in 2001	–	4 976
– subsequent additions at cost in 2002	–	147
– subsequent additions at cost in 2003	–	48
– translation differences	–	(677)
Total freehold land and buildings at cost/valuation	87 283	91 777

The property in Chile was sold during 2005.

The freehold land and buildings, except for the property in Chile which was acquired in 2001, were valued by the Mills Fitchet Group, independent qualified valuers, on the depreciated replacement cost basis, on 1 October 2004.

The valuations were undertaken in accordance with the handbook of the Royal Institute of Chartered Surveyors in the United Kingdom.

The book values of these properties were adjusted to their valuations during the relevant financial period and the resultant net surpluses credited to the revaluation reserve.

The comparable amounts under the historical cost convention for the freehold land and buildings were:

	Total 2005 R'000	Total 2004 R'000
Historical cost	68 293	72 787

for the year ended 31 December 2005	GROUP		COMPANY	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
7. INTEREST IN SUBSIDIARY COMPANIES				
Local subsidiaries				
Shares at cost	–	–	12 063	12 063
Indebtedness by subsidiaries	–	–	157 507	156 835
Total local subsidiaries	–	–	169 570	168 898
Foreign subsidiaries				
Shares at cost	–	–	96 468	96 468
Impairment loss recognised	–	–	(33 600)	–
Total foreign subsidiaries	–	–	62 868	96 468
Total interest in subsidiary companies	–	–	232 438	265 366

Further details of interest in subsidiary companies are set out on page 69.

for the year ended 31 December 2005	GROUP 2005 R'000	GROUP 2004 R'000	COMPANY 2005 R'000	COMPANY 2004 R'000
8. INVESTMENT				
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:				
– 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 funding required and level of risk shared by the group. The group's risk is, however, limited to the amount of its investment. This portion of the investment is reflected as an interest-bearing investment under non-current assets on the balance sheet in the amount of	36 537	42 926	–	–
– specific transactions, the risks and rewards of which are for the group. In respect of these transactions, the group is required to deposit an amount equal to 25% of the value of the financing provided by Wesbank to customers. A fee is paid to Wesbank for administering this business. This deposit is reflected as receivables on the balance sheet as follows:				
Long-term receivables under non-current assets	9 929	12 039	–	–
Current portion of long-term receivables under current assets	4 969	10 921	–	–
Total long-term receivables (note 9)	14 898	22 960	–	–
Total investment	51 435	65 886	–	–

In respect of the second 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 and the group's provision for non-recovery is reflected in note 26.2.

for the year ended 31 December 2005	GROUP 2005 R'000	GROUP 2004 R'000	COMPANY 2005 R'000	COMPANY 2004 R'000
9. LONG-TERM RECEIVABLES				
Wesbank financing venture (note 8)	14 898	22 960	–	–
Bank of Scotland (Ireland) Limited	2 306	2 317	–	–
Deposit held as security for subsidiary's obligations under a customer's stocking finance agreement.				
Retention deposits	8 494	–	–	–
Deferred consideration on sale of subsidiary	778	–	–	–
Finance lease receivables	–	614	–	–
	26 476	25 891	–	–
Less: current portion	(12 128)	(11 264)	–	–
Total long-term receivables	14 348	14 627	–	–

	GROUP Restated Net deferred taxation asset at beginning of year R'000	GROUP (Credit) charge to income for year R'000	GROUP 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 tax balance is as follows:			
Revaluation of properties	8 702	(281)	8 421
Prepayments	1 309	(252)	1 057
Provision for doubtful debts	(5 449)	2 348	(3 101)
Provision for lease escalation	(1 354)	110	(1 244)
Excess tax allowances over depreciation charge	8 884	(1 498)	7 386
Sales in advance	(342)	(1 958)	(2 300)
Provision for warranty expenditure	(3 243)	(7 798)	(11 041)
Provision for leave pay	(2 242)	(955)	(3 197)
Tax losses	(3 053)	2 682	(371)
Embedded forward exchange derivatives	(299)	51	(248)
Provision for residual value risk	(1 400)	(957)	(2 357)
Unrealised foreign currency gains and losses with controlled foreign companies	(1 556)	1 065	(491)
Total	(43)	(7 443)	(7 486)

for the year ended 31 December 2005	GROUP		COMPANY	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
11. INVENTORY				
Work in progress	144 727	202 102	–	–
Finished goods	372 678	445 817	–	–
Merchandise spares, components and raw materials	411 433	408 909	–	–
Total inventory	928 838	1 056 828	–	–
Included above is inventory of R134,9 million (2004: R236,7 million) carried at net realisable value.				
12. TRADE AND OTHER RECEIVABLES				
Amounts receivable from the sale of goods and services	288 048	144 773	–	–
Sundry receivables	73 764	68 366	–	2
Total trade and other receivables	361 812	213 139	–	2
An allowance has been made for estimated irrecoverable amounts from the sale of goods of R9,7 million (2004: R9,7 million). This allowance has been determined by reference to past default experience. The directors consider that the carrying amount of trade and other receivables approximates their fair value.				
13. STATED CAPITAL				
Authorised: 100 000 000 (2004: 100 000 000) ordinary shares of no par value	–	–	–	–
Issued: 94 763 400 (2004: 94 246 400) ordinary shares of no par value	225 946	224 414	225 946	224 414

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

The directors have been granted general authority until the next annual general meeting of shareholders, subject to legal requirements, to repurchase shares in the issued capital of the company.

At 31 December 2005, the company had granted options to employees to subscribe for 157 000 (2004: 723 450) shares in the company as set out on page 31.

for the year ended 31 December 2005	GROUP		COMPANY	
	2005 R'000	Restated 2004 R'000	2005 R'000	2004 R'000
14. NON-DISTRIBUTABLE RESERVES				
Surplus arising from revaluation of freehold land and buildings				
– prior years	18 579	7 046	–	–
– effect of change in tax rate	265	–	–	–
– current year surplus on revaluation	–	16 820	–	–
– deferred taxation on revaluation	–	(5 046)	–	–
– current year realisation	(688)	(241)	–	–
Total surplus arising from revaluation of freehold land and buildings	18 156	18 579	–	–
Legal reserves of foreign subsidiaries				
– prior years	2 227	2 554	–	–
– exchange difference	176	(327)	–	–
Total legal reserves of foreign subsidiaries	2 403	2 227	–	–
Foreign currency translation reserve of foreign subsidiaries				
– prior years	12 341	25 283	–	–
– current year transfer	2 666	(11 934)	–	–
– exchange difference	1 355	(1 008)	–	–
Total foreign currency translation reserve of foreign subsidiaries	16 362	12 341	–	–
Total non-distributable reserves	36 921	33 147	–	–

for the year ended 31 December 2005		GROUP		COMPANY	
		2005 R'000	2004 R'000	**2005 R'000**	2004 R'000
15. INTEREST-BEARING LIABILITIES					
Secured:	Rate of interest				
Repayable in instalments by:					
March 2005	10,4%	–	155	–	–
May 2006	7,0%	–	52	–	–
July 2007	8,5%	66	94	–	–
March 2008	6,4%	578	904	–	–
September 2008	9,0%	724	–	–	–
October 2008	11,8%	297	–	–	–
February 2009	8,5%	5 820	6 827	–	–
July 2011	4,0%	–	2 321	–	–
Total interest-bearing		7 485	10 353	–	–
Less: current portion		(2 731)	(3 684)	–	–
Long-term portion		4 754	6 669	–	–

The following property, plant and equipment, at net book value, is encumbered as security for the secured borrowings above:
Motor vehicles in France, Zambia and Mozambique R1 096 955 (2004: R134 985)
Leasehold buildings in France R1 605 614 (2004: R1 913 755)
Plant and equipment in South Africa R6 239 211 (2004: R6 515 735)
Freehold land and buildings in Chile Rnil (2004: R4 214 178)

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

The directors have unlimited borrowing powers in terms of the Articles of Association of the holding company.

	GROUP 2005 R'000	GROUP 2004 R'000	COMPANY 2005 R'000	COMPANY 2004 R'000
16. REPURCHASE OBLIGATIONS AND DEFERRED LEASING INCOME				
Total repurchase obligations and deferred leasing income	77 815	49 048	–	–
Less: current portion	(8 639)	(14 617)	–	–
Long-term portion	69 176	34 431	–	–

Repurchase obligations and deferred leasing income are in respect of the rental assets reflected in note 6.

for the year ended 31 December 2005	GROUP 2005 R'000	GROUP Restated 2004 R'000	COMPANY 2005 R'000	COMPANY 2004 R'000
17. LEASE ESCALATION				
Total lease escalation	5 252	5 411	–	–
Less: current portion	1 330	159	–	–
Long-term portion	3 922	5 252	–	–

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.

	GROUP Warranty provision R'000	GROUP Provision for residual value risk R'000	GROUP Total R'000
18. PROVISIONS			
Balance at 31 December 2003	77 530	–	77 530
Raised during the year	60 626	4 669	65 295
Utilised during the year	(87 154)	–	(87 154)
Balance at 31 December 2004	51 002	4 669	55 671
Less: current portion	(44 065)	(4 669)	(48 734)
Long-term provisions at 31 December 2004	6 937	–	6 937
Balance at 31 December 2004	51 002	4 669	55 671
Raised during the year	128 172	3 458	131 630
Utilised during the year	(111 115)	–	(111 115)
Balance at 31 December 2005	68 059	8 127	76 186
Less: current portion	(59 035)	(5 602)	(64 637)
Long-term provisions at 31 December 2005	9 024	2 525	11 549

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

The provision for residual value risk relates to sales transactions combined with buy-back agreements or residual value guarantees. Residual value risk is the risk that the group in the future will have to dispose 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.

for the year ended 31 December 2005	GROUP		COMPANY	
	2005 R'000	Restated 2004 R'000	**2005 R'000**	Restated 2004 R'000
19. TRADE AND OTHER PAYABLES				
Trade creditors	167 696	185 044	–	–
Accruals	222 644	206 908	1 647	1 212
Total trade creditors and accruals	390 340	391 952	1 647	1 212
Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The directors consider that the carrying amount of trade and other payables approximates their fair value.				
20. REVENUE				
Revenue represents:				
Sale of				
– Machines	2 553 184	2 043 757	–	–
– Parts	529 789	364 569	–	–
– Services	126 260	118 162	–	–
Total revenue	3 209 233	2 526 488	–	–
Related party sales are disclosed in note 30.				
21. FINANCE COSTS				
Interest paid	30 939	33 051	520	447
Currency exchange losses:				
Borrowings	1 637	2 320	–	–
Operations	122 732	122 428	–	–
Total finance costs	155 308	157 799	520	447
22. FINANCE INCOME				
Interest received	8 535	8 643	243	–
Currency exchange gains:				
Operations	103 314	117 323	–	–
Total finance income	111 849	125 966	243	–

for the year ended 31 December 2005	GROUP		COMPANY	
	2005 R'000	2004 R'000	**2005 R'000**	2004 R'000
23. PROFIT (LOSS) BEFORE TAXATION				
Profit (loss) before taxation is arrived at after taking into account:				
Income				
Import duty rebates	42 116	38 197	–	–
Royalties	1 133	–	–	–
Surplus on disposal of property, plant and equipment	2 372	454	–	–
Expenditure				
Auditors' remuneration				
– audit fees – current	3 395	2 938	12	129
– prior	244	291	–	–
– other services	6 789	521	–	–
– expenses	383	45	–	–
Depreciation				
– freehold buildings	3 274	2 769	–	–
– leasehold buildings	139	127	–	–
– plant and equipment	20 525	20 506	–	–
– rental assets	6 214	1 418	–	–
– aircraft	240	99	–	–
– vehicles	1 174	1 445	–	–
Impairment of interest in subsidiary company	–	–	33 600	–
Operating lease charges				
– equipment and motor vehicles	16 320	11 497	–	–
– properties	15 946	16 188	–	–
Research and development expenses (excluding staff costs)	14 175	9 718	–	–
Increase (decrease) in warranty provision	16 212	(30 042)	–	–
Increase in provision for residual value risk	3 458	4 669	–	–
Staff costs	408 987	337 856	–	–
Number of employees at the end of the year	2 414	2 462	–	–
Directors' emoluments				
Paid by company:				
– non-executive directors' fees			490	401
Paid by subsidiaries:				
Executive directors				
– salaries			6 046	5 324
– benefits			1 856	1 833
Total directors' emoluments			8 392	7 558

Details of directors' emoluments paid to directors of the company are set out on page 70.

for the year ended 31 December 2005	GROUP		COMPANY	
	2005 R'000	Restated 2004 R'000	**2005 R'000**	Restated 2004 R'000

24. TAXATION

South African normal taxation				
Current taxation				
– current year	12 972	7 391	1 891	926
– prior year	5 367	(12 825)	(113)	68
Deferred taxation				
– current year	(4 484)	(4 417)	–	–
– prior year	(5 959)	12 209	–	–
Foreign taxation				
Current taxation				
– current year	902	2 431	–	–
– prior year	(675)	2 516	–	–
Deferred taxation				
– current year	3 698	(1 136)	–	–
Withholding tax on dividends	196	–	–	–
Total taxation	12 017	6 169	1 778	994
Reconciliation of rate of taxation (%)				
Standard rate of taxation	29	30	29	30
Adjustment for:				
Disallowable expenditure	5	(12)	(28)	(11)
Non-taxable income	(23)	13	–	–
Special allowances for tax	(10)	5	–	–
Income attributed from controlled foreign company	68	(28)	(7)	(91)
Prior year taxation	(16)	10	–	(4)
Rebates for foreign tax paid	(9)	8	1	25
Different tax rates of subsidiaries operating in other jurisdictions and the utilisation of tax losses by these subsidiaries	271	(121)	–	–
Effective rate of taxation	315	(95)	(5)	(51)

Estimated tax losses attributable to foreign subsidiaries amount to approximately R83 million (2004: R82 million). The utilisation of these losses is dependent on there being future taxable income of sufficient amount. A deferred tax asset has been recognised in respect of R1 million of such losses. No deferred tax asset has been recognised in respect of the remaining R82 million due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of R1,6 million that will expire in 2010. Further amounts totalling R26,6 million will expire between 2019 and 2025. Other losses may be carried forward indefinitely.

for the year ended 31 December 2005	GROUP	
	2005	Restated 2004
25. LOSS PER SHARE		
25.1 Loss per share (basic)		
Loss attributable to shareholders (R'000)	(8 197)	(12 651)
The weighted average number of shares in issue	94 566 938	94 236 555
Loss per share (basic) (cents)	(9)	(13)
25.2 Loss per share (diluted)		
Loss attributable to shareholders (R'000)	(8 197)	(12 651)
Fully converted weighted average number of shares	94 633 599	94 616 206
Loss per share (diluted) (cents)	(9)	(13)
The number of shares in issue for this calculation has been adjusted for the effects of all dilutive potential ordinary shares.		
25.3 Headline loss per share (basic)		
Loss attributable to shareholders (R'000)	(8 197)	(12 651)
Surplus on disposal of property, plant and equipment (R'000)	(2 372)	(454)
Headline loss (R'000)	(10 569)	(13 105)
The weighted average number of shares in issue	94 566 938	94 236 555
Headline loss per share (basic) (cents)	(11)	(14)
25.4 Headline loss per share (diluted)		
Loss as calculated in 25.3 above (R'000)	(10 569)	(13 105)
Fully converted weighted average number of shares per 25.2 above	94 633 599	94 616 206
Headline loss per share (diluted) (cents)	(11)	(14)

for the year ended 31 December 2005

	Impact on basic loss per share		Impact on diluted loss per share	
	2005	2004	2005	2004
25. LOSS PER SHARE continued				
Impact of changes in accounting policy and prior year adjustments				
Changes in the group's accounting policies and prior year adjustments are described in detail in notes 32 and 33. To the extent that those changes have had an impact on results reported for 2005 and 2004, they have had an impact on the amounts reported for loss per share.				
The following table summarises that impact on both basic and diluted loss per share:				
Effect of adoption of IFRS:				
Depreciation on property, plant and equipment previously taken into account (cents)	(0,98)	–	(0,98)	–
Prior year adjustments:				
Adjustment in respect of amortised lease escalation	–	–	–	–
Correction to income tax treatment of profits earned by controlled foreign company of the group (cents)	(2,55)	(1,29)	(2,55)	(1,29)
Total impact of changes in accounting policy and prior year adjustments (cents)	(3,53)	(1,29)	(3,53)	(1,29)

	GROUP		COMPANY	
	2005 R'000	2004 R'000	**2005 R'000**	2004 R'000
26. CONTINGENT LIABILITIES				
26.1 The repurchase of units sold to customers and financial institutions has been guaranteed by the group for an amount of	134 900	248 713	–	–
In the event of repurchase, it is estimated that these units would presently realise	151 078	242 699	–	–
	(16 178)	6 014	–	–
Less: provision for residual value risk	(8 127)	(4 669)	–	–
Net contingent liability	–	1 345	–	–

The provision for residual value risk is based on the assessment of the probability of return of units.

for the year ended 31 December 2005	GROUP		COMPANY	
	2005 R'000	2004 R'000	**2005 R'000**	2004 R'000
26. CONTINGENT LIABILITIES continued				
26.2 The group has assisted customers with the financing of equipment purchased through a financing venture with Wesbank, a division of FirstRand Bank Limited. In respect of a certain category of this financing provided and in the event of default by customers, the group is at risk for the full balance due to Wesbank by the customers.				
At year end the amount due by customers to Wesbank in respect of these transactions totalled	90 758	133 202	–	–
In the event of default, the units financed would be recovered and it is estimated that they would presently realise	(76 957)	(94 645)	–	–
	13 801	38 557	–	–
Less: provision for non-recovery	(9 795)	(18 248)	–	–
Net contingent liability	4 006	20 309	–	–
To the extent that both 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, a provision for the full shortfall is made.				
26.3 The residual values of certain equipment sold to financial institutions has been guaranteed by the group.				
In the event of a residual value shortfall, the group would be exposed to an amount of	8 496	8 564	–	–
26.4 Certain trade receivables have been discounted with financial institutions for an amount of	5 943	1 467	–	–
These transactions are with recourse to the group.				
In the event of default, certain units could be recovered and it is estimated that these units would presently realise	5 943	1 467	–	–

for the year ended 31 December 2005	GROUP 2005 R'000	GROUP 2004 R'000	COMPANY 2005 R'000	COMPANY 2004 R'000
26. CONTINGENT LIABILITIES continued				
26.5 The company provided unlimited suretyship for the overdrafts and short-term borrowings made to subsidiaries	–	–	427 068	430 793
26.6 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.				
27. COMMITMENTS				
27.1 Capital expenditure				
Contracted	475	488	–	–
Authorised, but not contracted	44 591	18 286	–	–
Total capital expenditure commitments	45 066	18 774	–	–
This capital expenditure is to be financed from internal resources and long-term facilities.				
27.2 Operating lease commitments				
The group has commitments under non-cancellable operating leases as set out below:				
Land and buildings:				
Less than one year	11 591	13 475	–	–
Two to five years	29 104	34 268	–	–
More than five years	26 208	22 613	–	–
Equipment and vehicles:				
Less than one year	7 627	11 060	–	–
Two to five years	5 363	8 845	–	–
More than five years	–	9	–	–
Total operating lease commitments	79 893	90 270	–	–

for the year ended 31 December 2005

28. 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 company to identify its share of the underlying financial position and performance and to account for the plan as a defined benefit plan. The actuarial review as at 31 March 2003 found the fund to be in a sound financial position with the market value of assets at R18 200 million and liabilities of R13 720 million.

The Pension Funds Second Amendment Act, 2001 became effective on 7 December 2001. The changes to the Act aim to make provision for the apportionment of actuarial surpluses and for minimum benefits to members. The Act requires an equitable once-off apportionment of the existing surplus at the surplus apportionment date between members, former members, pensioners and the employer.

The Act defines an actuarial surplus as follows:

– an actuarial surplus in a defined benefit fund;

– an employer reserve account in a defined contribution fund; and

– a surplus that has been utilised improperly by the employer prior to the surplus apportionment date.

The surplus apportionment date of the fund can be no later than the next statutory actuarial valuation of the fund.

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 funds. These funds are actuarially valued but by their nature the group has no commitment to meet any unfunded benefits. It has been actuarially determined that the surplus is nil.

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 R22,2 million during the current year (2004: R21,4 million) and were charged against income.

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

for the year ended 31 December 2005

29. FINANCIAL INSTRUMENTS

Financial instruments as disclosed in the balance sheet include long- and short-term borrowings, investments, cash resources, trade receivables and trade payables. The estimated fair values of these instruments approximates their carrying amounts.

29.1 Financial risk management

The group's liquidity, credit, currency and interest risks are monitored regularly by a treasury committee, consisting of senior executives, which reports to the Board. The committee operates within group policies approved by the Board.

Financial guarantee contracts are accounted for as insurance contracts and consequently are measured initially at cost and thereafter in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

29.2 Liquidity risk

The group manages liquidity risk by management of working capital and cash flows. Adequate banking facilities are maintained. The general banking facility utilisation at 31 December 2005 is as follows:

	Facilities R'000	Utilisation R'000
General banking facilities	427 068	352 132

In terms of the facilities granted by certain banks the group's gearing level, as defined by these institutions, is required to be maintained at below 70% and the banks concerned are made aware of the current gearing levels on a monthly basis.

At year end this gearing level was at 55%.

29.3 Credit risk

Credit risk consists mainly of short-term cash deposits 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 wide spread customer base, and operations management undertake ongoing credit evaluations of the financial condition of their customers. At 31 December 2005, the group does not consider there to be any material credit risk that has not been insured or adequately provided for.

29.4 Currency risk

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 balance sheet, but which were entered into to cover foreign commitments not yet due.

The details of contracts held at 31 December 2005 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	Fair value in Rands R'000
Import contracts			
Euro	15 889	7,59	120 569
Japanese Yen	1 353 406	18,27	74 093
United States Dollar	5 700	6,37	36 337
Export contracts			
United States Dollar	8 222	6,35	52 234

for the year ended 31 December 2005

29. FINANCIAL INSTRUMENTS continued

29.5 Interest risk

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 2005, is as follows:

	Call	Long-term borrowings	Total borrowings
Borrowings (R'000)	385 270	7 485	392 755
Rate	Floating	Fixed	
% of total borrowings	98	2	

	GROUP		COMPANY	
	2005 R'000	2004 R'000	**2005 R'000**	2004 R'000
30. RELATED PARTY TRANSACTIONS				
Transactions between the company and its subsidiaries, which are related parties of the company, have been eliminated on consolidation and are not disclosed in this note. 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. All purchasing and selling transactions are concluded at arm's length. The nature and value of the transactions concluded during the year and balances at the year end are detailed below:				
Shareholders				
John Deere Construction and Forestry Company				
– sales	860 036	337 725	–	–
– purchases	189 737	172 243	–	–
– amounts owing to	36 054	50 251	–	–
– amounts owing by	79 374	5 713	–	–

for the year ended 31 December 2005	GROUP		COMPANY	
	2005 R'000	2004 R'000	**2005 R'000**	2004 R'000
30. RELATED PARTY TRANSACTIONS continued				
Enterprises over which directors are able to exercise significant influence and/or in which directors have an indirect beneficial interest				
Loinette Company Leasing Limited				
– leasing costs	3 380	3 425	–	–
– interest paid	245	10	–	–
– amounts owing to	254	7 623	–	–
Minosucra SARL				
– sales	4 611	1 875	–	–
– leasing costs	99	101	–	–
– commission	130	–	–	–
– amounts owing by	1 210	696	–	–
Triumph International Madagascar SARL				
– sales	147	124	–	–
– amounts owing by	11	45	–	–
Triumph International Trading Limited				
– sales	719	8 235	–	–
– amounts owing by	–	23	–	–
– amounts owing to	639	–	–	–
Tractor and Equipment (Mauritius) Limited				
– sales	8 366	11 862	–	–
– amounts owing by	276	1 604	–	–
Buttery Family Investments (Pty) Limited				
– property rental	235	255	–	–
Ruthbut Investments (Pty) Limited				
– property rental	73	85	–	–

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

31. 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.

for the year ended 31 December 2005

32. COMPARATIVE INFORMATION

As a consequence of adopting IFRS in the current year, certain accounting policies relating to property, plant and equipment have been revised as set out below.

IAS 16 requires property, plant and equipment to be componentised. The componentisation approach requires that amortisation be determined separately for each significant part of an item of property, plant and equipment. Adjustments arising as a result of new or different depreciation have resulted in prior year figures being restated and adjustments made to opening retained earnings.

As the revised accounting policy has been applied retrospectively, the following changes have resulted:

– an increase in retained income as at 1 January 2004 of R13,4 million and an increase in property, plant and equipment of R16,7 million as a result of a cumulative reduction to depreciation due to componentisation; and

– a decrease in profit for 2005 of R0,9 million and a decrease in property, plant and equipment of R1,3 million as a result of increased depreciation for 2005 due to componentisation.

The effect of restatements for IFRS and for the prior year adjustments referred to in note 33 below are as follows:

	Previously stated R'000	IFRS adjustment R'000	Prior year adjustment – taxation R'000	Prior year adjustment – lease escalation R'000	Restated R'000
Retained earnings – 1 January 2004	452 022	13 443	(5 097)	(4 057)	456 311
For the year ended 31 December 2004					
Property, plant and equipment	202 464	16 736	–	–	219 200
Trade and other payables	390 989	–	963	–	391 952
Lease escalation liability	–	–	–	5 252	5 252
Current portion of lease escalation liability	–	–	–	159	159
Deferred taxation asset	3 709	(5 020)	–	1 354	43
Taxation asset	26 809	–	(5 352)	–	21 457
Non-distributable reserves	34 874	(1 727)	–	–	33 147
Opening retained earnings – 1 January 2004	452 022	13 443	(5 097)	(4 057)	456 311
Finance costs	157 394	–	405	–	157 799
Loss before taxation	(6 077)	–	(405)	–	(6 482)
Taxation	5 356	–	813	–	6 169
Net loss for the year	(11 433)	–	(1 218)	–	(12 651)

33. PRIOR YEAR ADJUSTMENTS

33.1 Adjustment in respect of amortised lease escalation

Correction recognised in respect of leases previously accounted for incorrectly on the contractual basis. Prior year figures have been appropriately restated to account for leases on the straight-line basis in terms of IAS 17.

33.2 Correction to income tax treatment of profits earned by controlled foreign company of the group

Prior year figures have been appropriately restated.

The effect of these prior year adjustments is reflected in note 32.

SUBSIDIARIES

at 31 December 2005

	Business type	Issued share capital 2005 R	Effective holding 2005 %	Interest of Bell Equipment Limited: Book value of shares 2005 R'000	Book value of shares 2004 R'000	Amounts owing by 2005 R'000	Amounts owing by 2004 R'000
SOUTHERN AFRICA							
Bell Equipment Co S.A. (Pty) Limited	O	2	100	12 063	12 063	157 507	156 835
Bell Equipment Group Insurance Brokers (Pty) Limited	O	360	100				
I A Bell Equipment Co Namibia (Pty) Limited	O	4	100				
Bell Equipment Co Swaziland (Pty) Limited	O	2	100				
Bell Equipment Finance Company (Pty) Limited	D	100	100				
OTHER AFRICA							
Bell Equipment (Zambia) Limited	O	1 043 799	100				
Bell PTA (Pvt) Limited	O	2 945 375	100				
Bell Equipment (Malawi) Limited	O	2	100				
Bell Equipment Mozambique Limitada	O	681 271	100				
EUROPE							
Bellinter Holdings SA	H	117 663 600	100	61 374	94 974		
Bell France SARL	O	22 546 461	100				
Bell Equipment UK Limited	O	23 747 949	100				
Heathfield Haulamatic Limited	D	66 561	100				
Bell Equipment Switzerland S.A.	O	898 671	100	1 494	1 494		
Bell Equipment (Deutschland) GmbH	O	7 283 684	100				
Bell Equipment Spain S.A.	O	761 334	100				
UNITED STATES OF AMERICA							
Bell Equipment North America Inc	O	37 956 000	100				
ASIA							
Bell Equipment (SEA) Pte Limited	O	9 502 984	100				
AUSTRALASIA							
Bell Equipment (NZ) Limited	O	1 890 006	100				
Bell Equipment Australia (Pty) Limited	O	1 826 715	100				
Interest in subsidiary companies				74 931	108 531	157 507	156 835

D Dormant companies
H Holding companies
O Operating companies

for the year ended 31 December 2005

	Salary R	Bonus R	Pension/ provident fund R	Other benefits and allowances R	2005 Total R	2004 Total R
Paid to directors of the company by the company and its subsidiaries						
Executive directors						
GW Bell	1 394 267	1 000	112 494	167 906	1 675 667	1 601 000
PA Bell	345 388	1 000	112 494	135 324	594 206	567 760
PC Bell	961 221	1 000	112 494	182 285	1 257 000	1 201 000
HJ Buttery	1 292 895	1 000	112 494	164 611	1 571 000	1 500 000
DI Campbell (resigned 21 December 2004)	–	–	–	–	–	486 994
MA Campbell	369 329	47 980	49 554	128 683	595 546	510 424
JP du Toit (appointed 21 December 2004)	486 809	–	68 673	71 188	626 670	–
GP Harris	338 569	–	51 431	90 000	480 000	480 000
DB Rhind (deceased 24 March 2005)	217 379	–	21 697	31 122	270 198	810 000
DL Smythe (appointed 21 December 2004)	640 427	–	108 413	83 300	832 140	–
	6 046 284	51 980	749 744	1 054 419	7 902 427	7 157 178
				Fees R		
Non-executive directors						
PJC Horne				165 643	165 643	144 500
MA Mun-Gavin (appointed 1 November 2005)				37 500	37 500	–
SCM Nyembezi (resigned 5 August 2005)				36 000	36 000	66 000
TO Tsukudu				83 500	83 500	66 000
DJJ Vlok				167 000	167 000	124 500
				489 643	489 643	401 000
Total					8 392 070	7 558 178

SHAREHOLDERS' INFORMATION

as at 31 December 2005

BENEFICIAL SHAREHOLDER SPREAD

Shareholder type	Number of beneficial shareholders in South Africa				Number of beneficial shareholders other than in South Africa				Total beneficial shareholders			
	2005		2004		**2005**		2004		**2005**		2004	
	No	**%**	No	%	**No**	**%**	No	%	**No**	**%**	No	%
Public	**877**	**23,98**	703	18,14	**43**	**32,57**	31	33,77	**920**	**56,55**	734	51,91
Directors	**7**	**43,45**	8	48,09	**–**	**–**	–	–	**7**	**43,45**	8	48,09
TOTAL	**884**	**67,43**	711	66,23	**43**	**32,57**	31	33,77	**927**	**100,00**	742	100,00

A list of senior management holdings in shares of the company is available from the Company Secretary.

STOCK MARKET STATISTICS

	Year ended 31 December 2005	Year ended 31 December 2004
Market price of shares (cents)		
– Year-end	**950**	620
– Highest	**1 000**	925
– Lowest	**500**	548
Net asset value per share (cents)	**738**	744
Number of shares traded ('000)	**17 276**	9 188
Value of shares traded (R'm)	**143 455**	65,76
Market capitalisation to net asset value	**1,29**	0,83

EXCHANGE RATES

The following rates of exchange were used in the preparation of the financial statements:	**31 December 2005**		31 December 2004	
	Weighted average	**Year-end**	Weighted average	Year-end
Australian $: United States $	0,76	0,73	0,74	0,78
British £: United States $	1,81	1,72	1,84	1,93
Chilean Peso: United States $	558,36	513,95	611,20	558,50
Euro: United States $	1,24	1,18	1,25	1,36
Japanese Yen: United States $	110,70	117,26	107,59	103,00
Malawi Kwacha: United States $	120,34	125	110,01	110,00
Mozambique MZM: United States $	23 409	24 500	22 022	18 697
New Zealand $: United States $	0,70	0,69	0,67	0,72
SA Rand: United States $	6,36	6,33	6,37	5,63
Singapore $: United States $	1,67	1,66	1,69	1,63
Swiss Franc: United States $	1,25	1,31	1,24	1,13
Zambia Kwacha: United States $	4 448	3 500	4 810	4 800
Zimbabwe $: United States $	27 317	87 125	5 513,5	5 730

Notice is hereby given that the 38th annual general meeting of members of Bell Equipment Limited will be held at the company's registered office, Carbonode Cell, Alton, Richards Bay on Wednesday, 3 May 2006 at 08h30 for the following purposes:

1. To present the annual financial statements of the company and the group for the year ended 31 December 2005 together with the auditors' and directors' reports thereon.

2. To note that in terms of the company's articles of association Messrs BW Schaffter, RL Bridges, MA Mun-Gavin, DJJ Vlok, GP Harris and JW Kloet retire by rotation at this annual general meeting but being eligible have offered themselves for re-election.

Brief particulars of the qualifications and experience of the above are available on pages 8 and 9 of this report.

3. In accordance with the provisions of Section 221 of the Companies Act 1973, as amended, to place control of the unissued shares of the company in respect of the share option schemes in the hands of the directors who may allot and issue any of the same to such person or persons and on such terms and conditions as specified in the share option scheme rules and at such time or times as they may determine.

The company has unissued share capital totalling 5 236 600 shares of no par value. Of this 236 600 shares are committed to the employee share option scheme number one as reported in the Directors' Report and the balance is in respect of share option scheme number two.

Any member who is unable to be present may appoint a proxy to attend, speak and, on a poll, to vote in his stead. A proxy need not be a member of the company. In order to be valid, instruments appointing proxies should reach the Group Company Secretary by no later than 08h30 on Monday, 1 May 2006.

By order of the Board

DP Mahony
FCIS. FCIBM
Group Company Secretary

10 March 2006

FORM OF PROXY

BELL EQUIPMENT LIMITED

Registration number 1968/0133656/06

To be completed by certificated shareholders only

For use at the annual general meeting to be held on Wednesday, 3 May 2006 at the registered office of the company, 13-19 Carbonode Cell Road, Alton, Richards Bay.

I/We ______________________________

the undersigned, being the holder/s of [   ] ordinary shares of no par value in Bell Equipment Limited, do hereby appoint

____

or ______________________________

or failing him the chairman of the meeting as my/our proxy to act on my/our behalf at the annual general meeting of the company to be held at 08h30 on Wednesday, 3 May 2006 and at each adjournment thereof.

Please indicate with an "X" in the appropriate space below how you wish your vote to be cast:

	For	Against	Abstain
Ordinary Resolution Number 1 To adopt the annual financial statements for the year ended 31 December 2005			
Ordinary Resolution Number 2 a) To elect DJJ Vlok as a director b) To elect GP Harris as a director c) To elect JW Kloet as a director d) To elect BW Schaffter as a director e) To elect RL Bridges as a director f) To elect MA Mun-Gavin as a director			
Ordinary Resolution Number 3 To place control over the unissued shares of the company in the hands of the directors subject to terms as specified in the notice.			

Signature ______________________________ Date ______________________________

NOTES TO THE FORM OF PROXY

NOTES

1. A member who is entitled to attend and vote at a meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead. The person so appointed need not be a member.

2. If no direction is given as to how a vote is to be cast, then the proxy holder will be entitled to vote as he/she deems fit.

3. In order to be valid this proxy form must be completed and returned to the Group Company Secretary whose address is stated below or delivered to the registered office of the company at Carbonode Cell, Alton, Richards Bay, to be received by no later than 08h30 on Monday, 1 May 2006.

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

by no later than 08h30 Monday, 1 May 2006.

FORM OF PROXY

BELL EQUIPMENT LIMITED

Registration number 1968/0133656/06

To be completed by those who have dematerialised their shares

For use at the annual general meeting to be held on Wednesday, 3 May 2006 at the registered office of the company, 13-19 Carbonode Cell Road, Alton, Richards Bay.

If shareholders have dematerialised their shares with a CSDP or broker, they must arrange with the CSDP or broker concerned to provide them with the necessary authorisation to attend the annual general meeting or the shareholders concerned must instruct them as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.

I/We

of

Appoint:

1. or failing him/her

2. or failing him/her

3. the chairman of the meeting, as my/our proxy to act for me/us at the aforementioned general meeting of members, which will be held at 08h30 on Wednesday, 3 May 2006, and at any adjournment thereof, for the purpose of considering and, if deemed fit passing, with or without modification, the special resolution to be proposed thereat and to vote for and/or against such special resolution with or without modification and/or to abstain from voting thereon.

Please indicate with an "X" in the appropriate space below how you wish your vote to be cast:

	For	Against	Abstain
Ordinary Resolution Number 1 To adopt the annual financial statements for the year ended 31 December 2005			
Ordinary Resolution Number 2 a) To elect DJJ Vlok as a director b) To elect GP Harris as a director c) To elect JW Kloet as a director d) To elect BW Schaffter as a director e) To elect RL Bridges as a director f) To elect MA Mun-Gavin as a director			
Ordinary Resolution Number 3 To place control over the unissued shares of the company in the hands of the directors subject to terms as specified in the notice.			

Signature Date

NOTES TO THE FORM OF PROXY

NOTES

1. A member who is entitled to attend and vote at a meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead. The person so appointed need not be a member.

2. If no direction is given as to how a vote is to be cast, then the proxy holder will be entitled to vote as he/she deems fit.

3. In order to be valid this proxy form must be completed and returned to the Group Company Secretary whose address is stated below or delivered to the registered office of the company at Carbonode Cell, Alton, Richards Bay, to be received by no later than 08h30 on Monday, 1 May 2006.

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

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by no later than 08h30 Monday, 1 May 2006.

SHAREHOLDERS' DIARY

Financial year-end	31 December
Annual report	March 2006
Annual general meeting	Wednesday, 3 May 2006
Interim results announcement	August 2006

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motiv
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