INTERIM REPORT 2011

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S REVIEW

The company has shown a sizeable improvement in profitability and with a full order book, it is envisaged that this will continue through the second half of the current financial year.

Gary Bell and Michael Mun-Gavin

INTRODUCTION

We are pleased to report on Bell's positive financial results for the first six months of the 2011 financial year. In particular, it is pleasing to advise shareholders that the company has shown a sizeable improvement in profitability and that with a full order book, it is envisaged that this will continue through the second half of the current financial year.

ECONOMIC OVERVIEW

In recent weeks all eyes have been focused on the USA and their struggle to address their liquidity crisis. Whilst it is encouraging to see that they have overcome their immediate debt constraints, it is patently obvious that they are not going to emerge from their economic problems overnight. This, together with the various Eurozone concerns, suggests that global markets are going to take years rather than months before they emerge from these troubled times. Notwithstanding these difficulties, Bell has benefitted from the fact that such times invariably result in increasing demand for commodities, resulting in greater demand for the company's products which service the mining industry.

FINANCIAL RESULTS

The company has recorded first half earnings of R115 million (June 2010: R11 million) which is equivalent to 109 cents per share (June 2010: 9 cents per share). There were three major contributors to this significant improvement in profitability: sales increased by 43%, gross profit margins improved to 23,2% and interest on borrowings reduced by 75% to just R8,9 million for the period under review.

The company's net asset value per share has risen by a little under 11% since June 2010 to 1,644 cents. Gearing has been more than halved over the past year to 17% (June 2010: 36%) although this figure has risen since the last year-end as a result of the additional inventory and receivables being carried in order to accommodate the increased sales demand. The board and management are well aware of the risks posed by allowing these two elements of the company's working capital to rise unchecked and it is expected that borrowings at year-end will have reduced once more. In line with these increases, trade payables have similarly risen reflecting the surge in business towards the end of the period under review.

The statement of cash flows explains more fully the consequences of Bell's gearing up of its operations in the second quarter. The demands on its working capital together with outflows due to taxation and investing activities have resulted in a net outflow for the six months of R119 million. As alluded to above, a positive cash flow is anticipated in the second half of the year.

OPERATIONS REVIEW

Despite the current uncertainties in the global markets, the ongoing demand for our product and high order book has led Bell to increase production at its South African and German factories. Coupled to the increased production an additional approximately 1 000 people have been employed during the past 12 months. Currently both manufacturing facilities are running at about 75% of capacity bringing production and employment levels close to the company's pre-recession position.

A national strike in the Metal and Engineering industries at the beginning of July impacted negatively on production. Production schedules have since been adjusted to reduce the backlog over a relatively short period of time.

The first six months have been challenging in terms of the supply of production materials, including castings, tyres and hydraulic components. Cost recovery will continue to improve into the second half with cost escalation being fully recovered through market pricing.

Overall the company has maintained its market share during this period. Although certain products lost market share in South Africa due to supply constraints, this situation should ease in the remaining six months. However, it is particularly pleasing to note that the Bomag products have gained substantial ground.

As part of Bell's drive to offer a full product range, the company has signed a distribution agreement with Liebherr to sell excavators into Africa and South Africa. These machines will be launched in these territories in September and should offer increased revenue during the second half of 2011.

While there is a high level of uncertainty in global markets, certain sectors are active including some territories in sub-Saharan Africa where the mining and agricultural industries have experienced a strong rebound, as well as Australasia, which is being driven strongly by mining.

Government policies relating to infrastructure and industrialisation continue to be positive for Bell. Good progress has been made with the Medium & Heavy Commercial Vehicle Programme (M&HCV) and the Motor Industry Development Programme (MIDP) review and it is possible that support will also be forthcoming for other Bell products classified as "yellow metal" products, especially in relation to research, development and localisation. Concerns remain around effective implementation of steps for South Africa to become more competitive, maintain a stable Rand and increase job creation.

Meanwhile Bell's R&D teams continue to work to keep the company at the cutting edge of technology and are forging ahead with future product upgrades. In a recent development, Bell ADTs in Europe are now fitted with the Mercedes Benz SCR (Selective Catalytic Reduction) engine, which is Stage 3b exhaust emissions compliant, keeping the brand at the forefront of global innovation.

CAUTIONARY

As readers may be aware, Bell is presently trading under a cautionary announcement. The issues being deliberated are nearing resolution but at the date of this report are not complete, with the result that we are unable to offer any further clarity at this stage.

PROSPECTS

We are confident that the second half to the financial year will continue to be encouraging, notwithstanding the uncertain global economic situation. The rise in commodity prices has resulted in increasing mining activity worldwide with the result that Bell's order book for mining related products is as full as it has ever been.

Michael Mun-Gavin — *Chairman*

Gary Bell — *Chief Executive*

5 August 2011

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2011

R'000		**Reviewed 30 June 2011**	Reviewed 30 June 2010	Audited 31 December 2010
ASSETS				
Non-current assets		**734 757**	733 242	733 472
Property, plant and equipment (note 5)		**499 998**	453 898	481 023
Intangible assets		**80 724**	51 124	70 775
Interest-bearing investments and long-term receivables		**20 199**	57 632	34 378
Deferred taxation		**133 836**	170 588	147 296
Current assets		**2 448 546**	1 972 427	1 911 808
Inventory		**1 635 284**	1 396 041	1 355 613
Trade and other receivables and prepayments		**695 621**	496 570	457 890
Current portion of interest-bearing long-term receivables		**36 139**	27 256	40 359
Other financial assets		**461**	2 054	–
Taxation		**4 045**	8 031	4 285
Cash resources		**76 996**	42 475	53 661
TOTAL ASSETS		**3 183 303**	2 705 669	2 645 280
EQUITY AND LIABILITIES				
Capital and reserves		**1 561 282**	1 408 147	1 418 709
Stated capital (note 6)		**228 605**	228 605	228 605
Non-distributable reserves		**110 529**	99 852	90 488
Retained earnings		**1 197 821**	1 075 959	1 087 162
Attributable to equity holders of Bell Equipment Limited		**1 536 955**	1 404 416	1 406 255
Non-controlling interest		**24 327**	3 731	12 454
Non-current liabilities		**267 677**	365 210	255 540
Interest-bearing liabilities		**83 041**	218 410	84 175
Repurchase obligations and deferred leasing income		**89 994**	54 614	79 902
Deferred warranty income		**70 888**	73 072	66 735
Long-term provisions and lease escalation		**23 754**	19 114	24 728
Current liabilities		**1 354 344**	932 312	971 031
Trade and other payables		**944 588**	511 343	699 158
Current portion of interest-bearing liabilities		**3 373**	34 985	4 974
Current portion of repurchase obligations and deferred leasing income		**62 390**	26 620	61 926
Current portion of deferred warranty income		**22 785**	18 733	23 852
Current portion of provisions and lease escalation		**42 796**	36 815	41 783
Other financial liabilities		**278**	303	4 271
Taxation		**23 599**	11 744	23 138
Short-term interest-bearing debt		**254 535**	291 769	111 929
TOTAL EQUITY AND LIABILITIES		**3 183 303**	2 705 669	2 645 280
Number of shares in issue	('000)	**94 958**	94 958	94 958
Net asset value per share	(cents)	**1 644**	1 483	1 494

CONDENSED CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2011

R'000		**Reviewed 6 months ended 30 June 2011**	Reviewed 6 months ended 30 June 2010	Audited 12 months ended 31 December 2010
Revenue		**2 141 708**	1 502 344	3 410 691
Cost of sales		**(1 644 956)**	(1 177 975)	(2 684 220)
Gross profit		**496 752**	324 369	726 471
Other operating income		**63 787**	63 496	132 180
Expenses		**(400 507)**	(350 773)	(734 014)
Profit from operating activities (note 2)		**160 032**	37 092	124 637
Net interest paid (note 3)		**(8 902)**	(36 013)	(58 404)
Profit before taxation		**151 130**	1 079	66 233
Taxation		**(35 928)**	9 669	(29 509)
Profit for the period		**115 202**	10 748	36 724
Profit for the period attributable to:				
– equity holders of Bell Equipment Limited		**103 329**	8 323	25 576
– non-controlling interest		**11 873**	2 425	11 148
Earnings per share (basic) (note 4)	**(cents)**	**109**	9	27
Earnings per share (diluted) (note 4)	**(cents)**	**109**	9	27

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2011

R'000	**Reviewed 6 months ended 30 June 2011**	Reviewed 6 months ended 30 June 2010	Audited 12 months ended 31 December 2010
Profit for the period	**115 202**	10 748	36 724
Other comprehensive income (loss)			
Exchange differences arising during the period	**24 953**	(23 797)	(37 295)
Exchange differences on translating foreign operations	**25 611**	(21 957)	(34 823)
Reclassification to profit or loss of foreign currency translation reserve on discontinued operation	**(3 340)**	–	–
Exchange differences on foreign reserves	**2 682**	(1 840)	(2 472)
Loss arising on revaluation of properties	**–**	–	(4 054)
Taxation relating to components of other comprehensive income (loss)	**–**	–	1 135
Other comprehensive income (loss) for the period, net of tax	**24 953**	(23 797)	(40 214)
Total comprehensive income (loss) for the period	**140 155**	(13 049)	(3 490)
Total comprehensive income (loss) attributable to:			
– equity holders of Bell Equipment Limited	**128 282**	(15 474)	(14 638)
– non-controlling interest	**11 873**	2 425	11 148

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2011

R'000	**Reviewed 6 months ended 30 June 2011**	Reviewed 6 months ended 30 June 2010	Audited 12 months ended 31 December 2010
Cash operating profit before working capital changes	**232 335**	67 313	202 325
Cash (utilised in) generated from working capital	**(264 778)**	133 617	418 724
Cash (utilised in) generated from operations	**(32 443)**	200 930	621 049
Net interest paid	**(8 902)**	(36 013)	(58 404)
Taxation (paid) refunded	**(22 552)**	1 183	1 624
Net cash (utilised in) generated from operating activities	**(63 897)**	166 100	564 269
Net cash flow utilised in investing activities	**(63 160)**	(773)	(90 381)
Net cash flow generated from (utilised in) financing activities	**7 786**	(18 674)	(136 209)
Net cash (outflow) inflow	**(119 271)**	146 653	337 679
Net short-term interest-bearing debt at beginning of the period	**(58 268)**	(395 947)	(395 947)
Net short-term interest-bearing debt at end of the period	**(177 539)**	(249 294)	(58 268)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2011

	Attributable to equity holders of Bell Equipment Limited					
R'000	Stated capital	Non-distri-butable reserves	Retained earnings	Total	Non-controlling interest	Total capital and reserves
Balance at 31 December 2009 – audited	228 605	123 984	1 066 540	1 419 129	1 306	1 420 435
Recognition of share-based payments	–	761	–	761	–	761
Total comprehensive (loss) income for the period	–	(23 797)	8 323	(15 474)	2 425	(13 049)
Realisation of revaluation reserve on depreciation of buildings	–	(1 522)	1 522	–	–	–
Deferred taxation on realisation of revaluation reserve on depreciation of buildings	–	426	(426)	–	–	–
Balance at 30 June 2010 – reviewed	228 605	99 852	1 075 959	1 404 416	3 731	1 408 147
Recognition of share-based payments	–	1 003	–	1 003	–	1 003
Total comprehensive (loss) income for the period	–	(16 417)	17 253	836	8 723	9 559
Realisation of revaluation reserve on depreciation of buildings	–	(374)	374	–	–	–
Deferred taxation on realisation of revaluation reserve on depreciation of buildings	–	105	(105)	–	–	–
Transfer of debit foreign currency translation reserve to retained earnings	–	6 319	(6 319)	–	–	–
Balance at 31 December 2010 – audited	228 605	90 488	1 087 162	1 406 255	12 454	1 418 709
Recognition of share-based payments	**–**	**2 418**	**–**	**2 418**	**–**	**2 418**
Total comprehensive income for the period	**–**	**24 953**	**103 329**	**128 282**	**11 873**	**140 155**
Realisation of revaluation reserve on depreciation of buildings	**–**	**(1 404)**	**1 404**	**–**	**–**	**–**
Deferred taxation on realisation of revaluation reserve on depreciation of buildings	**–**	**393**	**(393)**	**–**	**–**	**–**
Reversal of prior year transfer of debit foreign curreny translation reserve to retained earnings	**–**	**(6 319)**	**6 319**	**–**	**–**	**–**
Balance at 30 June 2011 – reviewed	**228 605**	**110 529**	**1 197 821**	**1 536 955**	**24 327**	**1 561 282**

ABBREVIATED NOTES TO INTERIM REPORT

for the six months ended 30 June 2011

1. ACCOUNTING POLICIES

The accounting policies and methods of computation are consistent with those applied in the financial statements for the year ended 31 December 2010, which complied with International Financial Reporting Standards, except for the adoption of new and revised Standards and Interpretations.

In the current period the group has adopted all of the new and revised Standards and Interpretations relevant to its operations and effective for annual reporting periods beginning 1 January 2011. The adoption of these new and revised Standards and Interpretations has not had any significant impact on the amounts reported in this interim report, but instead have primarily resulted in disclosure changes.

The following revised Standards adopted in the current year affected the disclosure in this interim report:

Amendments to IAS 34 – Interim Financial Reporting

The amendments clarified certain disclosures relating to events and transactions that are significant to an understanding of the changes in the group's circumstances since the last annual financial statements. This interim report reflects these amended disclosure requirements, where applicable.

This interim report complies with International Accounting Standard 34 – Interim Financial Reporting, AC 500 Standards as issued by the Accounting Practices Board, the disclosure requirements of the JSE Limited's Listing Requirements and the requirements of the Companies Act of South Africa. The preparation of this interim report was supervised by the Group Financial Director, KJ van Haght CA (SA).

R'000	**Reviewed 6 months ended 30 June 2011**	Reviewed 6 months ended 30 June 2010	Audited 12 months ended 31 December 2010
2. PROFIT FROM OPERATING ACTIVITIES			
Profit from operating activities is arrived at after taking into account:			
Income			
Currency exchange gains	**47 649**	63 579	113 868
Decrease in warranty provision	**3 006**	1 695	–
Deferred warranty income	**21 181**	22 834	42 507
Import duty rebates	**26 235**	21 226	44 845
Royalties	**2 240**	1 120	2 677
Net surplus on disposal of property, plant and equipment and intangible assets	**119**	101	–
Expenditure			
Amortisation of intangible assets	**5 778**	4 437	8 782
Auditors' remuneration – audit and other services	**3 739**	3 789	8 629
Currency exchange losses	**52 556**	55 477	132 217
Depreciation of property, plant and equipment	**46 337**	45 018	93 746
Increase in warranty provision	**–**	–	5 178
Net loss on disposal of property, plant and equipment and intangible assets	**–**	–	180
Operating lease charges			
– equipment and motor vehicles	**11 136**	10 321	20 623
– land and buildings	**30 703**	29 688	59 500
Research expenses (excluding staff costs)	**10 987**	10 943	16 093
Staff costs	**395 329**	268 574	547 511
3. NET INTEREST PAID			
Interest paid	**14 731**	43 205	69 890
Interest received	**(5 829)**	(7 192)	(11 486)
Net interest paid	**8 902**	36 013	58 404

R'000		**Reviewed 6 months ended 30 June 2011**	Reviewed 6 months ended 30 June 2010	Audited 12 months ended 31 December 2010
4. EARNINGS PER SHARE				
Basic earnings per share is arrived at as follows:				
Profit for the period attributable to equity holders of Bell Equipment Limited	(R'000)	**103 329**	8 323	25 576
Weighted average number of ordinary shares in issue during the period	('000)	**94 958**	94 958	94 958
Basic earnings per share	(cents)	**109**	9	27
Diluted earnings per share is arrived at as follows:				
Profit for the period attributable to equity holders of Bell Equipment Limited	(R'000)	**103 329**	8 323	25 576
Fully converted weighted average number of shares	('000)	**94 963**	94 966	94 960
Diluted earnings per share	(cents)	**109**	9	27
Headline earnings per share is arrived at as follows:				
Profit for the period attributable to equity holders of Bell Equipment Limited	(R'000)	**103 329**	8 323	25 576
Net (surplus) loss on disposal of property, plant and equipment and intangible assets	(R'000)	**(119)**	(101)	180
Tax effect of net (surplus) loss on disposal of property, plant and equipment and intangible assets	(R'000)	**33**	28	(50)
Reclassification of foreign currency translation reserve on discontinued operation	(R'000)	**(3 340)**	–	–
Headline earnings	(R'000)	**99 903**	8 250	25 706
Weighted average number of ordinary shares in issue during the period	('000)	**94 958**	94 958	94 958
Headline earnings per share (basic)	(cents)	**105**	9	27
Diluted headline earnings per share is arrived at as follows:				
Headline earnings calculated above	(R'000)	**99 903**	8 250	25 706
Fully converted weighted average number of shares	('000)	**94 963**	94 966	94 960
Headline earnings per share (diluted)	(cents)	**105**	9	27
5. PROPERTY, PLANT AND EQUIPMENT				
Net book value at beginning of the period		**481 023**	520 452	520 452
Loss on revaluation		**–**	–	(4 054)
Additions		**107 634**	12 515	108 099
Disposals		**(48 877)**	(27 329)	(36 457)
Depreciation		**(46 337)**	(45 018)	(93 746)
Translation differences		**6 555**	(6 722)	(13 271)
Net book value at end of the period		**499 998**	453 898	481 023
Additions for the six months ended June 2011 include rental assets reclassified from inventory of R92,2 million (June 2010: R7,8 million).				
6. STATED CAPITAL				
Authorised				
100 000 000 (June 2010: 100 000 000) ordinary shares of no par value				
Issued				
94 958 000 (June 2010: 94 958 000) ordinary shares of no par value		**228 605**	228 605	228 605
7. CAPITAL EXPENDITURE COMMITMENTS				
Contracted		**8 400**	2 739	1 135
Authorised, but not contracted		**34 415**	26 748	58 240
Total capital expenditure commitments		**42 815**	29 487	59 375

ABBREVIATED NOTES TO INTERIM REPORT

for the six months ended 30 June 2011 (continued)

8. ABBREVIATED SEGMENTAL ANALYSIS

R'000	Revenue	Operating profit (loss)	Assets	Liabilities
June 2011				
South African sales operation	**1 170 073**	**57 682**	**766 584**	**684 712**
South African manufacturing and logistics operation	**1 242 502**	**30 277**	**2 004 252**	**812 857**
European operation	**368 455**	**7 217**	**540 749**	**463 877**
Rest of Africa and other international operations	**354 635**	**45 820**	**385 441**	**244 621**
All other operations	**–**	**1 854**	**397 416**	**34 312**
Inter-segmental eliminations	**(993 957)**	**17 182**	**(911 139)**	**(618 358)**
Total – reviewed	**2 141 708**	**160 032**	**3 183 303**	**1 622 021**
June 2010				
South African sales operation	883 078	19 448	849 143	815 842
South African manufacturing and logistics operation	610 641	(21 380)	1 671 995	511 008
European operation	261 135	(7 560)	416 354	318 767
Rest of Africa and other international operations	354 189	8 265	307 073	234 833
All other operations	–	1 836	398 250	35 858
Inter-segmental eliminations	(606 699)	36 483	(937 146)	(618 786)
Total – reviewed	1 502 344	37 092	2 705 669	1 297 522
December 2010				
South African sales operation	2 049 623	63 748	784 432	742 630
South African manufacturing and logistics operation	2 155 565	51 696	1 675 770	490 071
European operation	532 495	(34 006)	381 263	315 627
Rest of Africa and other international operations	540 929	18 581	238 637	170 058
All other operations	–	5 064	362 975	29 470
Inter-segmental eliminations	(1 867 921)	19 554	(797 797)	(521 285)
Total – audited	3 410 691	124 637	2 645 280	1 226 571

R'000	**Reviewed 6 months ended 30 June 2011**	Reviewed 6 months ended 30 June 2010	Audited 12 months ended 31 December 2010
9. CONTINGENT LIABILITIES			
9.1 The repurchase of units sold to customers and financial institutions has been guaranteed by the group for an amount of	**3 476**	1 618	3 105
In the event of repurchase, it is estimated that these units would presently realise	**4 870**	4 324	9 512
Net contingent liability	**–**	–	–
9.2 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 the different categories of financing provided by WesBank, the group is liable for the full balance due to WesBank by default customers with regard to Bell-backed deals and a portion of the balance with regard to Bell-shared risk deals.			
At period end the amount due by customers to WesBank for which the group is liable totalled	**87 286**	151 342	124 110
In the event of default, the units financed would be recovered and it is estimated that they would presently realise the following towards the above liability	**86 452**	136 455	117 294
	834	14 887	6 816
Less: provision for non-recovery	**1 600**	6 500	4 900
Net contingent liability	**–**	8 387	1 916
Where customers are in arrears with WesBank and there is a shortfall between the estimated realisation values of units and the balances due by the customers to WesBank, an assessment of any additional security is done and a provision for any shortfall is made.			
9.3 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	**8 843**	15 484	12 985
Less: provision for residual value risk	**–**	533	1 255
Net contingent liability	**8 843**	14 951	11 730
The above includes deposits held by financial institutions as security for residual values on units guaranteed by the group. The recoverability of these deposits is dependent on the units realising the guaranteed residual values at the end of the guarantee period. The provision for residual value risk is based on the assessment of the probability of return of the units.			
10. RELATED PARTY TRANSACTIONS			
Shareholders			
John Deere Construction and Forestry Company			
– sales	**87 643**	15 488	61 367
– purchases	**259 477**	142 345	398 967
– amounts owing to	**111 743**	92 779	66 501
– amounts owing by	**31 447**	10 316	4 235

11. INDEPENDENT AUDITORS' REPORT

The financial information set out in the interim report has been reviewed, but not audited, by the company's auditors, Deloitte & Touche. Their unmodified review report is available for inspection at the company's registered office.

12. SUBSEQUENT EVENTS

No fact or circumstance material to the appreciation of this interim report has occurred between 30 June 2011 and the date of this report.

CORPORATE INFORMATION

DIRECTORS
MA Mun-Gavin* (Chairman), GW Bell (Group Chief Executive)
KJ van Haght (Group Financial Director), DM Gage (USA)#
L Goosen, K Manning (USA)#, RM Buchignani (USA)#
JR Barton*, B Harie*, TO Tsukudu*, DJJ Vlok*

ALTERNATE DIRECTORS
TA Averkamp (USA)#, GP Harris, AR McDuling

RESIGNATIONS
D de Bastiani (26 July 2011)

APPOINTMENTS
RM Buchignani (5 August 2011)

Non-executive directors
* Independent non-executive directors

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JSE SPONSORS
RMB Corporate Finance

SHARE CODE
BEL

ISIN CODE
ZAE000028304