

Condensed consolidated statement of financial position

R'000

ASSETS

Non-current assets

Intangible assets

Deferred taxation

Current assets

Prepayments

Cash resources

TOTAL ASSETS

Taxation

Other financial assets

EQUITY AND LIABILITIES

Capital and reserves

Stated capital (note 5)

Non-controlling interest

Non-current liabilities

Interest-bearing liabilities

Deferred warranty income

Trade and other payables

Other financial liabilities

Short-term interest-bearing debt

TOTAL EQUITY AND LIABILITIES

for the year ended 31 December 2010

Profit (loss) from operating activities (note 2)

Number of shares in issue

Net asset value per share

R'000

Cost of sales

Gross profit

Expenses

Taxation

Other operating income

Net interest paid (note 3) Profit (loss) before taxation

Profit (loss) for the year

- Non-controlling interes

Profit (loss) for the year

Other comprehensive loss

- Non-controlling interest

Profit (loss) for the year attributable to:

- Equity holders of Bell Equipment Limited

Earnings (loss) per share (basic) (note 4)

Earnings (loss) per share (diluted) (note 4)

for the year ended 31 December 2010

Exchange differences arising during the year

Exchange differences on foreign reserves

Loss arising on revaluation of properties

Total comprehensive loss for the year

for the year ended 31 December 2010

Cash generated from working capital

Net cash generated from operating activities

Net cash flow utilised in investing activities

Cash generated from operations

Net interest paid

Net cash inflow

Taxation refunded (paid)

Total comprehensive loss attributable to:

- Equity holders of Bell Equipment Limited

Exchange differences on translating foreign operations

Other comprehensive loss for the year, net of tax

Taxation relating to components of other comprehensive loss

Cash operating profit (loss) before working capital changes

Net cash flow (utilised in) generated from financing activities

Net short-term $\underline{\text{interest-bearing debt at beginning of the year}}$

Net short-term interest-bearing debt at end of the year

Condensed consolidated

statement of comprehensive income

Current liabilities

Retained earnings

Non-distributable reserves

Property, plant and equipment

Trade and other receivables

Interest-bearing investments and long-term receivables

Current portion of interest-bearing long-term receivables

Attributable to equity holders of Bell Equipment Limited

Repurchase obligations and deferred leasing income

Current portion of repurchase obligations and deferred leasing income

Condensed consolidated income statement

Long-term provisions and lease escalation

Current portion of interest-bearing liabilities

Current portion of deferred warranty income

Current portion of provisions and lease escalation

31 December

2010

733 472

481 023

70 775

34 378

147 296

1 911 808

1 355 613

446 787

40 359

11 103

4 285

53 661

2 645 280

1 418 709

228 605

90 488

1 087 162

1 406 255

12 454

255 540

84 175

79 902

66 735

24 728

971 031

699 158

4 974

61 926

23 852

41 783

4 271

23 138

111 929

2 645 280

94 958

1 494

2010

3 410 691

(2 684 220)

726 471

132 180

(734 014)

124 637

(58404)

66 233

(29509)

36 724

25 576

11 148

31 December

2010

36 724

(37295)

(34823)

(2472)

(4054)

1 135

(40214)

(3490)

(14638)

11 148

2010

202 325

418 724

621 049

(58404)

564 269

(90381)

(136 209)

337 679

(395 947)

(58268)

1 624

31 December

27

('000)

2009

798 445

520 452

39 873

73 982

164 138

2 127 669

1 618 728

412 008

37 409

16 932

10 280

31 882

2 926 114

1 420 435

228 605

123 984

1 066 540

1 419 129

374 654

218 404

49 724

89 047

17 479

1 131 025

530 151

52 830

46 639

17 599

37 199

3 922

14 856

427 829

2 926 114

94 958

31 December

2 699 149

(2 164 082)

535 067

143 477

(941 970)

(263426)

(108605)

(372 031)

100 325

(271 706)

(259 744)

(11 962)

(274)

(274)

2009

(271706)

(77433)

(74954)

(2479)

(77 433)

(349 139)

(337177)

(11 962)

2009

(223592)

784 160

560 568

(108605)

(95 526)

356 437

 $(117\ 316)$

272 259

(668 206)

(395 947)

33 138

31 December

31 December

1 496

2009

1 306

430

audited results

for the year ended 31 December 2010

Abbreviated notes to audited consolidated results

for the year ended 31 December 2010

ACCOUNTING POLICIES

The financial statements from which these results are summarised have been prepared in accordance with International Financial Reporting Standards (IFRS) and the policies and methods of computation are consistent with those applied to the previous year, except for the adoption of new and revised Standards and Interpretations

In the current year the group has adopted all of the new and revised Standards and Interpretations relevant to its operations and effective for annual reporting periods beginning on 1 January 2010. The adoption of these new and revised Standards and Interpretations has not had any significant impact on the amounts reported in the financial statements and in this abridged report.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments, and adjustments, where applicable, in respect of hyperinflation accounting. The condensed financial information has been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the AC 500 standards as issued by the Accounting Practices Board and the information as required by IAS 34: Interim Financial Reporting.

	the information as required by IAS 34: Interim Financial Reporting.		
		31 December	31 December
	R'000	2010	2009
2	PROFIT (LOSS) FROM OPERATING ACTIVITIES		
	Profit (loss) from operating activities is arrived at after taking into account:		
	Income		
	Currency exchange gains	113 868	184 078
	Decrease in warranty provision	_	17 398
	Deferred warranty income	42 507	36 428
	Import duty rebates	44 845	75 340
	Royalties	2 677	_
	Net surplus on disposal of property, plant and equipment and intangible assets	_	826
	Expenditure		
	Amortisation of intangible assets	8 782	8 137
	Auditors' remuneration – audit and other services	8 629	7 842
	Currency exchange losses	132 217	190 788
	Depreciation of property, plant and equipment	93 746	94 144
	Impairment loss recognised on interest-bearing long-term receivables	33 740	39 790
	Increase in warranty provision	5 178	39 / 90
	Net loss on disposal of property, plant and equipment and intangible assets	180	
		80 123	81 354
	Operating lease charges		
	Research expenses (excluding staff costs)	16 093	17 791
0	Staff costs	547 511	604 847
3	NET INTEREST PAID	00.000	404.040
	Interest paid	69 890	121 912
	Interest received	(11 486)	(13 307)
	Net interest paid	58 404	108 605
4	EARNINGS (LOSS) PER SHARE		
	Basic earnings (loss) per share is arrived at as follows:		
	Profit (loss) for the year attributable to equity holders of Bell Equipment Limited (R'000)	25 576	(259 744)
	Weighted average number of ordinary shares in issue ('000)	94 958	94 952
	Basic earnings (loss) per share (cents)	27	(274)
	Diluted earnings (loss) per share is arrived at as follows:		
	Profit (loss) for the year attributable to equity holders of Bell Equipment Limited (R'000)	25 576	(259 744)
	Fully converted weighted average number of shares ('000)	94 960	94 955
	Diluted earnings (loss) per share (cents)	27	(274)
	Headline earnings (loss) per share is arrived at as follows:		
	Profit (loss) for the year attributable to equity holders of Bell Equipment Limited (R'000)	25 576	(259 744)
	Net loss (surplus) on disposal of property, plant and equipment and		
	intangible assets (R'000)	180	(826)
	Tax effect of net loss (surplus) on disposal of property,		
	plant and equipment and intangible assets (R'000)	(50)	231
	Headline earnings (loss) (R'000)	25 706	(260 339)
	Weighted average number of ordinary shares in issue ('000)	94 958	94 952
	Headline earnings (loss) per share (basic) (cents)	27	(274)
	Diluted headline earnings (loss) per share is arrived at as follows:		
	Headline earnings (loss) calculated above (R'000)	25 706	(260 339)
	Fully converted weighted average number of shares ('000)	94 960	94 955
	Headline earnings (loss) per share (diluted) (cents)	27	(274)
5	STATED CAPITAL		
	Authorised		
	100 000 000 (December 2009: 100 000 000) ordinary shares of no par value		
	Issued		
	94 958 000 (December 2009: 94 958 000) ordinary shares of no par value	228 605	228 605
6	CAPITAL EXPENDITURE COMMITMENTS		
	Contracted	1 135	58
	Authorised, but not contracted	58 240	29 487
	Total capital expenditure commitments	59 375	29 545
_			
7	ABBREVIATED SEGMENTAL ANALYSIS		
	Operating		
	R'000 Revenue profit (loss)	Assets	Liabilities

Total capital experiantale committee			00 0.0	20 0 10		
ABBREVIATED SEGMENTAL ANALYSIS						
		Operating				
R'000	Revenue	profit (loss)	Assets	Liabilities		
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	3 410 691	124 637	2 645 280	1 226 571		
December 2009 – restated						
South African sales operation	1 693 975	(29 332)	931 261	906 041		
South African manufacturing and logistics operation	1 135 860	(254 200)	1 773 631	598 598		
European operation	391 448	(68 731)	527 842	409 453		
Rest of Africa and other international operations	845 665	(11 742)	323 332	250 425		
All other operations	_	(9 197)	546 423	154 146		
Inter-segmental eliminations	(1 367 799)	109 776	(1 176 375)	(812 984)		
Total	2 699 149	(263 426)	2 926 114	1 505 679		
The group's reportable segments changed in the current year as a result of changes in the structure of the internal organisation						

Amounts reported for the prior year have been restated accordingly. 31 December 31 December

		2010	2009		
CON	CONTINGENT LIABILITIES				
8.1	The repurchase of units sold to customers and financial institutions has been				
	guaranteed by the group for an amount of	3 105	6 903		
	In the event of repurchase, it is estimated that these units would presently realise	9 512	17 475		
	Net contingent liability	-	_		
8.2	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 year-end the amount due by customers to WesBank for which the group is				
	liable totalled	124 110	151 517		
	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	117 294	146 862		
		6 816	4 655		
	Less: provision for non-recovery	4 900	6 239		
	Net contingent liability	1 916			
	Where customers are in arrears with WesBank and there is a shortfall between				
	the estimated realisation values of units and the balance due by the customers				
	to WesBank, an assessment of any additional security is done and a provision for				
8.3	any shortfall is made. The residual values of certain equipment sold to financial institutions has been				
0.3	quaranteed by the group.				
	In the event of a residual value shortfall, the group would be exposed to an amount				
	of	12 985	12 100		
	Less: provision for residual value risk	1 255	844		
	Net contingent liability	11 730	11 256		
	The above includes deposits held by financial institutions as security for residual val				
	The recoverability of these deposits is dependent on the units realising the guarant				
	guarantee period. The provision for residual value risk is based on the assessment of the probability of return of the units.				
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Consolidated statement of changes in equity for the year ended 31 December 2010

Condensed consolidated statement of cash flows

Non-distributable Non-controlling Total capital and R'000 Stated capital reserves Retained earnings Total interest reserves 1 756 287 Balance at 31 December 2008 228 586 200 940 1 769 555 1 326 761 13 268 19 Share options exercised 19 (77 433) (259744)(337177)(11 962) (349 139) Total comprehensive loss for the year Realisation of revaluation reserve on depreciation of buildings (3418)3 418 Deferred taxation on realisation of revaluation reserve on depreciation of buildings 957 (957)2 938 (2938)Increase in statutory reserves of foreign subsidiaries Balance at 31 December 2009 123 984 1 066 540 1 419 129 1 306 1 420 435 228 605 Recognition of share-based payments 1 764 1 764 (40 214) 25 576 (14638)11 148 (3490)Total comprehensive (loss) income for the year Realisation of revaluation reserve on depreciation of buildings (1.896)1 896 Deferred taxation on realisation of revaluation reserve on depreciation of buildings 531 (531)Transfer of debit foreign currency translation reserve to retained earnings 6 319 (6319)Balance at 31 December 2010 90 488 1 087 162 228 605 1 406 255 1 418 709 12 454

Attributable to equity holders of Bell Equipment Limited



for the year ended 31 December 2010 continued

DIRECTORS' UPDATE ON GOING CONCERN

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

10 INDEPENDENT AUDITORS' REPORT

The auditors, Deloitte & Touche, have issued their opinion on the group's financial statements for the year ended 31 December

The audit was conducted in accordance with International Standards on Auditing. They have issued an unmodified audit opinion.These abridged results have been derived from the group financial statements and are consistent in all material respects with the group financial statements. A copy of their audit report is available for inspection at the company's registered office. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the

11 SUBSEQUENT FVENTS

No fact or circumstance material to the appreciation of this report has occurred between 31 December 2010 and the date of

Chairman's review

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

Financial overview

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

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

The turnaround in profitability can be attributed to a number of factors. Sales revenue has increased by 26% in comparison with the previous year with fourth-quarter sales, in particular, showing significant growth over each of

Another meaningful contributor to the turnaround has been the reduction in group overheads, which dropped by R208 million to R734 million. The most significant part of this reduction was the improvement in manufacturing and services labour and overhead recoveries of R128 million. This was as a direct result of the increased sales volumes, and hence production, in the second half of the year. Whilst on the subject of production, it is worth noting that Bell's two production facilities, in Richards Bay and Kindel, Germany, are operating at well below their respective optimum capacities. The group therefore has little need for any major capital expansion in the immediate future.

The second major contribution towards the reduction in group overheads was a drop in staff costs of R56 million.

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

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

The group's capital and reserves have remained virtually unchanged at R1,4 billion with net asset value amounting

In a geographic context, the European operations remained depressed for much of the year under review. Signs of activity started emerging in certain European countries during the second half of 2010 with the result that the German factory has recommenced production, albeit only on a modest scale. Enquiries have continued into 2011 which is encouraging for the year ahead. The Africa region constituted approximately 80% of group sales in 2010 and with prices of most commodities having risen to the extent that they have, many new mining projects are coming on stream and existing mining operations are being expanded. This helped Bell in the latter part of 2010 and should continue to provide the group with opportunities for its earth moving equipment going forward. It has also become evident that many customers chose to run their fleets longer than would normally be the case as a result of the economic downturn. It is likely that in a number of these instances customers will need to start replacing their older machines thereby adding further impetus to demand

Sustainability and corporate governance

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

During the course of 2010, the board decided to split the functions of risk and audit overview. As a result, a new Risk and Sustainability Committee was established to strengthen the focus on risk and sustainability issues. The Audit Committee's terms of reference were amended to allow it to concentrate on the group's internal control, legislative compliance and financial reporting issues.

Transformation

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

Outlook

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

Appreciation

I conclude this report by congratulating management on turning the financial position of the group around and thanking them for their tireless efforts in doing so. They, like the board, know that the job is far from complete and understand the need to continue the programme of improvement in order to deliver to our stakeholders their rightful expectations of a successful global organisation. To my fellow directors, I also express my sincere thanks for their support and dedicated and professional input into the affairs of the group.

Michael Mun-Gavin Non-executive Group Chairman

9 March 2011

Bell Equipment Limited

("Bell" or "group" or the "company") (Incorporated in the Republic of South Africa) (Share code: BEL) ISIN: ZAE000028304

Registration number: 1968/013656/06

Directors: MA Mun-Gavin* (Chairman), GW Bell (Group Chief Executive), KJ van Haght (Group Financial Director), DM Gage (USA)#, L Goosen, K Manning (USA)#, D de Bastiani (USA)#, J R Barton*, B Harie*, TO Tsukudu*, DJJ Vlok*

Alternate directors: TA Averkamp (USA)#, GP Harris, AR McDuling

Non-executive directors * Independent non-executive directors

Company Secretary: R Verster

Registered office: 13 – 19 Carbonode Cell Road, Alton, Richards Bay, 3900

Transfer secretaries: Link Market Services South Africa (Pty) Limited, PO Box 4844, Johannesburg **Sponsor:** Rand Merchant Bank (A division of FirstRand Bank Limited)