



STRONG RELIABLE MACHINES • STRONG RELIABLE SUPPORT



2018

BELL EQUIPMENT LIMITED • INTEGRATED ANNUAL REPORT

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About this report

This integrated annual report, which is the group's primary communication to shareholders and other Bell Equipment stakeholders, covers the financial year 1 January 2018 to 31 December 2018.

The report should be read in conjunction with the full audited consolidated financial statements. The full audited consolidated financial statements, which are available on request from the company secretary at the group's registered office and online, provide a comprehensive insight into the financial position of the group for the year under review.

The financial information in this report follows IFRS and is examined by its independent external auditors in conformity with International Standards on Auditing. The following main codes and standards were considered in providing information in the report:

- the Companies Act
- the JSE Listings Requirements
- King IV
- The IIIRC's International Framework

The scope of this report includes all of Bell Equipment's subsidiaries and operating regions. Bell Equipment continues to embed management, sustainability and governance related reporting systems and processes in the operations. The six capitals are reported on and the content focuses on the material issues that have occurred during the financial reporting period and in certain instances up to the date of finalisation of this report.

Bell applies the principle of materiality in determining the disclosures of the integrated annual report. The process of identifying and prioritising the material matters for inclusion in this report involved reviewing:

- its strategy,
- risks and risk management process,
- stakeholders; and
- the six capitals.

The six capitals



In order to achieve the group's strategic objectives and manage its risks, these material issues are continuously monitored by Bell Equipment and its board, as the governing body.

Assurance in relation to its financial statements continues to be provided by its independent external auditors, Deloitte & Touche. Bell Equipment applies the combined assurance model which seeks to optimise the assurance obtained from management and internal and external assurance providers.

The group continues to maintain 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 report may contain certain forward looking statements other than the statements of historical fact which cannot be construed as reported financial results. Investors are cautioned not to place undue reliance on any forward looking statements contained herein, as they have not been reviewed or reported on by the group's external auditors. Whereas the group has made every effort to accurately and reasonably ensure the accuracy and completeness of the information contained within this integrated annual report, any forward looking statements speak only as at the date that they are made; the actual results may vary materially from those expressed or implied; and the group undertakes no obligation to publically update or alter these or to release revisions after the date of publication of this integrated annual report.

RESPONSIBILITY STATEMENT

The board acknowledges its responsibility to ensure the integrity of information contained in the integrated annual report and the annual financial statements of the group and both the audit committee and the board have applied their collective minds in the preparation of this report.

The board is of the opinion that this integrated annual report addresses all material issues, and presents fairly the integrated performance of the group. The integrated annual report and the full audited consolidated financial statements were approved by the audit committee and the board on 14 March 2019.



GW Bell
Non-executive chairman

14 March 2019



L Goosen
Chief executive

We welcome stakeholders' feedback on our reporting, which can be sent to Diana.McIlrath@za.bellequipment.com.

Bell determines its material matters through the following process:

IDENTIFY

- The process of identifying potential material matters is a group wide responsibility requiring input from all business units and operations, and taking into account input from stakeholders.
- Areas of potential impact that are assessed include financial, environmental, social, strategic, competitive, legislative, reputational and regulatory matters.

RANK

- Issues are prioritised according to operational and strategic impact on the sustainability of the business.
- GEC assumes responsibility for approval of the material matters before endorsement by the relevant committees and final approval by the Bell Equipment board.

APPLY AND VALIDATE

- The material matters are applied to inform on Bell Equipment's long term business strategies and targets as well as short to medium term business plans.
- This is undertaken through the execution of the group's strategy.

ASSESS

- The material matters are continuously assessed against performance to strategy, impact on sustainability and on stakeholders.



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Who we are

Bell Equipment is a leading global manufacturer, distributor and exporter of a wide range of heavy equipment for the construction, mining, quarrying, sugar, forestry and waste handling industries worldwide.

The ADT is the group's core OEM product and Bell is acknowledged globally as an ADT specialist for its ongoing innovations and the class leading performance of its ADTs.

Machines are marketed, distributed and supported, both locally and internationally, through a wide network of branches and independent dealers.

The group has also strengthened its trading base through strategic alliance agreements with other global companies and is an appointed distributor in selected African territories representing several leading international brands with almost 200 products well suited to all applications.

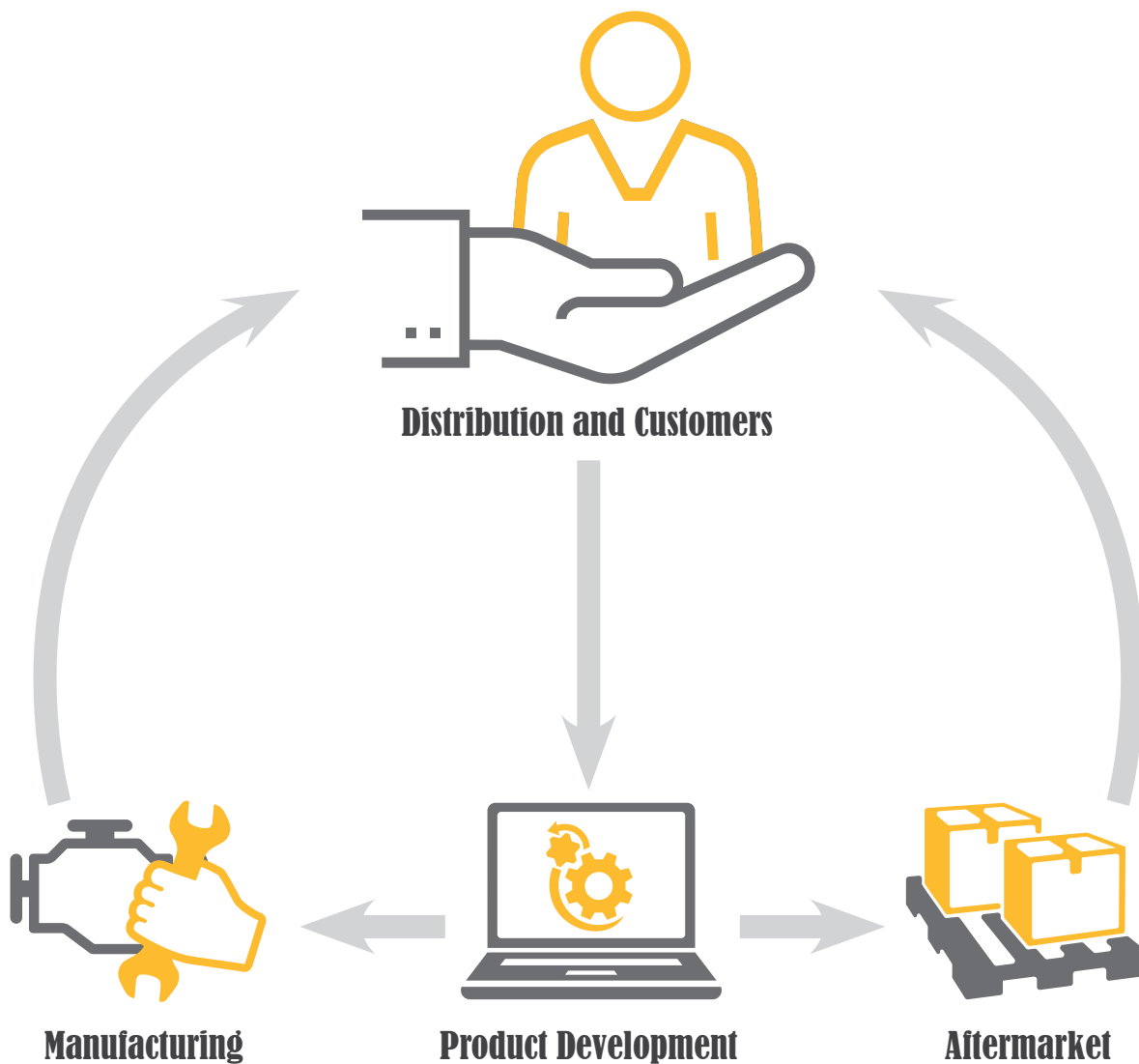
As a South African company that employs locally, Bell Equipment is an integral part of the communities in which it operates and takes its responsibilities as a corporate citizen seriously. The group purchases from local suppliers wherever possible and invests in meaningful outreach opportunities with a particular focus on education, training and development both internally and externally.



Our value creation process

Bell believes in the philosophy that if its customers succeed so will the group and it creates value by striving to give customers the best ownership experience. Strategies and daily operations are focussed on building long term relationships that will, in turn, generate continuous machinery and aftermarket sales.

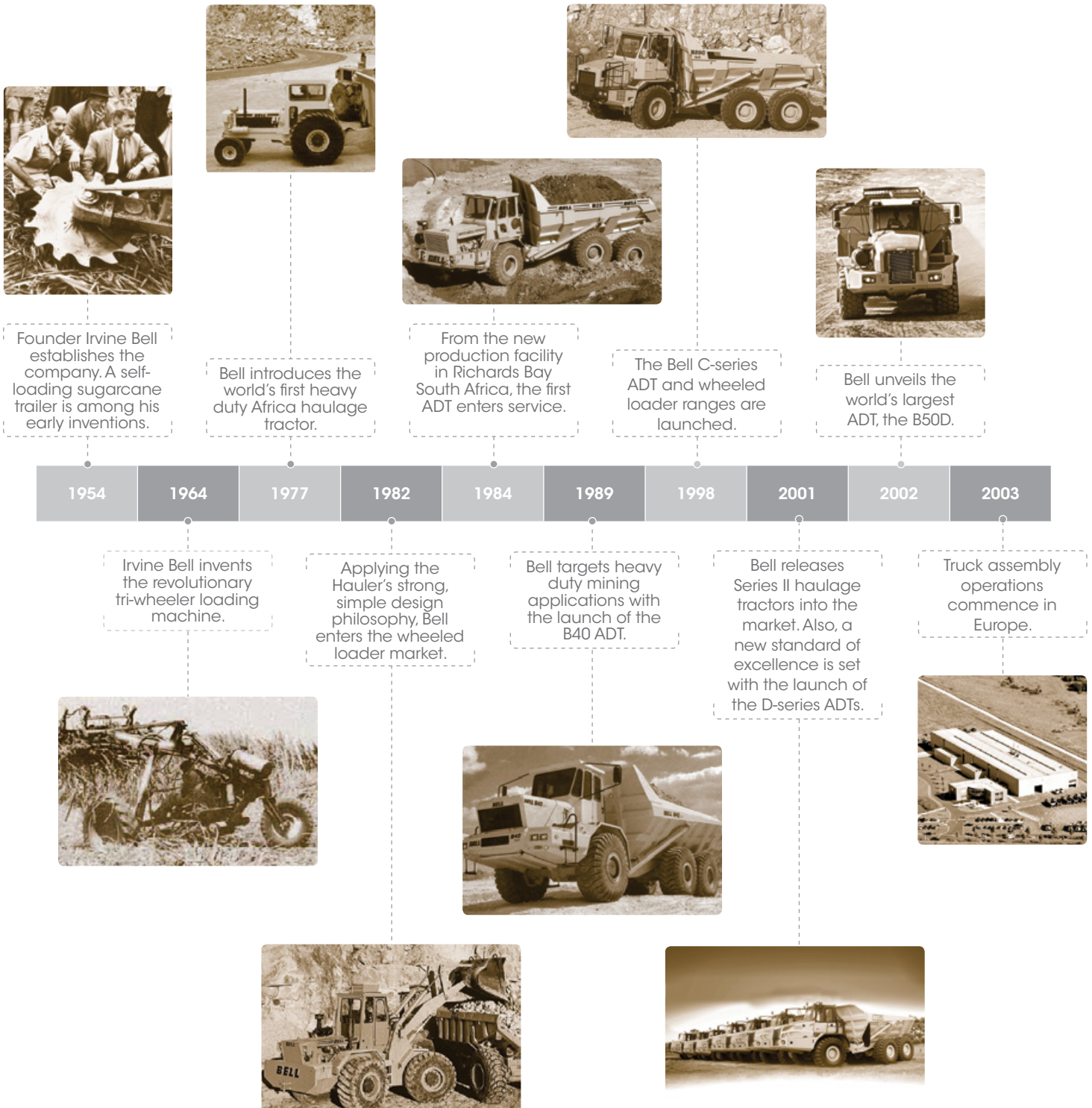
This is achieved by listening to our customers' needs, developing relevant equipment and aftermarket solutions, manufacturing quality products and, above all, ensuring that stakeholders throughout our value creation process receive meaningful support to sustain our business.

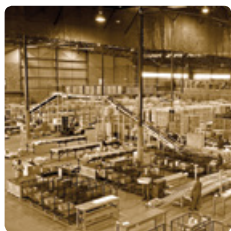


Our timeline and key milestones

TRACING OUR ROOTS

Bell Equipment's roots date back to 1954 when founder, Irvine Bell, established a small engineering and agricultural equipment repair service in northern KwaZulu-Natal. Joined in the business by his wife Eunice, brother Rob and brother-in-law Malcolm Campbell, the strong family roots and values that they instilled have endured to the present day. Not only are the current generations of Bells and Campbells actively involved in the business, but all employees and customers globally are valued as part of the extended Bell family to create a unique and healthy working environment. The Bell timeline provides an overview of the milestone events that have helped to shape Bell from its humble beginnings into the global organisation that exists today.





Gary Bell becomes chairman of the board and is succeeded as chief executive by Leon Goosen. The ALC opens its doors. Phase 3 expansion of Eisenach-Kindel plant gets underway to facilitate European bin manufacture.

B60D set to revolutionise bulk earthworks. Bell celebrates 60 years in business along with the 50th anniversary of its tri-wheeler product and 30 years of ADT design and manufacture.

Bell Equipment re-enters the Americas and commences the appointment of distributors and dealers in the region.

Series III haulage tractors make their entry.

The GLC is commissioned in Jet Park, Johannesburg.

Large E-series ADT released to the market.

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
------	------	------	------	------	------	------	------	------	------	------

Bell Equipment takes over the Bomag dealership with the German-based OEM.

Bell Equipment establishes beachhead in Russian market.

Bell Equipment launches the new E-series ADT and is granted distributorship rights for the Terex Finlay range of mobile crushing, screening and recycling equipment.

Series IV haulage tractors introduced. Bell concludes a two-year investment into new, upgraded CSCs in Middelburg, Nelspruit and Rustenburg in South Africa as well as Kitwe, Zambia.

In southern Africa Bell adds Kobelco excavators to its range and enters the tipper truck market with Kamaz trucks. Expansion of ELC and German and Central European sales and distribution departments completed.



Where we are

Bell manufactures and operates globally with products in over 80 different countries. The group values its global support network, which supplies equipment solutions, after sales support and associated services. This network is, in turn, supported by a robust OEM structure to ensure efficient lines of communication between end users of the product and the design and manufacturing team.

South America



- Independent dealer network supported from the Richards Bay facility



- Full range of Bell and Matriarch manufactured products supplied from South Africa



- Dealer parts stocking supported from logistics hubs in US and Africa

North America and Canada



- Independent dealer network supported by a Bell operation in the US



- Full range of Bell ADTs supplied from Eisenach-Kindel assembly plant



- Dealer parts stocking supported from logistics hubs in US, Europe and Africa

Sub Saharan Africa



- Dealer network supported by Bell owned operations in South Africa, Zambia, Zimbabwe, Namibia and Swaziland



- Full range of Bell and Matriarch manufactured products throughout Africa
- Distribution of Deere, Bomag, Finlay, Kobelco and Kamaz products in southern Africa



- Dealer parts stocking supported from logistics hubs in Europe and Africa

Europe and North Africa

- ADT assembly plant at Eisenach-Kindel, Germany
- Independent dealer network supported by Bell-owned operations in the UK, Germany and France
- Full range of Bell ADTs supplied from the Eisenach-Kindel assembly plant
- Dealer parts stocking supported from logistics hubs in Europe and Africa

Key

- Manufacturing
- Distribution
- Products
- Aftermarket

Asia

- Independent dealer network supported by a Bell-owned operation in Russia
- Full range of Bell ADTs supplied from the Richards Bay facility
- Dealer parts stocking supported from logistics hubs in Europe and Africa

South East Asia and Oceania

- Independent dealer network supported by a Bell owned operation in Australia
- Full range of Bell and Matriarch manufactured products supplied from South Africa
- Dealer parts stocking supported by logistics hubs in Singapore, Australia and Africa

South Africa

- Bell manufacturing operation and headquarters in Richards Bay
- Network of Bell owned service centres
- Full range of Bell and Matriarch manufactured products supplied from South Africa
- Distribution of Deere, Bomag, Finlay, Kobelco and Kamaz products
- Parts stocking supported from logistics hubs in Europe and Africa

Our business model and products

With a common thread of providing solutions for customers who require material handling machinery, the Bell business model and products are clearly defined within four groupings:

1

Global ADT specialist



Southern African full range material handling distributor

2

3

Cost effective agriculture and forestry solutions provider

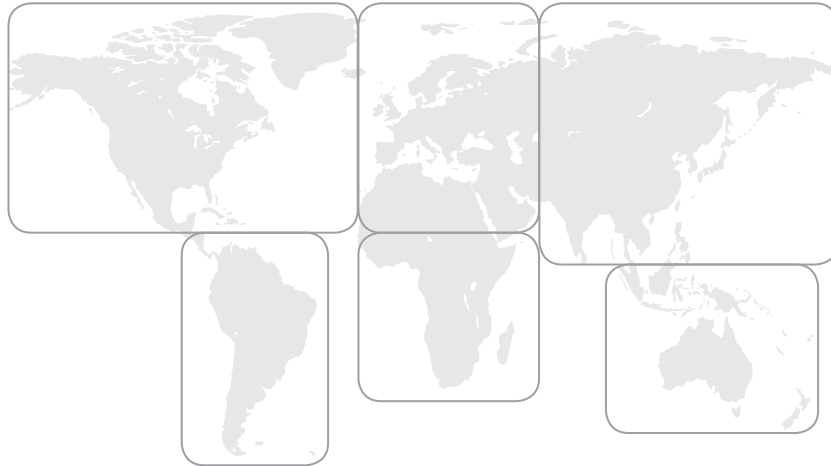


Provider of aftermarket services

4



Bell as a global ADT specialist



Since the mid 1960s ADTs have become an increasingly familiar, and invaluable, sight on many jobsites throughout the world. Demand has been driven by the versatility of the truck and their ability to go where other trucks are unable.

Bell Equipment has been manufacturing ADTs since the 1980s and has emerged as a global ADT specialist with the largest range on the market. The group has a policy in design and manufacture of simplicity, overdesign, interchangeability of componentry and ruggedness.

Currently on its E-series generation of trucks, Bell is recognised as a world leader and innovator for the ground breaking technological advancements that it has pioneered over the past three decades to improve safety, productivity and machine efficiencies.

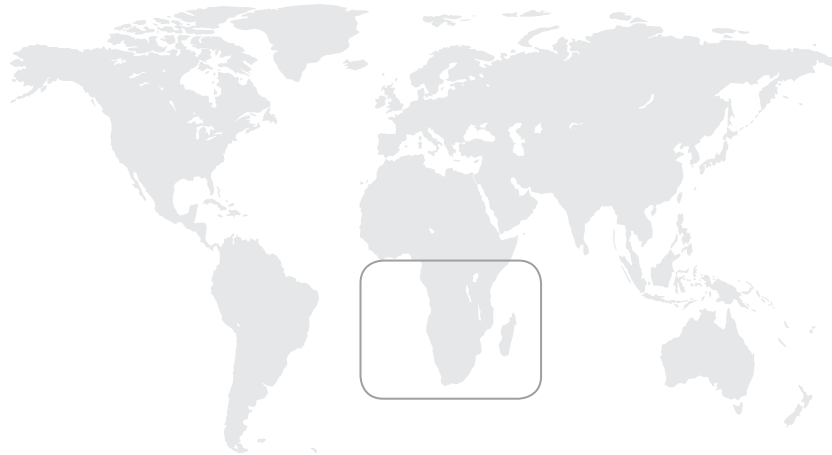
Recent developments include the 4x4 ADT crossover concept, which offers significant cost advantages to customers not needing 6x6 off road capability while still providing sound all weather characteristics on undulating haulage roads and light terrain. Bell has added the B30E 4x4 and B45E 4x4 to the existing B60E 4x4 offering in key markets.

Across the range the ADT product's versatility is further enhanced through the Bell Versatruck programme that uses the ADT platform as a base for tailor made solutions. An ADT's ability to be easily adapted to various roles such as a water or fuel tanker, or a service truck is a growing trend in South Africa and elsewhere in the world.





Bell as southern Africa's full range material handling distributor



Due to the Bell group owning its distribution network in southern Africa there has been a dedicated focus on building the product range in this region to offer customers a full range of equipment solutions across all industries. This has largely been achieved through strategic partnerships with like minded OEMs that are leaders in their respective fields.

The strategy has provided a win-win scenario as business is easier for customers when they have only one supplier and one point of contact for their equipment needs, particularly if that supplier is able to deliver strong, reliable support. At the same time Bell has been able to broaden its industry exposure.

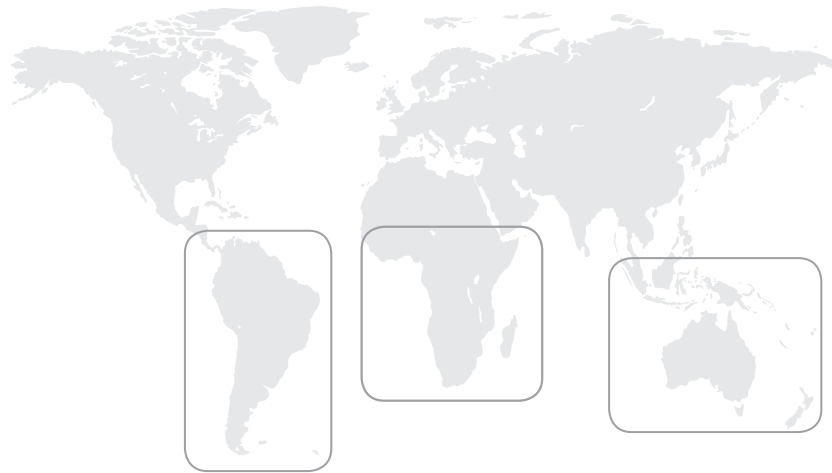
Combined Bell Equipment's seven partnerships enable the group to meaningfully augment its own manufactured products, thereby providing the full spectrum of equipment for mining, quarrying, construction, roads and rehabilitation as well as the government and waste management sectors.

Distribution takes place through Bell CSCs in South Africa, Zambia, Zimbabwe, Swaziland and Namibia and through dealer owned operations elsewhere in southern Africa. Whether Bell owned or dealer managed service centres, the focus is always on understanding applications and customer expectations in order to provide the right combination of equipment.





Bell as a cost effective agriculture and forestry solutions provider



The agriculture and forestry industries were the cornerstone of Bell in its formative years and the group sees long term value in strengthening and growing this important aspect of its business.

Today the group services agriculture and forestry with a carefully selected combination of products that have been designed to meet customers' needs as they move from manual to fully mechanised operations.

The Bell tri-wheeler, a founding product, can be adapted for either sugarcane or timber handling or fitted with forklift tines. The group also manufactures a range of purpose built rigid haulers and trailers as well as articulated tractors and infield self loading forwarders based on the proven Bell ADT product.

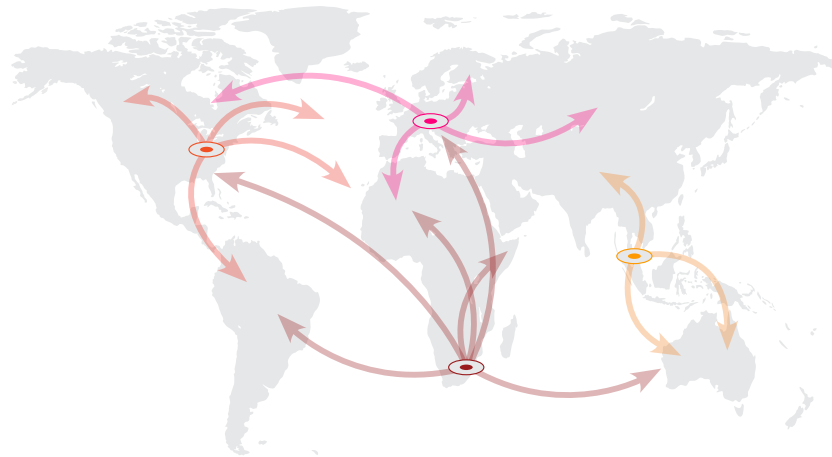
Our recent acquisition of Matriarch Equipment reaffirms our commitment to offer agriculture and forestry customers specialised niche products. Two slew loaders are aimed at sugarcane farmers wanting to embark on controlled traffic practices while for the forestry industry there is the Skogger timber extraction and loading machines and the FASTfell felling and bunching machine.

Through the Kobelco partnership, Bell is able to offer excavator carriers to the forestry industry and Matriarch provides a professional and thorough approach to the conversion of Kobelco excavators for forestry applications. This includes conversions to fully functioning forestry processors as well as wheeled timber handling units.





Bell as a provider of aftermarket services



Building on our belief that 'if we help our customers succeed so will we', Bell Equipment places strategic importance on providing strong reliable machines that are backed by strong reliable support wherever they are working in the world.

The long term sustainability and shared resources offered by an independent dealer have proven to be the most effective model in global markets to ensure that our customers receive the level of service and support that they expect. Dealers are treated as part of the extended Bell family, which ensures a commitment to direct customer communication so that the group can understand the key focus areas that promote long standing customer relations.

Our expansive dealer network is supported by strategically placed, locally staffed Bell owned operations and a network of logistics centres that are ideally positioned to provide quick and efficient parts supply across the globe. The group continues to invest in its support structure and opened the ALC in 2018.

The Bell aftermarket package is aimed at positioning the group as a partner rather than a supplier by offering multi-faceted support through every step of the Bell ownership experience. From before a customer's Bell ownership journey begins, the group is able to provide expert advice on site requirements and machinery selection as well as offer accessible and affordable finance options. This support continues throughout the lifecycle of a machine with solutions geared at protecting the equipment asset, keeping the machine running and even giving customers extra value through the second life of a machine or selling it on as a pre-owned piece of equipment.





Strategic overview and risk management

OUR VISION

Bell Equipment's vision is to be the global ADT specialist and a leader in the capital equipment and industrial goods sector, developing and supplying leading, quality brands into the construction, mining, forestry, agriculture and industrial sectors in a number of chosen markets.

STRATEGIC OBJECTIVES

- Capture global ADT volumes by providing industry leading/best customer uptime and value
- Be the preferred full range material handling solutions provider in southern Africa
- Maintain our Bell heritage by providing innovative niche product solutions for the material handling sectors
- Premium aftermarket support throughout the product lifecycle

STRATEGIC FOCUS AREAS

Return on equity			
Global ADT volumes	Aftermarket volumes	Product and product support costs	Increased intellectual property New products
Human capital	Transformation	Strategic alliances and dealers	Enhanced technology



A Strong Reliable Team – Supporting our Strong Reliable Machines!









Strategic objectives

Capture global ADT volumes by providing industry leading product uptime and value

Be the preferred full range material handling equipment provider in southern Africa

Maintain its Bell heritage by providing innovative niche product solutions for the material handling sectors

Premium aftermarket support throughout the product lifecycle

Strategic focus areas	Measurement	Risks	Capitals
Global ADT volumes	<ul style="list-style-type: none"> Revenue growth Market share Aftermarket contribution NPAT ROE Product attributes Dealer management 'EYE' contact experience 	<ul style="list-style-type: none"> Competitor risk Currency risk Supply chain risk Regulatory risks Political risk Cyclical nature of construction and mining equipment industry 	
Aftermarket contribution	<ul style="list-style-type: none"> Aftermarket revenue growth Innovative aftermarket products NPAT ROE Aftermarket service levels Dealer management IT system development Development of aftermarket logistics and sales channels 'EYE' contact experience 	<ul style="list-style-type: none"> Competitor risk Currency risk Supply chain risk Regulatory risks Alternate parts suppliers Skills IT system risks 	
Reduce OEM costs and product costs	<ul style="list-style-type: none"> NPAT ROE 	<ul style="list-style-type: none"> Competitor risk Currency risk Supply chain risk Regulatory risks Political risk Cyclical nature of construction and mining equipment industry 	
Increase Bell intellectual property	<ul style="list-style-type: none"> Matriarch acquisition Research and development investment Attraction and retention of top engineering skills 	<ul style="list-style-type: none"> Acquisitions underperform Regulatory risk Loss of skills 	
Empowerment and transformation	<ul style="list-style-type: none"> Enhanced BBBEE ownership and BBBEE across all South African entities Enhanced BBBEE recognition levels 	<ul style="list-style-type: none"> Skill pool Staff turnover 	
Human capital	<ul style="list-style-type: none"> Work place surveys Leadership Apprenticeships Study assistance Staff turnover Internal promotions Union interactions 	<ul style="list-style-type: none"> Loss of key skills Health and safety risks 	
Strategic alliances	<p>Product</p> <ul style="list-style-type: none"> Product market shares Brand recognition 'EYE' contact experience <p>Components</p> <ul style="list-style-type: none"> Value (warranty, cost, availability) Brand recognition <p>All</p> <ul style="list-style-type: none"> Regular evaluation of all strategic alliance partners 	<ul style="list-style-type: none"> Alliance partner product risks Currency risks Competitor risks 	
Enhanced technology	<ul style="list-style-type: none"> Enterprise resource planning systems integrations Digital platforms Internet of things capabilities 	<ul style="list-style-type: none"> Cybersecurity Regulatory risks Return on investment Skills User acceptance 	

Strategic overview and risk management continued

Management assesses risk in accordance with international best practice based on probability, impact and quality of the existing control environment. These measures produce residual risk scores that indicate the significance of the risk and allow for prioritisation of risk mitigation measures.

Inherent risks	Risk mitigation factors
Competitor risk <p>The risk that the Bell Equipment group's competitors' actions have a significant negative influence on the group's business and shareholders' value.</p>	<ul style="list-style-type: none"> • Live and demonstrate the Bell Equipment group motto of 'Strong Reliable Machines, Strong Reliable Support'. • Constantly exceed customer expectations through superior, innovative products and aftermarket support. • Maintain research and development spend through the trough and mid cycles, and accelerate spend in the peak cycles, thus ensuring that the Bell Equipment ADT continues to be an advanced premium product. • Adopt and practice the 1-BELL philosophy in all activities. • A focused ADT global volume growth strategy is being deployed together with dealer migration and development objectives to broaden market footprint and capture additional volumes. • An ongoing process to investigate the viability of an offshore manufacturing facility closer to major ADT markets to enhance flexibility and pursue efficiency improvements. The first phase of the process has been completed resulting in Bell Equipment committing to manufacture certain components at the Eisenach-Kindel assembly plant for the northern Hemisphere markets.
Currency risk <p>Currency volatility, not only in the Rand but also in other major currencies that the group is exposed to, is a significant risk because the group trades in different currencies and has operations in many countries.</p> <p>The group is also exposed to operational and financial currency exposures due to changes in the value of trading accounts and loans, especially intra-group accounts, denominated in foreign currencies. This has a direct impact on the group's trading results, statement of financial position, cash flows and competitiveness.</p>	<ul style="list-style-type: none"> • A group treasury policy is in place and a review of this policy by management and the board has been undertaken to ensure continued relevance. • Projections of import and export cash flows are maintained. The principle of matching South African import and export cash flows is followed wherever possible. • The majority of any remaining net foreign currency receipt and payment flows are covered forward. Foreign subsidiaries do not hedge their intra-group purchases. • The timely application of pricing policies on selling prices facilitate hedging against movements of major currencies to the Rand and other volatile currencies to which the group is exposed. • Cost containment and consideration of alternative suppliers, markets and manufacturing locations. • The size of equity and loans in foreign subsidiaries is monitored to ensure these are appropriate considering commercial requirements.
Strategic alliance partners and key supplier relations risk <p>The brands represented by Bell Equipment form an integral component of the Bell Equipment group's strategic goal of being an integrated OEM. These international brands become synonymous with Bell Equipment in relevant distribution territories therefore careful thought and effort goes into selecting strategic alliance partners and suppliers. Revenue derived from these products contributes materially to the Bell Equipment group revenue. Therefore, risks associated with a breakdown in relations and/or material non-performance by either party poses significant risks.</p>	<ul style="list-style-type: none"> • Continually build/improve the group's relationships with strategic alliance partners and suppliers at all levels within the organisation, supporting mutually beneficial objectives. • Formal process of setting, monitoring and evaluating key performance matrices to meet strategic objectives. • Add value by enforcing effective communication to all partners and suppliers on market movements and our strategy. • Maintain the Quest for Gold programme which acknowledges key suppliers for outstanding service. • Adopt the 1-BELL philosophy in dealing with strategic alliance partners and suppliers.

Inherent risks

Risk mitigation factors

Political risks in the countries in which the group operates

The group is exposed to the varying political landscapes in the regions in which it operates due to the global nature of the group's business and new markets. Therefore, it is susceptible to the associated political risks in certain regions in which it operates or plans to operate.

- As a responsible corporate citizen that contributes to the well-being of the regions in which it operates, the group endeavours to cooperate with the local authorities in those regions while remaining apolitical.
- The group strives to minimise exposure in perceived high-risk countries through effective risk management practices.
- Maintain business continuity plans catering for all eventualities the group may be susceptible to in the higher political risk regions to which it is exposed. These continuity plans are updated annually with inputs from accredited auditors to ensure international and best practice compliance.
- This risk has manifested in the currency crises experienced in Zimbabwe. This has led to a re-evaluation of risk appetite in different regions and further controls to reduce exposure in high risk regions.

Cyclical nature of the construction and mining equipment industry

The business model is highly dependent on achieving sales volumes of the core manufactured products. This is due to the upfront and substantial investment in research and development, production capabilities as well as inventory which is required to maintain a competitive advantage.

The inherent cyclicity of the industry is affected by the continued uncertainty in the commodity and emerging markets which has resulted in fluctuations in demand for the group's products in these key sectors. Accordingly, the financial performance and achievement of strategic goals of Bell Equipment is directly dependent on its ability to react to the changes in the business environment.

- Perform regular evaluations of the order book and forecasts to ensure the validity thereof.
- Secure adequate committed funding lines and actively manage cash flows.
- Actively manage working capital, reduce expenses and increase efficiencies within the group.
- Deliver exceptional customer service to capture the available business.
- Diversify geographically, away from dependence on traditional mining territories.
- Grow diversified revenue streams leveraging the Bell Equipment distribution network and manufacturing capabilities.
- Robust capital planning and budgeting processes.
- Monitor impact of business environment on key customers' access to and ability to service credit.

Regulatory risk

It is recognised that there is an increased probability of risk of regulatory non-compliance to laws and rules due to the geographic spread of the operations and therefore the size of the regulatory environment as well as the different languages and cultures.

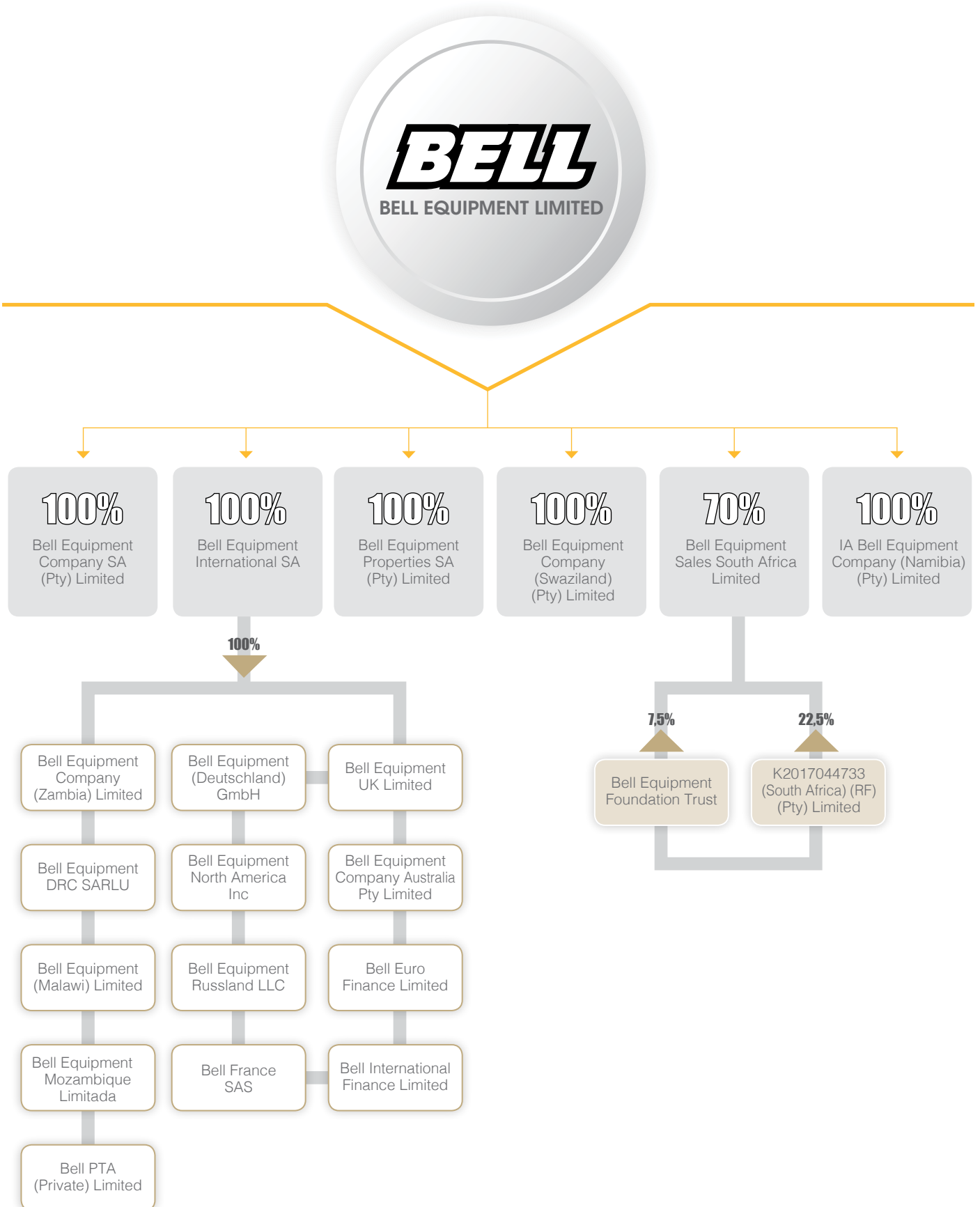
This inherent risk is further increased due to a disconnect between first and third world regulatory environments

- A group wide compliance programme continues to mature in relation to the unique regulatory requirements, and product and operational restrictions are assessed on a periodic basis.
- Local management is tasked with keeping abreast of regulatory changes within their respective jurisdictions and do so by making use of internal resources and external experts where required.
- A review of the contract management system, employee contracts and tender guidelines have been undertaken on a high-level to ensure compliance with existing and new regulatory requirements.
- Governance, ethics and compliance training has been undertaken throughout the operations. An annual training programme has been implemented to procure that appropriate and topical legislative and governance training takes place across the group.

Strategic overview and risk management continued

Inherent risks	Risk mitigation factors
Human capital <p>Bell Equipment group recognises that human capital is vital to its success. Human capital risks manifest under the following themes:</p> <ul style="list-style-type: none"> • Skills retention Due to the locations it operates in and the fact that the world is becoming a so called global village, Bell Equipment's ability to retain key skills is constantly under threat. To deliver a world class product and service, world class people is a must. Key scarce skills, particularly engineering/ technological skills in the South African environment remains a challenge. • Health and safety This risk refers to the possibility of human capital being exposed to an unsafe work environment and/or practices which result in injury whilst on duty. This is an inherent risk due to the operating environment. 	<ul style="list-style-type: none"> • Significant training and investment in employees assists in creating an increasing and enhanced skills base. The Bell Equipment apprentice programme serves as a good foundation for technical skills required for both Bell Equipment and the industry. • Implementation of performance management systems. • Retention strategy for critical skilled employees. • A risk-based health and safety management system that clearly establishes the company's expectations of employees in terms of health and safety performance. The system is aligned with OHSAS 18001:2007, a leading international standard for occupational health and safety management systems. • A comprehensive behaviour based health and safety training programme is enforced across the group to promote safe behaviour and awareness. • The 1-BELL philosophy is actively practiced on all levels through leadership, teamwork, personal accountability and effective communication. This, together with the safety management system, ensures the creation of a safe working environment and culture, reducing the likelihood of workplace injuries.
Global competitiveness <p>As primarily a South African based manufacturer supplying the global market, the increased cost of doing business in South Africa directly impacts the product cost and therefore influences Bell Equipment's competitiveness. Pressure from organised labour for above inflation wage increases, disruptions to business across the value chain due to strikes, declining productivity, escalating fuel and electricity prices, compounded with the necessity of private back-up power generation due to power outages and increasing compliance costs are some of the expenses that contribute to the increased costs of doing business in South Africa. This hinders the marketability and profitability of South African manufactured products.</p>	<ul style="list-style-type: none"> • Continuously evaluate component country sourcing for suitable price advantages. • Continuously monitor the effect of cost pressures and strategically evaluate the option of offshore manufacturing where feasible. • Monitor productivity and critically evaluate the case for mechanisation, where possible. • Continuously evolve the group's design philosophy to incorporate new technology, safety and best practices.
Niche product dependence <p>Whilst Bell Equipment has carved out a niche in the global earthmoving equipment industry and continues to strive to be the leading global ADT OEM, the group is cognisant of its dependence on this product, which is exposed to the commodity cycles.</p>	<ul style="list-style-type: none"> • Grow diversified revenue streams that leverage the Bell Equipment distribution network and manufacturing capabilities.
Lack of transformation <p>There is pressure on corporate South Africa to transform in accordance with government's transformation objectives. Government business and incentives are often aligned to the BBBEE Codes thereby making the transformation decision an economic decision.</p>	<ul style="list-style-type: none"> • Pursuit of interventions in management control, skills development and procurement to improve BBBEE points for both BESSA and BECSA. • Evaluate Black ownership options for BECSA.
Information Technology <p>The speed of IT development is driving companies to invest in the latest technology to remain competitive, while at the same time protecting themselves against cyberattacks.</p>	<ul style="list-style-type: none"> • Various actions plans are in place to improve cybersecurity and adherence to Data Protection legislation. • Redesign of enterprise architecture to provide agile, integrated system landscape. • Replace and upgrade legacy systems.

Global corporate structure



Board of directors



1. Gary Bell (66)
Non-executive chairman
 Mech Eng Diploma (Natal Technikon)
 Appointed to the board: 1977
 Risk and sustainability committee member;
 Social, ethics and transformation committee member;
 Nominations committee member;
 Remuneration committee member*.
 With an engineering and manufacturing background, Gary has over forty years' experience in and knowledge of the mining and construction machinery industry both regionally and internationally. He currently sits on the board of Trade and Investment Kwazulu-Natal.

*effective 1 February 2019.

2. John Barton (71)
Lead independent non-executive director
 FCMA, GCMA, AMP (Harvard)
 Appointed to the board: 2009
 Chairman of the nominations committee;
 Audit committee member;
 Risk and sustainability committee member;
 Remuneration committee member.
 John worked for the Anglo American group and subsidiary company Mondi where he was the chief executive and deputy chairman until 2007. He is a past president of the Durban Chamber of Commerce and Industry and was the co-chairman of the KZN Growth Coalition. John is currently the chairman of Foskor (Pty) Ltd and CBL Limited.

3. Leon Goosen (46)
Group chief executive
 BAcc (Stellenbosch), BCompt (Hons), CTA (UOFS), CA(SA)
 Appointed as an employee: 2007
 Risk and sustainability committee member.
 Prior to joining Bell, Leon was a partner at Deloitte & Touche in South Africa and Namibia. He held the position of executive director of Bell from January 2009 and was the chief operations officer from December 2014, contributing considerably to the strategic direction of the group, until he was appointed as chief executive on 1 June 2018.

4. Karen van Haght (52)
Group finance director
 BCompt (Hons) (UNISA), CA(SA)
 Appointed as an employee: 2000
 Risk and sustainability committee member;
 Social, ethics and transformation committee member.
 Karen was a senior audit manager at Deloitte & Touche prior to joining Bell as the group financial controller in 2000. She has held the position of group finance director since 2006.

5. Derek Lawrence (72)
Independent non-executive director
 BCom (Economics) (Wits), CA(SA)
 Appointed to the board: 2016
 Chairman of the audit committee;
 Chairman of the remuneration committee;
 Risk and sustainability committee member.
 Derek has held numerous senior executive positions in both listed and unlisted South African companies, operating in multidisciplinary environments with both local and foreign partners and shareholders. He is currently an independent director of:

- The Amber House, Milkwood and Thekwini RF Funds Limited, which together comprise all the note and bond holding companies of SA Homeloans Limited.
- Expand a Sign International Pty Ltd.



6. Hennie van der Merwe (71)
Independent non-executive director

BA (Law) LLB (Stellenbosch), LLM (Tax) (Wits)
Appointed to the board: 2016
Chairman of the Risk and sustainability committee; Nominations committee member. Hennie initially practiced as a commercial and corporate attorney. Upon leaving legal practice after twelve years, he held senior executive positions and directorships in large stock exchange listed corporate entities in the banking, commercial and industrial sectors, both in South Africa and abroad. He currently serves in the following board positions:

- Chief Executive and executive director of Tencor Limited;
- Non-executive director of Textainer Group Holdings Limited, listed on the New York Stock Exchange;
- Non-executive director and Chairman of the Board of Master Drilling Group Limited.

7. Rajendran Naidu (46)
Independent non-executive director

BCom (Cape Town), CA(SA)
Appointed to the board: 2017
Audit committee member, Social, ethics and transformation committee member; Nominations committee member. Rajendran was a partner at Deloitte & Touche in the financial institutions team and corporate finance practices. He was previously a group general manager at Sasol Limited responsible for corporate finance, investor relations and shareholder value management. At that time he was also chairman of the audit committee of Sasol Petroleum International and served on the board of trustees for Sasol's Group Enterprise Development Trust and worked closely with global investment banks and global consulting firms. Rajendran currently manages Pritor Capital which provides strategic and corporate development advisory and investment services.

8. Mamokete Ramathe (39)
Independent non-executive director

BCom (Wits); Masters (Development finance) (Stellenbosch); Masters (Leading innovation and change) (York St John, UK)
Appointed to the board: 2017
Chairman of the social, ethics and transformation committee; Audit committee member. Mamokete is the founder and CEO of Mamor Capital with more than fifteen years' experience in investment banking spanning across mergers and acquisitions, private equity and infrastructure finance. She was a former executive head of mergers and acquisitions at Vodacom Group responsible for evaluating and executing acquisition opportunities and other corporate activities.

9. Ashley Bell (36)
Executive director*

BCom (Marketing) (UNISA)
Appointed to the board: 2015
Risk and sustainability committee member; Social, ethics and transformation committee member. Ashley has ten years engineering and marketing experience in co-founding an OEM servicing the forestry and agricultural sectors. Following the acquisition of Matriarch Equipment in February 2019, Ashley is now employed in a full time capacity at Bell Equipment.

**effective 1 February 2019.*

10. Avishkar Goordeen (39)
Alternate executive director to Leon Goosen

BCompt (Hons) (UNISA), CA(SA)
Appointed as an employee: 2006
Avishkar has held senior positions within the Bell group in the areas of strategy, corporate finance, commercial activities, business development, risk management and IT. He is currently the BESSA chairman.

Group executive committee

The GEC is empowered and responsible for implementing the strategies approved by the board and for managing the affairs of the group. The committee is chaired by the chief executive and comprises the finance director, the managing directors of each of the regions and the executives listed below. The committee meets regularly and deliberates, takes decisions and/or makes recommendations on all matters relating to the group's strategy and day to day operations within its mandate. The mandate is set by the board and where appropriate, decisions and/or recommendations are referred to the board or relevant board committees for final approval.



ALDO MAYER (46)

Director: Global Sourcing and Strategic Projects

National Higher Diploma – Mech Eng (Natal Technikon)

B Tech (Business Management) (Natal Technikon)

Appointed as an employee in 1996



AVISHKAR GOORDEEN (39)

Chief Strategy Officer

BCompt (Hons) (UNISA)

CA(SA)

Appointed as an employee in 2006



DIANA MCILRATH (45)

Group Company Secretary and Legal

BCom (UKZN)

LLB (UKZN)

Appointed as an employee in 2016



JOHAN VAN WYNGAARDT (50)

Director: Group Human Resources

DMS Dip HRM (Damelin); DMS Dip IR (Damelin)

B Tech (Advanced Business Management) (Natal Technikon)

Appointed as an employee in 2005



KAREN VAN HAGHT (52)

Group Finance Director

BCompt (Hons) (UNISA)

CA(SA)

Appointed as an employee in 2000



LEON GOOSEN (46)

Group Chief Executive

Managing Director: Bell Equipment Company SA

BAcc (Stellenbosch); B Compt (Hons)

CTA (UOFS); CA(SA)

Appointed as an employee in 2007



DOMINIC CHINNAPPEN (50)
Director: Group Manufacturing and Sales and Operations Planning

BCom (Hons) (Logistics) (UNISA)
 CPIM (Apics)
 Appointed as an employee in 1987



DOUGLAS MORRIS (45)
Managing Director: Europe, Middle East and Africa

BCompt (UNISA)
 Appointed as an employee in 2018



HENNIE VAN DER WALT (44)
Director: Group Aftermarket and Logistics

B Eng (Mech) (NWU)
 Masters in Business Administration (UNISA)
 Appointed as an employee in 2016



NEVILLE PAYNTER (54)
Managing Director: Bell Equipment North America

NTC 3 & 4 Aircraft Technology (Germiston Technical College)
 Diploma in Business Management (Damelin)
 Diploma in Business Enterprise Studies (Institute of Commercial Management, Bournemouth, UK)
 Appointed as an employee in 2002



STEPHEN JONES (48)
Director: Group Engineering, Marketing and Product Portfolio

National Higher Diploma – Mech Eng (Natal Technikon)
 B Tech (Business Management) (Natal Technikon)
 Appointed as an employee in 2006



Joint report by the chairman and chief executive

OVERVIEW

We are pleased to report that during the year under review the group has maintained the positive momentum sparked in 2017 by delivering another set of solid results despite a significant currency devaluation loss in Zimbabwe as detailed below. Encouraging achievements were made in the strategic focus areas of growing our ADT sales and aftermarket business globally and increasing production rates for creating long-term value and ensuring sustainable growth.

The majority of our offshore focus markets for the ADT product – Europe, the US and Southeast Asia – have enjoyed good economic performance and as such, we are encouraged by the outlook for these markets. The market adoption of our products in Southeast Asia through established dealer networks was positive due in part to the fact that mining conditions and operations are very similar to those in Africa.

In the US, the world's largest ADT market, residential development is driving the current demand for ADTs, which are used for the provision of bulk earthworks. Demand also improved in Canada thanks to more stable commodity prices.

Ongoing massive infrastructure projects in Europe, including the UK's Hinkley Point nuclear power station in Somerset and the upcoming high-speed railway project, HS2, are generating increased demand for ADTs but we are mindful of the potential impact Brexit negotiations may have on this market.

Sales are low and remain under pressure at our South African and African subsidiaries. Positive management interventions in the DRC and Mozambique operations are mitigating against the challenges experienced by the group in those countries in the past, however, the currency crisis in Zimbabwe has resulted in a significant loss for the group.

Although commodity prices have improved, investor appetite for the South African mining industry remained under pressure during 2018.

During the course of 2018, Bell continued to position itself as a global ADT specialist by expanding its range of 4x4 articulated trucks to complement its traditional ADT offering. This provides those customers not affected by poor underfoot conditions with a practical alternative to tipper trucks and rigid dump trucks.

FINANCIAL

Revenue and gross profit for 2018 both increased by 10% to R7,5 billion and R1,5 billion respectively. Profit after tax of R276,4 million was 2% up on 2017, in what would have been a good result if it was not for a substantial devaluation of RTGS dollar denominated monetary assets and liabilities in Zimbabwe following the announcement of a new local currency in that country and also higher interest charges on group borrowings. The Zimbabwe devaluation of R87,4 million is included in foreign currency exchange losses in the statement of profit or loss. Headline earnings per share is up from 270 cents per share to 278 cents per share.

The Rand was very volatile but on average weaker in 2018 compared with the 2017 financial year, particularly in the second half of 2018, and this has had a positive impact on sales and margins. The weaker Rand also contributed to an increase in the reported Rand value of operating expenses that are denominated in foreign currencies. Expenses, excluding the foreign currency loss referred to above, were generally well contained, increasing by a modest 5%.

OPERATIONS

Bell continues to be a sizeable employer with approximately 3 200 employees worldwide, of which 2835 are located in South Africa. During 2018, 275 of our employees around the world celebrated long service milestones with the group. This is the largest group in the history of Bell to do so and evidences the long term benefits of our intrinsic approach of caring for our people and providing an environment for personal development and growth.

2018 saw the introduction of a new group structure, which has been a positive change and is working extremely well.

In October 2018, Kanu Equipment was appointed as an authorised distributor in the DRC following the decision to sell assets in that country and migrate to a dealer model. The Kanu Group distributes and supports Bell earthmoving equipment in a number of African countries and we are confident that their strong management team in the DRC will drive the business and provide our customers with the level of service and support that they expect and deserve.

Bell recently acquired Matriarch Equipment, giving us a renewed energy and focus in the agriculture and forestry equipment sector, the group's cornerstone industry in its formative years. We see great potential in strengthening and growing this important aspect of our business. The range of Matriarch products complements our range and enables us to better provide a tailor-made, full line solution to our customers.

The Kobelco range of excavators, introduced in the second half of 2017, continues to enjoy acceptance across all industries in southern Africa. We subsequently introduced three mini excavator models at the beginning of 2018, and these smaller units are proving equally popular in the light construction and forestry sectors.

The uptake of the Kamaz range of heavy-duty trucks in the southern African mining and construction industries was slightly slower than anticipated, with plans for the localisation and production of these trucks in Richards Bay having been delayed until market demand makes this investment more feasible. Bell is currently investigating other applications for the product to make faster headway in this highly competitive market.

SUSTAINABILITY

We recognise the importance of being a sustainable business and the risks associated with not aggressively pursuing this as a goal. Our sustainability journey is therefore managed through the strategic planning process, and involves the direct participation of the board.

Our focus remains growing global ADT volumes and optimising the lifetime revenue stream from our machines through value adding aftermarket services and products. The group is also cognisant that geographic, product and industry diversity are all key elements that contribute to the overall sustainability of our operations.

During 2018, an ALC was opened in North Carolina to better serve our customers in that region and to support the aftermarket requirements necessitated by the increased uptake of our products in the US.

Following the completion of the new ELC in Alsfeld, Germany in 2017, the group commenced the second phase expansion

Joint report by the chairman and chief executive continued

of our factory in Eisenach-Kindel in mid-2018. The facility, scheduled for completion in the third quarter of 2019, will incorporate state of the art manufacturing equipment geared towards reducing operational and product costs as well as improving our flexibility and supporting our growth in the northern Hemisphere markets.

Given the more buoyant global conditions the board took a strategic decision to increase production and aftermarket working capital to respond more rapidly to higher demand across our spectrum of client industries.

CORPORATE GOVERNANCE

Our commitment to being a good corporate citizen pervades our total approach to the business and we endeavour to act in a responsible, balanced and commercially sensible manner.

We are ever conscious of the impact on the environment and we have made pleasing progress, as detailed in our stakeholder report, as we continue to measure and mitigate these risks.

Bell is committed to the highest standards of corporate governance. Details of governance structures and the extent to which we apply relevant principles of corporate governance, including King IV and regulatory requirements, are provided in this report.

TRANSFORMATION

Bell supports transformation in South Africa and is committed to transformation at all levels across our operations. A planned third BBBEE transaction will allow customers to maximise procurement spend when purchasing from BESSA and will assist in meeting the procurement goals as set out in the 2018 Mining Charter.

To accelerate transformation of the construction industry and open doors for black-owned and managed CIDB graded contractors, Bell became the first OEM to sign a Memorandum of Understanding with SANRAL. This undertaking is aimed at enabling CIDB graded contractors to participate more meaningfully in major construction projects by providing access to earthmoving machinery, finance, leasing and rental options, training and maintenance services.

OUTLOOK

We continue our focus on research and development, with a new series truck prototype due in the second quarter of 2019. An extensive product upgrade for the small ADT truck range will also be launched at the end of the year.

Our manufacturing plant expansion in Germany, will be completed in the third quarter of 2019 with a testing phase preceding full production. Investment into the northern Hemisphere will continue at our ALC where we will implement our SAP software systems so that all three of our logistics centres are on a similar platform to enable us to provide parts online. The world is changing and our customer base increasingly requires online solutions, and thus we are investing in these.

There continues to be many external factors that could impact both our global and local businesses. While our order book remains strong and our business continues to grow in the US and the EU, we recognise the risks that Brexit and the trade war between the US and China may have on business globally.

Closer to home, Zimbabwe is experiencing ongoing currency and economic troubles and there is considerable uncertainty in Zambia and also in South Africa leading up to the national election on 8 May 2019, which we are monitoring closely. We are confident that we have an excellent and resilient team coupled with a strategy that is capable of overcoming any challenges and capitalising on the opportunities 2019 may bring.

DIVIDENDS

The board has declared a final dividend of 25 cents per share which added to the interim dividend of 20 cents amounts to a total dividend of 45 cents for the year, the same as for 2017.

BOARD CHANGES

On 1 June 2018, Gary Bell stepped down as the chief executive and assumed the role of non-executive chairman of the board, thus paving the way for Leon Goosen to take over as the chief executive in line with the group's succession plans as outlined in last year's report. The board is pleased to appoint Leon as the best candidate after a global search.

Following the seamless handover the group continues to enjoy the full support of stakeholders and employees.

Our outgoing chairman, John Barton, has assumed the role of lead independent non-executive director to ensure adherence to good governance principles, in compliance with the King IV requirements. We are grateful for his continued invaluable input into the board and thank him for his three years as chairman and his dedication to the group.

APPRECIATION

On behalf of the board we would like to thank executive management and our 1-BELL team for being fully committed, living our 1-BELL principles, of Customers, Teamwork, Quality, Efficiency and Safety, and going the extra mile to build on the Bell legacy.

We are also grateful to all of our stakeholders for their continued support and confidence in the group.

A special thanks to our extended family of customers and dealers around the world who continues to show confidence in our products and entrust us with the ongoing support of their Bell machines.

We further extend our appreciation to our fellow board members for their hard work and guidance.

The hard work, teamwork and dedication that were demonstrated during 2018 to achieve production targets, entrench new products into the range and grow new markets have enabled us to continue on our upward trajectory.





Finance director's report

SALIENT FEATURES

REVENUE R7,5 billion +9,6% (2017: R6,9 billion)	EXPENSES R1,226 billion +13,5% (2017: R1,081 billion)	NPAT R276,4 million +1,6% (2017: R272,1 million)	HEPS 278 cents +3% (2017: 270 cents)	TOTAL DIVIDEND 45 cents unchanged (2017: 45 cents)
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In 2018 the group implemented *IFRS15, Revenue from Contracts with Customers*, and consequently certain prior year figures have been restated. Where applicable, prior year figures referred to in this report have been restated.

FINANCIAL PERFORMANCE

Revenue increased by 9,6% in 2018 to R7,5 billion. The group reported a stable profit after tax for the year of R276,4 million, compared with R272,1 million for 2017, but the result for 2018 was after a significant once off currency loss in Zimbabwe of R87,4 million. Without this currency loss, the result for 2018 would have been a significant improvement on 2017, especially in the second half when a weaker Rand increased margins on both export and local sales and higher production volumes at the Richards Bay facility led to greater overhead absorption. Headline earnings per share was 278 cents (2017: 270 cents). Total dividends of 45 cents per share were paid for the year, 20 cents per share at interim and a final dividend of 25 cents per share, the same as paid for the 2017 financial year.

Sales in the Rest of Africa segment increased by 8,6% and contributed 8,9% of group sales in 2018 compared with 9,0% in 2017. This segment's result was negatively impacted by a currency loss in Zimbabwe following the introduction of the RTGS dollar and the separation of bank accounts between RTGS dollar accounts and USD accounts. All monetary assets and liabilities were revalued at year end using the Old Mutual Implied Rate. The majority of the foreign currency loss relates to the devaluation of significant RTGS dollar bank balances trapped in that country. This followed low currency allocations throughout 2018 and the investment of some cash in listed shares in Zimbabwe to try and protect the group from the currency devaluation. The group continues to service customers who own Bell machines in Zimbabwe, but under current circumstances will only be in a position to deliver parts and machines to that country after receipt of payment in advance in South Africa for the goods. Elsewhere in the Rest of Africa segment, there was some recovery in sales in the group's operation in Zambia although management is concerned about the current economic and political conditions in Zambia. In 2018, the group's operation in the DRC was sold to an independent dealer. This followed the sale of the group's operation in Mozambique to an independent dealer in 2017.

Revenue from sales in South Africa increased by 10,2% compared with 2017 and contributed 43,4% of group sales in 2018, almost the same as 43,3% in 2017. 2018 was a very difficult year for the SA construction market with very few projects and low activity and this impacted on sales into this market and the profitability of this segment. Coal related demand however remains strong in South Africa.

Total group sales in Europe increased by 23,2%, with the contribution by the European market to total group sales increasing from 18,6% in 2017 to 20,9% in 2018. The contribution to operating profit from this segment reduced slightly in 2018 mainly due to below plan assembly volumes at the assembly plant in Germany, affected by supplier delivery constraints and a challenging SAP implementation in Germany. The SAP challenges have since been resolved.

Sales in the north American market decreased by 17,3% in 2018 following an increase of 80,0% in 2017 and contributed 13,2% to group sales, compared with 17,4% in 2017. Sales were affected by delivery constraints from the assembly plant in Germany, but it also needs to be understood that the group sells to an independent distributor in this region rather than directly to dealers, and as both the distributor and dealers carry inventory, the trend in the group's sales into this region over time needs to be measured rather than the sales in any one financial year. The opening of the new ALC in 2018 with the aim of enhancing the supply of parts and after sales support to customers in this segment will have a positive impact on LTRS growth in this market, especially in time as machines in the field age.

Sales to independent dealers in Africa, South America and Australasia comprised 13,6% of group sales compared with 11,7% in 2017.

Finance director's report continued

GROSS MARGIN

The gross margin is dependent on the product and geographic mix of sales, market conditions and exchange rates. Gross profit held up well in 2018 and increased by 10,2% in Rand terms in 2018 in line with the increase in sales, despite difficult market conditions in certain markets. The average gross margin for the year was 19,7% compared with 19,6% in the prior year. Although the Rand started off 2018 stronger against the Euro and the USD than it had been in 2017, the Rand weakened in the second half of the year and overall was weaker on average in 2018 than in 2017. This was favourable for Bell.

OTHER OPERATING INCOME

The introduction of IFRS15 in 2018 resulted in income from the sale of extended warranty products being reclassified as revenue whereas this had previously been included in other operating income. Prior year numbers were also restated.

Other operating income increased by 42,2% in 2018 due to an increase in production incentives in the form of import duty rebates. This increase was due to higher production volumes in 2018.

EXPENSES

Group overheads increased by 13,5% in 2018. Excluding the foreign currency loss in Zimbabwe, overheads increased by just 5% and we are pleased with the control of costs throughout the group.

The group has continued its investment in research and development and development costs totalling R37,5 million were capitalised during 2018. These costs are amortised over the life of new machines once projects have been completed. The total cumulative carrying value of capitalised development costs at year end amounted to R215,6 million and total amortisation of development costs for the year amounted to R23 million.

Net foreign currency losses increased to R127,4 million for the year, but this includes the R87,4 million currency loss in Zimbabwe referred to earlier in this report. The balance relates to the impact of the weaker Rand on import payments and the revaluation of foreign payables at the Richards Bay facility.

INTEREST PAID

Interest costs rose in 2018 due to higher average borrowings, mostly funding higher working capital, especially inventory. The group has also extended longer credit terms to certain customers to fund the purchase of machines from the group. Especially in the SA market, customers increasingly seek a financing solution together with the purchase of machines and there has been an increase in long term receivables relating to this financing. Higher interest costs meant that profit before tax for the year was up only 0,5% on 2017, despite profit from operating activities being up 12,5%. Interest cover reduced from 9,3 to 5,1 times.

TAXATION

The effective tax rate of 31,8% was very similar to the 2017 rate of 32,6%. The foreign currency loss in Zimbabwe was not tax deductible and this had a negative impact of 6% on the effective tax rate of the group.

FINANCIAL POSITION

The profit for the year and the impact of the weaker Rand on the foreign currency translation reserve resulted in the net asset value per share increasing by 12,4% from 3 136 cents in 2017 to 3 526 cents in 2018.

RETURN ON EQUITY

The group still has some way to go to deliver on its objective of providing meaningful financial returns to shareholders through the business cycle. Return on equity for the year was 8,7%.

PROPERTY, PLANT AND EQUIPMENT

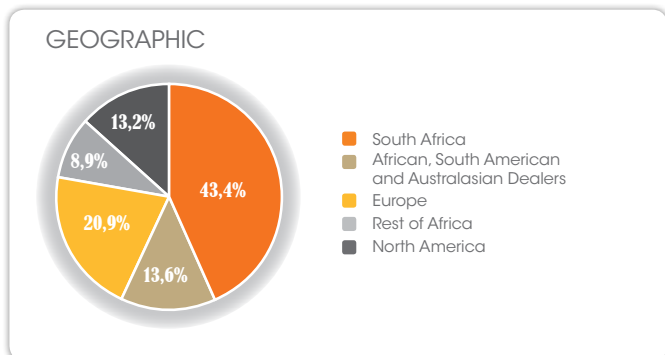
The completion of construction of the manufacturing plant on the recently purchased German assembly site, on which the group has assembled ADTs for the last decade or so, and the commencement of manufacturing in Germany is an exciting development which the group looks forward to in 2019. Approximately R200 million was invested in this capex in 2018 and a further R35 million has been committed to complete the construction in the first half of 2019.

WORKING CAPITAL

Inventory is up R858 million or 28% and days increased from 203 days at the end of 2017 to 236 days at the end of 2018. There were a number of drivers of the increased inventory. Firstly, the addition of the Kobelco and Kamaz products to the distribution range meant that the group has added machines and parts inventory of these brands to the group's inventory holding. In addition, the construction sector in South Africa was harder hit than expected and this meant that sales targets into this sector were not met and that the group ended 2018 with higher inventory levels in South Africa than planned. These levels will be worked down in 2019. The new parts logistics centre in the US, the ALC, started operations in 2018 and parts inventory is now being carried at that facility. Strategic stockholdings of certain key, long lead time components were also added at both the Richards Bay and German facilities in order to improve manufacturing and assembly response times and flexibility.

The working capital cycle for the group is high due to long lead times into the factory in South Africa from northern hemisphere suppliers and a number of owned distribution operations. However, with the transition of more sales operations from owned operations to independent dealers, the working capital investment and cycle will reduce. Optimisation of inventory levels remains a focus area for the group and systems are in place to monitor levels and respond on a timely basis when necessary.

2018 REVENUE ANALYSIS



Trade receivables days are within targeted levels and bad debts remain low. Interest bearing receivables have increased with an increase in finance leases and instalment sale agreements with customers to assist them with funding the purchase of machines from the group. The group retains ownership of machines until they are fully paid for and the protection of the value of the financed machines is a key consideration in the extension and management of credit risk. The investment in the rental fleet was also increased from R78,7 million in 2017 to R106,9 million in 2018.

BORROWINGS

The group invested cash in inventory and to a lesser extent, receivables. Borrowings also increased as a result of the Euro mortgage loan secured to finance the property development in Germany. Borrowings are at the upper end of the targeted gearing range of between 30% and 40%. Borrowings remain at an acceptable level at the date of this report and there is adequate headroom on banking facilities.

EXCHANGE RATES

The Rand weakened in the second half of 2018 and this has extended into 2019. This is favourable for the group.

The group's approach to managing foreign currency exposures remains the same as in past years. A substantial portion of the group's purchases and sales transactions are in foreign currency and as such the group has a strong natural currency hedge. Forward cover contracts are utilised to manage the residual trade exposure to the Rand.

The group is further exposed to currency fluctuations with respect to the translation of profits into Rand, as a substantial portion of the group's operating profit is derived from operations outside South Africa.

LOOKING AHEAD

The Bell group strives to create value for all its stakeholders and to manage its financial capital to support the group's growth and diversification objectives in a sustainable and profitable manner. We remain committed to moving closer towards delivering meaningful financial returns to shareholders.



Corporate governance report

Good governance contributes to value creation and Bell Equipment's governance philosophy is founded on principles of accountability, transparency, ethical management and integrity.

The group strives to take all reasonable endeavours to implement the best processes and principles of good corporate governance to assist its management and directors in discharging their duties and responsibilities, aligning its strategy and risk management with its performance to ensure that the group is sustainable in the long term and adds value to its stakeholders.

The directors are ultimately responsible for ensuring compliance with all relevant laws, regulations and codes throughout the group. The board and its committees continue to monitor closely the implementation of Bell Equipment's legal compliance processes and improve upon them to mitigate the risk of non-compliance with the laws in the various jurisdictions in which it does business. The group has an established and comprehensive group approvals framework that is reviewed annually and is aimed at clarifying the various limits of authority in place within the group.

ASSESSMENT OF AND APPLICATION OF KING IV PRINCIPLES

Bell Equipment subscribes to sound standards of corporate governance, integrity and ethics, as defined in King IV. The group supports the shift towards an outcomes based and holistic approach to corporate governance and the consequent mindful application of the principles contained in King IV. Bell Equipment has considered its application of and adherence to the King IV principles and the group materially complies with the principles of King IV and continues to identify areas where the recommended practices can be enhanced and entrenched in its governance structures, systems, processes and procedures. Bell Equipment's report on the application of the King IV principles is available on its website www.bellir.co.za.

ETHICS MANAGEMENT

The board is committed to providing effective and ethical leadership characterised by accountability, fairness and transparency. The board accepts responsibility for ensuring that management nurtures a culture of ethical conduct and establishes the correct tone at the top in respect of the group's culture and values. Corruption is a risk that is managed on an ongoing basis, particularly in the diverse areas in which the group operates.

The group code of ethics was reviewed by the social, ethics and transformation committee and approved by the board in August 2018. The updated code was thereafter communicated to the group via the software communication and policy management solution, NetConsent, and through ongoing awareness training. The group code of business conduct and the group fraud and commercial crimes policy continue to be entrenched into the culture of the group. These policies, among others, set stringent standards relating to fraud and the prosecution of offenders, the acceptance of gifts from third parties and declarations of potential conflicts of interest. Annually, employees are required to submit an electronic employee governance declaration confirming their compliance to the group codes and policies, declare any potential conflicts of interest as set out in the conflicts of interest

policy as well as disclosing any approved outside activities that are undertaken. The GEC reviews the outcome of such declarations and addresses any non-compliance with policies or perceived material conflicts of interest.

Bell Equipment has an established fraud working group that meets quarterly or more frequently when required. The fraud working group monitors and oversees the investigation of all fraud related and unethical matters and reassesses the adequacy of the internal control environment (particularly those controls directly impacting on the incidents) and assesses whether there is a need for modification or additional training. All matters reported through the anonymous tip off reporting line managed by Deloitte are also assessed by the fraud working group and meetings are set up with the internal auditors and investigators to ensure matters are effectively investigated in terms of the group fraud and commercial crime policy.

One of the best defences against fraud is a workforce that is trained in prevention and detection. The fraud working group provides strategic guidance to different departments on fraud and unethical behaviour detection and preventative actions. This is done through management briefs, presentations and training initiatives. Fraud awareness training is ongoing and the staff are encouraged to report suspected fraudulent or unethical behaviour confidentially via the anonymous tip off reporting line. Awareness of this facility is created through presentations, newsletters and encouragement of staff to report such incidents before significant losses are incurred. Comprehensive processes continue to be embedded into the group to ensure accountability and corporate responsibility. International Fraud Awareness Week took place from 11 to 17 November 2018. The group utilised the opportunity to reinforce ethical decision making and fraud awareness throughout the group and a fraud awareness campaign was developed to run every day of that week. The theme for the week was "taking personal responsibility for behaving with integrity" and was based on the 1-BELL philosophy and linked to the fundamental values of honesty, integrity, fairness, respect, concern for others and personal accountability. Fraud awareness training was also scheduled for each day of the week for the different Bell divisions.

FINANCIAL STATEMENTS AND EXTERNAL REVIEW

As a part of Bell Equipment's corporate governance policy, standards and systems of internal controls are designed and implemented by management to provide reasonable assurance on the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability for shareholder investments and group assets.

The board is of the opinion that the internal financial controls are adequate and that the financial records can reliably be used for preparing the financial statements in accordance with IFRS and to maintain accountability for the group's assets and liabilities.

During the year under review no matters came to the attention of the directors to indicate that a breakdown in the functioning of controls, resulting in material loss to the group, had occurred during the year and up to the date of this report.

For more information on the group's financial strength and sustainability, please refer to the finance director's report on page 33 and the summarised consolidated financial statements from page 74.

GOING CONCERN

The board is apprised of the group's going concern status at the board meetings coinciding with the interim and final results. The board is satisfied that the group has adequate resources to continue operating for the next 12 months and into the foreseeable future and the financial statements have been prepared on a going concern basis.

CORPORATE GOVERNANCE STRUCTURE

Board of directors

Chairman of the board

Gary Bell, *non-executive chairman*

Executive directors

Leon Goosen
Karen van Haght
Avishkar Goordeen (*alternate*)
Ashley Bell*

*Designation changed from non-executive to an executive director on 1 February 2019.

Independent non-executive directors

John Barton (*lead independent*)
Hennie van der Merwe
Derek Lawrance
Rajendran Naidu
Mamokete Ramathe

Nominations
committee

Social, ethics and
transformation
committee

Audit committee

Risk and
sustainability
committee

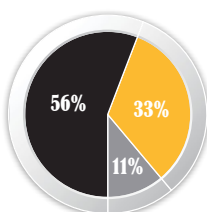
Remuneration
committee

Group executive committee

Empowered and responsible for implementing board approved strategies and managing the affairs of the group, the GEC is chaired by the chief executive and comprises the group finance director, the managing directors of each region and the executives listed on page 26.

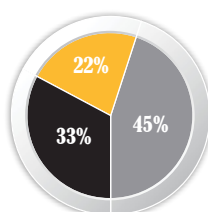
BOARD COMPOSITION AND DIVERSITY

Director designation



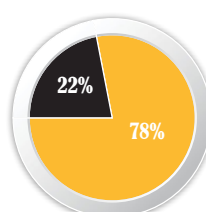
Executive
Non-executive
Independent non-executive

Age



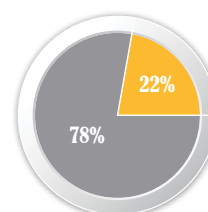
35 to 45 years
46 to 69 years
70 years +

Gender diversity



Male
Female

Race diversity



Black
White

Corporate governance report continued

The composition of the board reflects a balance of executive and non-executive directors, of whom the majority are independent, in order to ensure that there is a clear balance of authority so that no one individual has unfettered decision making powers.

During the year under review the nominations committee evaluated the independence of the non-executive directors and confirmed that five of the non-executive directors are independent as defined by King IV and the JSE Listings Requirements. The nominations committee is also mindful of its responsibility to preserve an appropriate balance of skills and experience on the board, and it is therefore of the view that the retention of certain members beyond nine years may be beneficial in certain circumstances to ensure this balance and that orderly succession can take place.

The group has a policy in place detailing the procedures for appointments to the board of directors. The appointments are formal and transparent and a matter for the board as a whole, duly assisted by the nominations committee.

Newly appointed directors are formally informed of their fiduciary duties by the company secretary. Upon their appointment, directors receive an induction pack consisting of, *inter alia*, agendas and minutes of the previous two board and committee meetings (if applicable), latest annual financial statements, the MOI, the integrated annual report, the directors' code of conduct, the group global structure, board and committee charters and information on the JSE Listings Requirements and the obligations therein imposed upon directors.

The roles of the non-executive chairman and the chief executive are formalised, separate and clearly defined.

The chief executive and other executive directors are employed on service contracts. Mrs Karen van Haght is a full time executive finance director of the group.

With effect from 1 June 2018, Gary Bell stepped down from his role as chief executive and remained with the group, having been appointed by the board of directors as the non-executive chairman of the board. Leon Goosen assumed the position of chief executive and John Barton stepped down as chairman of the board, having been appointed by the board as the lead independent non-executive director.

The board recognises the benefits of gender and race diversity at board level. In line with the board approved diversity policy promoting both gender and race diversity, the voluntary measurable objectives for achieving gender diversity on the board was to ensure that more than 25% of the board was comprised of women by the end of 2018 and the measurable target for achieving race diversity on the board was 30% by end of 2018. While the voluntary race and gender diversity targets have not been reached in respect of the board for the 2018 year, the nominations committee confirmed its satisfaction with the target levels and would continue to work on improving diversity on the board and continue to consider and apply the policy on gender and race diversity in the nomination and appointment of directors.

All non-executive directors have unrestricted access to management at any time. When required, non-executive directors are entitled to access the external auditors and, at Bell Equipment's expense, are able to seek independent professional or expert advice on any matters pertaining to the group.

ROLES AND RESPONSIBILITIES OF CHAIRMAN, LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE DURING THE REPORTING PERIOD

Chief executive: full time executive director	Chairman: non-executive director	Lead independent non-executive director
<p>The role of the chief executive, as determined by the board, is to:</p> <ul style="list-style-type: none"> own the vision and build the culture of the group; oversee and deliver the group's performance; lead the group and the management team; be ultimately responsible for all day to day management decisions and operations of the group in order to implement the strategic goals set by the board through the GEC; be the group's principal spokesperson; and act as direct liaison between the board and management and communicate to the board on behalf of management. 	<p>The role of the chairman is to:</p> <ul style="list-style-type: none"> provide leadership and firm guidance to the board; encourage proper deliberation; lead the board and not the group; be the link between the board and management; be the main link between the board and shareholders; and provide skills and industry experience to the group. 	<p>The role of the lead independent non-executive director is to:</p> <ul style="list-style-type: none"> provide independence as the chairman is not an independent non-executive director; ensure adherence to good governance principles; handle all conflict of interest matters that may arise; assume the responsibilities of the chairman when the latter is unable to attend relevant board and committee meetings; and assume the responsibilities of the chairman when the chairman's performance is being appraised or term of office is being reviewed.

In accordance with Bell Equipment's MOI, at least one third of the non-executive directors must retire by rotation each year but may offer themselves for re-election. The non-executive directors retiring by rotation and standing for re-election by the shareholders are John Barton, Rajendran Naidu and Mamokete Ramathe. Their abridged curricula vitae can be found on pages 24 to 25.

BOARD CHARTER

The board is responsible for approving the strategic direction of the group and assisting management in achieving its strategic goals.

The board conducts its business in the best interest of the group and fulfils its fiduciary duty to act in good faith, with due care and diligence, and by ensuring that the group performs in the interests of its broader stakeholder group, including investors in the group, its customers, its business partners, employees and the communities in which it operates.

The scope of authority, responsibility, composition and functioning of the board is contained in a formal charter. The board charter and each of the committees' charters are reviewed annually. The board and committee charters are available on request from the company secretary.

The directors retain overall responsibility and accountability for:

- monitoring corporate governance, approval of the group's strategy, setting objectives, monitoring implementation of board plans and strategies, effective leadership on an ethical foundation;
- approving the strategic direction of the group and the budget necessary for the implementation of the strategy;
- being the guardian of ethics and the values of the group;
- exercising leadership, integrity and judgement in directing the group so as to achieve continuing prosperity for the group, retaining full and effective control of the group;
- appointing the chief executive and ensuring proper succession planning for the group's executive directors and senior management;
- assuming overall responsibility for risk management;
- safeguarding the integrity of corporate governance processes;
- ensuring that technology and systems used in the group are adequate to run the business properly and evaluating and monitoring IT governance within the group;
- implementing best practice disclosure and reporting practices that facilitate transparent and open communication with key stakeholders throughout the year;
- ensuring that procedures and practices are in place, including systems of internal control, that protect the group's assets and reputation; and
- approving the annual financial statements and the integrity of the integrated annual report.

COMMITTEES' MANDATE AND CHARTERS

The board applies responsible governance in ensuring the managing of the business within the approved risk appetite through various board committees. Delegation is formal and involves approved and documented charters for each committee, which are reviewed annually, and ensuring that

members of each committee have the appropriate skills and expertise.

In line with King IV, the group has a separate audit committee, a remuneration committee, a social, ethics and transformation committee, a nominations committee and a risk and sustainability committee. They play an important role in enhancing good corporate governance and improving internal controls, thus assisting in the sustainable performance of the group.

The board is satisfied that the committees are aligned with the principles set out in King IV and are appropriately structured and competent to deal with the group's existing and emerging issues and that they have effectively carried out their responsibilities according to their charters and terms of reference, and the annual work plans that are approved at the commencement of the year.

NOMINATIONS COMMITTEE

Composition

Chairman:

- John Barton – lead independent non-executive director

Members:

- Rajendran Naidu – independent non-executive director
- Hennie van der Merwe – independent non-executive director
- Gary Bell – non-executive chairman of the board

Following Gary Bell's appointment as the non-executive chairman of the board on 1 June 2018 and John Barton's appointment as lead independent non-executive director, John remained the chairman of the nominations committee and Gary was appointed as a member with effect from 6 June 2018.

Brief particulars of the committee members can be found on pages 24 to 25.

Three meetings were held during the year.

Summary of roles and responsibilities

The roles and responsibilities of the nominations committee are:

- to ensure appropriate board composition in order to achieve the appropriate balance of skills, experience and diversity required to lead, control and best represent the group;
- to consider the performance of directors and oversee the development and implementation of continuing development programmes for directors;
- to review the policy which details the procedures for appointments to the board, and which ensures a balance of power and authority at board of directors' level so that no one director has unfettered powers of decision-making; and
- to review succession planning arrangements for the board and the executive management of the group.

Corporate governance report continued

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

Composition

Chairman:

- Mamokete Ramathe – independent non-executive director

Members:

- Gary Bell – non-executive chairman of the board
- Ashley Bell – executive director*
- Rajendran Naidu – independent non-executive director
- Karen van Haght – finance director[∞]

Brief particulars of the committee members can be found on pages 24 to 25.

Three meetings were held during the year.

Summary of roles and responsibilities

The responsibilities of the social, ethics and transformation committee, which are aligned with the statutory functions as set out in the Companies Act and the Regulations to the Companies Act, include:

- monitoring group activities on social, transformation and economic development, good corporate citizenship, environment, environmental risks, health and safety, consumer relationships, labour and employment;
- compliance with the Employment Equity Act and BBBEE legislation; and
- educational development of its employees.

The full report by the chairman of the social, ethics and transformation committee can be found on page 46.

* Ashley Bell's designation changed from a non-executive director to an executive director on 1 February 2019.

[∞] Karen van Haght was appointed to the social, ethics and transformation committee on 6 June 2018.

AUDIT COMMITTEE

Composition

Chairman:

- Derek Lawrance – independent non-executive director

Members:

- John Barton – lead independent non-executive director (from 1 June 2018)
- Rajendran Naidu – independent non-executive director
- Mamokete Ramathe – independent non-executive director

All the members were elected as members of the committee by the shareholders at the AGM on 15 May 2018.

Four meetings were held during the year.

Summary of roles and responsibilities

The roles and responsibilities of the audit committee are aligned with the statutory functions as set out in the Companies Act and the Regulations to the Companies Act and include:

- oversight of the group's financial reporting;
- ensuring continued independence of external auditors;
- overseeing the external audit process;
- overseeing the integrated reporting;
- applying, as practical, the combined assurance model to ensure a coordinated approach to all assurance activities;
- reviewing the expertise, resources and experience of the finance function;
- considering the appropriateness of the expertise and experience of the finance director; and
- overseeing the internal audit function.

The full mandate of the audit committee can be found in the detailed audit committee report included in the full audited consolidated financial statements on the group's website at www.bellir.co.za.

RISK AND SUSTAINABILITY COMMITTEE

Composition

Chairman:

- Hennie van der Merwe - independent non-executive director

Members:

- John Barton – lead independent non-executive director
- Ashley Bell – executive director*
- Gary Bell – non-executive chairman of the board
- Derek Lawrance – independent non-executive director
- Karen van Haght – finance director
- Leon Goosen – chief executive

Brief particulars of the committee members can be found on pages 24 to 25.

Three meetings were held during the year.

Summary of roles and responsibilities

The risk and sustainability committee is responsible for:

- the review and monitoring of the implementation of the group's risk management policy and plan;
- the review of the Bell Equipment group risk appetite and risk tolerances and the review of the risk appetite and risk tolerance matrices, the Bell Equipment group strategic risk register and the high impact risks that are reported on at the risk and sustainability committee meetings;
- the review and assessment of the risk philosophy, strategy and policies recommended by the GEC and the consideration of the reports by the GEC on these issues;
- reporting to the audit committee on its findings in respect of material legal and compliance risks and in respect of the group's policies on risk assessment and risk management which may have an impact on the group's financial statements;
- reviewing the adequacy of insurance coverage;
- focusing on the development, progressive implementation and monitoring of the policies and plans to deal with the sustainability issues which relate to the long term sustainability of the group;
- reviewing the integrated annual report to shareholders with regard to the relevant sustainability considerations as set out in the stakeholder relations report; and
- considering whether and to what extent external assurance is required on integrated reporting to shareholders with regard to the relevant sustainability considerations.

* Ashley Bell's designation changed from a non-executive director to an executive director on 1 February 2019.

REMUNERATION COMMITTEE

Composition

Chairman:

- Derek Lawrance – independent non-executive director

Members:

- John Barton – lead independent non-executive director
- Gary Bell – non-executive chairman of the board*

The chief executive attends all remuneration committee meetings by invitation.

Three meetings were held during the year.

Summary of roles and responsibilities

The roles and responsibilities of the remuneration committee are to:

- oversee the establishment of and regularly review the group remuneration policy;
- ensure that the remuneration policy and the implementation report are both put to non-binding advisory votes at the AGM of shareholders and that the process of engagement with shareholders in the event of a 25% or more vote against such reports is followed;
- oversee the preparation of the remuneration report for inclusion in the integrated annual report;
- advise on non-executive directors' remuneration;
- advise and monitor executive remuneration and ensure that the group's executive directors and management are rewarded fairly in accordance with their individual contribution to the group's overall performance objectives;
- approve and review incentive bonus or share schemes; and
- evaluate the chief executive's performance.

The detailed responsibilities of the remuneration committee can be found under the remuneration committee report on page 48.

*Gary Bell was appointed as a member from 1 February 2019, when Ashley Bell stepped down.

Corporate governance report continued

GROUP COMPANY SECRETARY

Diana McIlrath, the current company secretary, continues to ensure that board procedures, regulations and governance codes are observed, and also provides guidance to the directors on governance, compliance and their fiduciary responsibilities. Directors have unrestricted access to the advice and services of the company secretary.

The company secretary coordinates the induction programme for newly appointed directors, as well as the board and committee evaluation process. The company secretary provides advice and updates to the board at all meetings by reporting on new and amended legislation and regulations relevant to the group's business.

In terms of the JSE Listings Requirements the board is required to consider and satisfy itself on an annual basis on the competence, qualifications and experience of the company secretary.

Following the formal assessment conducted by the board of the company secretary at the end of November 2017, the board has again informally assessed the company secretary's competence during this reporting period.

The board is satisfied that the company secretary has the requisite competence, qualifications and experience to carry out the required responsibilities and continues to be independent of the board. The company secretary is not a director of the company.

The board is satisfied that the company secretary is the gatekeeper of good governance, and that in the absence of any existing relationships, she is able to interact with the board and its individual directors at arms length, and that the directors are able to look to the company secretary for guidance on their responsibilities and duties.

BOARD AND COMMITTEE EVALUATIONS

Following the formal and comprehensive questionnaire based self evaluation assessment undertaken by the board, the committees, the chairman and the company secretary at the end of 2017, a written report was prepared on the outcome of the evaluation process and action items flowing from such evaluation report were considered by the board and separately by each of the committees. Discussions were then held with the chairman of the board and each director individually. Such action items were subsequently implemented during 2018. The assessment indicated that, in the opinion of the directors, the board, its committees and the chairman had discharged their responsibilities effectively. Having given consideration to the skills, experience and expertise of the members of the board and each of the committees, the directors believe that the board and each of the committees remain well balanced in terms of skills, qualifications and experience, and make a meaningful contribution to the group.

The board has agreed to undertake a formal assessment of the performance of the board, each of its committees and the chairman every second year going forward and in this regard, this will be undertaken again towards the end of 2019.

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

The board meets at least once every quarter. Additional meetings can be convened to consider specific business issues that may arise between scheduled meetings.

ATTENDANCE REGISTER:

1 January 2018 to 31 December 2018

	Board	Audit	Risk and Sustainability	Nominations	Remuneration	Social, ethics and transformation
Number of meetings	4	4	3	3	3	3
John Barton	3	3	3	3	3	
Gary Bell*	4		3	1		3
Karen van Haght [∞]	4	4 ⁺	3			2
Leon Goosen	4	4 ⁺	3	2 ⁺	3 ⁺	3 ⁺
Ashley Bell**	4		3		3	3
Hennie van der Merwe	4		3	3		
Derek Lawrance	4	4	3		3	
Mamokete Ramathe	4	4				3
Rajendran Naidu	4	4		3		3
Avishkar Goordeen	4		3 ⁺			3 ⁺

* Gary Bell was appointed to the nominations committee on 6 June 2018.

[∞] Karen van Haght was appointed to the social, ethics and transformation committee on 6 June 2018.

** Ashley Bell stepped down from the remuneration committee on 1 February 2019.

+ Leon Goosen, Karen van Haght and Avishkar Goordeen attend the committee meetings as invitees.

LEGISLATIVE AND REGULATORY COMPLIANCE

An analysis of the current and pending legislation and regulations relevant to the group is presented to the board and to the relevant committees during the year. Board members are committed to complying with the disclosure, transparency and listing rules of the JSE and King IV. The implementation of the regulatory compliance framework continues to be progressed throughout the operating groups. During the year under review, the board monitored compliance with the Companies Act, JSE Listings Requirements in line with the advice of the group's sponsor, King IV and other material legislation affecting the group.

CONFLICTS OF INTEREST AND SHARE DEALINGS

The board recognises the importance of acting in the best interest of the group and protecting the legitimate interests and expectations of its stakeholders. The board consistently applies the provisions of the Companies Act on disclosing or avoiding conflicts of interest. Directors are required to declare their personal financial interests, in contracts or other matters in which Bell Equipment has a material interest, or which are to be considered at a board meeting in general, annually and

specifically at the commencement of each meeting of the board and each committee meeting in accordance with the requirements of the Companies Act.

Where a potential conflict of interest exists, directors are expected to recuse themselves from relevant discussions and decisions.

All directors are required to comply with the group code of ethics, the provisions of the Financial Markets Act, 2012, as amended from time to time, and the JSE Listings Requirements regarding inside information, price sensitive information, dealings in securities and the disclosure of such dealings which have been covered previously in various Bell codes, policies and procedures, including the group code of business conduct. During the reporting period, the board considered and approved a standalone corporate information policy which takes account of the JSE Listings Requirements' amendments applicable to price sensitive information and cautionary announcements and formalises the safeguarding and appropriate disclosure of price sensitive information by establishing guidelines for interactions with outside parties, including investors, investment analysts, journalists and publishing houses.

As required by the JSE Listings Requirements, a closed period is implemented at both half year and at year end until the release of the interim and year end results respectively. During closed periods, directors and designated senior executives may not deal in the shares or in any other instrument linked to the shares of the group. Directors and senior designated employees are required to instruct their portfolio or investment managers not to trade in Bell Equipment securities without their written consent. Details of all dealings by directors during the reporting period are contained in the directors' report in the full audited consolidated financial statements on the group's website.

EXTERNAL AUDIT

Deloitte & Touche is the group's external audit service provider and is the appointed external auditor of all significant components of the group. The external auditors are responsible for reporting on whether the financial statements are fairly presented and whether they are prepared in all material respects in compliance with IFRS. Their audit also includes an assessment of selected internal controls. The preparation of the annual financial statements and the adequacy of the systems of internal control remain the responsibility of the directors.

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

INTERNAL CONTROL SYSTEMS

Management is responsible for systems of internal control. Such systems are designed to assist in achieving business goals and to safeguard assets. They also play a key role in preventing and detecting fraud and error. An effective internal control system provides reasonable assurance with respect to financial statement preparation and asset safeguarding. In this regard, a group controls framework has been developed for the following cycles: order to cash; procure to pay; inventory;

payroll; financial statement close process; IT general controls; and fixed assets.

The minimum controls required in each group operation for each business cycle, with clear accountability by name for each control, is in place and such framework is key to driving an improvement in controls throughout the group. The training of each of the group operations and functions on the controls framework has been completed and a self assessment tool to assist managers in managing the internal controls within their areas of accountability, has been rolled out.

The effectiveness of internal control systems can change with circumstances and, for this reason, these are reviewed and updated regularly. The systems presently in place are suitably aligned with the monitoring requirements and nothing has come to the attention of the directors, or internal auditors, to indicate that any material breakdown in the functioning of Bell Equipment's key internal controls and systems occurred during 2018.

INTERNAL AUDIT

Bell Equipment's outsourced internal audit service provider is Ernst & Young Advisory Services. The group's internal audit function continues to use a risk based methodology. The annual internal audit plan is developed giving due consideration to the risks identified as well as business requirements, and is approved by the audit committee. The GEC and the Bell audit services committee are kept fully up to date with the internal audit function's activities through comprehensive reports that include the internal audit findings and recommendations, management comments and regular status updates. During the year in review, the Bell Equipment group internal audit function fulfilled its duties with the support and cooperation of the board of directors, management and staff.

IT GOVERNANCE AND COMPLIANCE

IT is an integral part of Bell Equipment's business operations, and acts as an enabler to the group's strategic and operational goals. There is an appointed chief information officer and an IT steering committee that continue to manage IT governance across the group. This committee meets on a quarterly basis and reviews adherence to the IT controls framework. The IT controls framework is aligned to COBIT and includes controls that ensure strategic alignment, deliver value and manage performance, provide information security, manage IT risk and compliance, and ensure business continuity management. The committee ensures that matters such as ever increasing regulatory and governance compliance, cybersecurity and digital transformation are adequately addressed, while continuously focusing on innovative and business centric solutions.

During the reporting period the IT strategy was reviewed to ensure alignment with business strategic goals; IT delivery and IT risks were reviewed; and the implementation of SAP at the Bell German operations took place to support the expansion of the European assembly plant as well as the ELC. Investment in new technology has been made thereby enabling flash backups with the capability to restore data in a very short timeframe and as a result the disaster recovery and backup related risks have been significantly reduced. Master data and online parts projects have been implemented to focus on delivering improved customer interaction tools and driving increased machine and aftermarket revenue streams.

Corporate governance report continued

The risk of cyberattacks and legislative requirements around data protection have increased focus on the implementation of various security policies and procedures. Ongoing security awareness training is being conducted and following an external evaluation of Bell Equipment's compliance to GDPR, action plans have been implemented across the group to ensure compliance.

ISO27001 has been adopted by the group as the information security standard. Ernst & Young, the internal auditors, undertook a review of the compliance of the group's cybersecurity plan against the ISO27001 standard during the reporting period. Certain areas for improvement have been subsequently pointed out by the internal auditors and agreed management action plans put in place. Deloitte & Touche continue to conduct a general computer controls review to evaluate the IT general control environment at BECSA.

RISK MANAGEMENT

The board is responsible for the governance of risk management within the group. An approved policy and framework is utilised to identify, analyse, report and mitigate risks, and thereby govern the group risk management process. Oversight is delegated to the risk and sustainability committee. The board sets the group risk appetite and risk tolerances annually on the recommendation from the risk and sustainability committee. The risk appetite and risk tolerance matrices, the group strategic risk register and group risk indicators are reported on at the risk and sustainability committee meetings.

Management assesses risk in accordance with international best practice based on probability, impact and quality of the existing control environment. These measures produce residual risk scores that indicate the significance of the risk and allow for prioritisation of risk mitigation measures.

The Bell Equipment risk management framework model classifies the risks into types of risk with a potentially positive or negative effect on the ability of the business to meet its strategy and protect or create value. It then goes on to formulate the approach to be followed in managing risk, reviewing controls in place, implementing additional controls required and identifying who is responsible for managing the risk.

Combined assurance is based on identified risks and how assurance is obtained on the management and mitigation of the said risks. Refer to table on opposite page.

Assurance is provided primarily by the second, third and fourth lines of defence. While management does provide extensive risk assurance through performance management and reporting, this is not factored into combined assurance, as it would require comment or evaluation on the effectiveness of management in this regard.

Internal audit and risk management take on the combined assurance role. They have an overall understanding of the business, are familiar with the assurance concepts and

have a strong vested interest in making sure the approach is effective. Other second line of defence functions that take on the championing role includes compliance, the company secretary, and forensic functions.

The board is responsible for ensuring that business critical risks are adequately managed. The four lines of defence process strengthens independent assurance reporting to the board and senior management on the critical risks facing the group.

King IV requires the audit committee to oversee the combined assurance approach, and it is therefore the natural owner of the process. From an operational point of view, internal audit and risk management are well positioned to review the continued relevance of the process and suggest updates in the future.

The board is satisfied that the systems and processes in place to govern and manage risk are adequate and that management has generally executed its risk management responsibilities satisfactorily.

INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

In line with the board's acknowledgement of the importance of keeping shareholders and the investor community informed of developments in Bell Equipment's business by providing timely, balanced, clear and transparent information, Bell has engaged the services of an investor relations company that provides independent investor relations and strategic communication services, including facilitating results road shows and market perception audits.

The most recent and historic financial and other information continues to be published on the group's website including the results presentation provided to the shareholders and investors in the form of a roadshow undertaken by the chief executive and the finance director following the release of the interim and annual financial results. Further information regarding the group's communication with all of its stakeholders is provided in the stakeholder relations report on page 57.

ACCESS TO INFORMATION

Bell Equipment continues to comply with the requirements of the Promotion of Access to Information Act of 2000, as amended. The corporate manual is available on the website at www.bellir.co.za.

SPONSOR

Investec Bank Limited remains Bell Equipment's corporate sponsor in compliance with the JSE Listings Requirements, and among other functions, advises the board on compliance with the JSE Listings Requirements.

BOARD STATEMENT

The board believes it has satisfactorily discharged its duties and responsibilities during the year under review.

FIRST LINE OF DEFENCE	SECOND LINE OF DEFENCE	THIRD LINE OF DEFENCE	FOURTH LINE OF DEFENCE
Management oversight	Management of risk and compliance	Internal audit	Independent external assurance
Type of assurance	Type of assurance	Type of assurance	Type of assurance
Line managers are accountable and responsible for the management of risk and performance. A key element of this line of defence is the extent of management reviews and the actions that follow. Management utilises a system of self assessment/audits to inform it of the adequacy of risk management activities.	Corporate functions provide support to line management in executing their duties. These would typically include functions such as human resources, procurement, compliance, risk management, quality assurance, health and safety, IT, finance, engineering, forensic (fraud risk management), insurance and internal controls framework.	Internal risk based audits that provide independent and objective assurance over the controls, risk management and governance activities of the group as performed in first and second lines of defence. Internal audit may also provide combined assurance with the second line of defence on activities in the first line of defence, or combined assurance with the fourth line of defence on activities in the first and second line of defence.	External assurance providers such as certification service providers, regulator reviews, external audit, technical audits, forensic investigations, external asset management reviews, valuers, culture climate surveys.
Activities	Activities	Activities	Activities
The activities include: <ul style="list-style-type: none"> people and process, management supervision and oversight, including technology; responsibility and accountability for managing risk around business as usual; ensuring that controls are performed properly in the first place and not post event control assurance. 	The activities include: <ul style="list-style-type: none"> risk and compliance functions; defining, setting and maintaining risk management policies; facilitating/governance of risk and controls self assessment tools to identify and measure risks and assess related controls; monitoring of losses and managing of incidents. 	The activities include: <ul style="list-style-type: none"> risk based internal audits and risk management reviews; compliance with policies and procedures; corporate governance reviews; specific <i>ad hoc</i> reviews requested by management; combined technical audits with the fourth line of defence, including making use of external specialists. 	The activities include: <ul style="list-style-type: none"> statutory external audits; certification services such as ISO certification; technical audits such as providing project assurance to a third party; valuations of property, plant and equipment; combined technical audits with internal audit.

Social, ethics and transformation committee report

This report by the social, ethics and transformation committee is prepared in accordance with the requirements of the JSE Listings Requirements and the Companies Act read with the Regulations promulgated thereunder and describes how the committee has discharged its statutory duties and its additional duties assigned to it by the board in respect of the financial year ended 31 December 2018.

The committee has considered the principles and practices advocated by King IV and is committed to ensuring the desired governance outcomes. This report should be read together with the stakeholder relations report on pages 57 to 72.

COMMITTEE GOVERNANCE

The committee comprises five suitably skilled and experienced members appointed by the board, as set out in the table below. In accordance with its charter, the committee meets at least twice a year. During the year under review, the committee met three times. The chairman of this committee is Mamokete Ramathe, an independent non-executive director.

COMMITTEE MEMBERS*	COMPOSITION
Mamokete Ramathe (chairman)	Independent non-executive director
Ashley Bell ¹	Executive director
Gary Bell	Non-executive chairman
Raj Naidu	Independent non-executive director
Karen van Haght ²	Executive director

* Abridged curricula vitae of all members are set out on pages 24 to 25.

¹ Ashley Bell's designation changed from non-executive to executive director with effect from 1 February 2019.

² Karen Haght was appointed to the committee on 6 June 2018.

ROLE AND RESPONSIBILITIES

The committee's role and responsibilities are governed by a formal charter as approved by the board. This charter is subject to an annual review by the board.

The role of the committee, as a statutory committee, is to assist the board with the oversight of social, ethical and transformation matters relating to the group including the group's corporate citizenship, social and economic development, transformation and compliance with the Employment Equity Act and BEE legislation, ethical conduct, the group's activities in relation to the environment, employees' health and public safety, educational and skills development of its employees, labour relations and working conditions of the group's employees and monitoring the group's relationships with all its stakeholders; together with an oversight of the attendant risks attached to the matters within the committee's mandate.

KEY ACTIVITIES OF THE COMMITTEE

During the year under review, the following key activities were undertaken by the committee:

GOOD CORPORATE CITIZENSHIP

- reviewed and approved the amended code of ethics policy and recommended the policy for approval to the board in line with the group authority levels. The employees were thereafter provided with awareness training on the amended code of ethics policy;
- received assurance on the impact of the comprehensive ethics, anti-corruption and anti-fraud workshop facilitated by an outsourced company that was attended by the GEC in line with the group's continued focus on fraud and ethics awareness training programmes to further advance its ethical culture;
- received reports on the fraud awareness campaign run by the group over the International Fraud Awareness Week that took place from 11 November to the 17 November 2018 to further reinforce ethical decision making and fraud awareness throughout the group and in this regard a fraud awareness campaign was developed to run every day of that week. The theme for the week was "take personal responsibility for behaving with integrity". The campaign included fraud awareness training for the different divisions. The monitoring of the code of ethics and continued ethics awareness remains a key focus for the committee;
- reviewed the reports on material disclosures received through the group's anonymous tip off reporting line administered by Deloitte & Touche as well as any resultant investigations. The tip off policy that is being developed to formalise the investigation, retention of confidentiality, and the resultant appropriate feedback to such whistle blowers will be submitted to the committee for review once completed;
- evaluated the group's CSI policy and SED policy and considered the CSI and SED annual budget in line with the group's social and economic development;
- received reports on sponsorships, donations and charitable giving and monitored the group's activities relating to good corporate citizenship.

CORPORATE GOVERNANCE

- reviewed the committee's charter to ensure that the correct focus was being maintained by the committee;
- reviewed the annual work plan in order to align the plan with the committee's mandate, as guided by the Companies Act and King IV. Greater emphasis has been placed on the committee's monitoring indicators and how they relate to the business of the group;
- received updates on proposed and new relevant legislation updates and other legal requirements or prevailing codes of best practice specifically relating to matters affecting the committee's mandate as and when applicable.

SOCIAL AND ECONOMIC DEVELOPMENT

- monitored the progress of the group's South African operations in relation to its transformation targets and BEE progress, in order to improve the group's competitiveness within the South African environment and to ensure that the group continues to comply with the reporting duties required of it in terms of the regulations to the BEE Act;
- assessed the group's actions in relation to the 10 principles of the United Nations Global Compact and reviewed international protocols and guidelines;
- monitored the progress made in respect of gender and race diversity on the Bell board in terms of the voluntary measurable targets set by the board in line with the approved diversity policy promoting both gender and race diversity.

LABOUR AND EMPLOYMENT ACTIVITIES

- monitored development in employment practices locally and internationally and monitored progress against transformation targets and the group's employment equity plan, a summary of such plan can be found on pages 59 to 60;
- received assurance that the group is committed to promoting equal opportunities and fair employment practices, globally, across all of its businesses;
- reviewed the succession planning report reflecting the progress of the group towards transformation and the employment equity goals of the South African operations;
- reviewed the report on education and training of employees and monitored the legislation relating to ensuring equal pay for work of equal value.

ENVIRONMENT, HEALTH AND SAFETY

- reviewed and monitored HIV/AIDS and other dread disease statistics and prevalence with the aim of promoting a healthy workforce and working environment;
- reviewed labour relations reports including reports on adversarial incidents and dismissals;
- monitored the reports on the environment, health and public safety, including the impacts of the group's activities and products on the environment and society.

STAKEHOLDER RELATIONSHIPS

- reviewed the group's consumer relationships reports, with a greater emphasis on material stakeholder relations and the group's engagement with its employees;
- reviewed the content of the stakeholder relations report for inclusion in the integrated annual report; and recommended it for approval by the board.

The effectiveness of the committee is assessed as part of the board and committee self evaluation process. The self assessment of the committee was undertaken in November 2017 and in early 2018 the results of the self evaluation of the committee were discussed by the board. It was evidenced by the results of the evaluation of the committee's performance during the reporting period that the committee was generally performing effectively. The committee confirmed that its members continued to have the correct mix of the required skills to address a range of issues and risks pertaining to the committee.

The activities outlined in this report reflect the group's initiatives in relation to its responsibility to the society and environment in which it operates, while remaining accountable to shareholders in terms of financial performance and with continued emphasis on improved mechanisms for the group's meaningful communication with stakeholders and ongoing ethics awareness and compliance training throughout the group. In addition work continues to be undertaken to improve on the group's BEE equity scorecard.

The committee is satisfied that it has discharged its responsibilities in accordance with its charter and has performed its statutory duties as set out in the Companies Act as read with the Regulations for the current reporting period.



Mamokete Ramathe

Chairman of the social, ethics and transformation committee

14 March 2019

Remuneration committee report

The remuneration committee report for the year ended 31 December 2018 sets out the committee's governance, the group's remuneration policy and the implementation of the group's remuneration policy in 2018, which report is divided into four sections:

- SECTION 1: COMMITTEE GOVERNANCE
- SECTION 2: BACKGROUND STATEMENT
- SECTION 3: 2018 REMUNERATION POLICY
- SECTION 4: 2018 IMPLEMENTATION REPORT

SECTION 1

COMMITTEE GOVERNANCE

The committee operates in accordance with a board approved mandate. The board however carries ultimate responsibility for the remuneration policy and when required, will refer matters for shareholder approval, for example new and amended share based incentive schemes and non-executive board and committee fees. During the year, the board accepted all the recommendations made by the committee. The committee's terms of reference continue to be subject to the provisions of the Companies Act, the MOI and any other applicable law or regulatory provision and the committee has reviewed and implemented the King IV principles.

2018 REMUNERATION COMMITTEE MEMBERS

Name of director	Designation
Derek Lawrance	Chairman of the committee Independent non-executive director
John Barton	Lead independent non-executive director
Ashley Bell*	Non-executive director
Gary Bell [∞]	Non-executive director

* With effect from 1 February 2019, Ashley Bell stepped down as a member of the committee due to the change in his designation from a non-executive to executive director following the Matriarch Equipment transaction, of which he was a related party.

[∞] With effect from 1 February 2019, Gary Bell, the group non-executive chairman, was appointed as a member of the committee.

The chief executive attends meetings by invitation, but is not present when his own remuneration is reviewed. Other members of executive management are invited when appropriate. Invitees to the committee meetings have no vote

and no individual, irrespective of position, is present when their performance is evaluated and their remuneration is discussed. Diana McIlrath, the company secretary, acts as secretary to the committee.

The committee formally met three times during the year. The details of the attendance of the formal meetings are set out in the corporate governance report on page 36.

A self evaluation exercise of the performance of the board and the committees took place during November 2017. The results of the evaluation were reviewed by the board in early 2018. The committee believed that it was an effective committee with clearly defined terms of reference and appropriate reporting lines to the board. However greater emphasis will in future be made for additional orientation initiatives for new members to the committee. The committee confirmed that it had the correct mix of the required level of expertise and experience in respect of its members sitting on the committee. During 2018 a review of the current retirement funds' status of the group was undertaken and the annual salary increases for scheduled, non-scheduled employees and executive management were approved. The basis for remuneration of non-executive directors for the period 1 January 2020 onwards was also approved subject to approval by the shareholders at the AGM to take place in May 2019.

The committee has conducted its affairs in compliance with the board approved terms of reference and has discharged its responsibilities contained therein.

SECTION 2

BACKGROUND STATEMENT

The report summarises the philosophy and principles of and approaches to remuneration at Bell and provides an overview of the remuneration of all group employees as well as disclosing executive and non-executive director remuneration and the alignment with shareholder value creation. The structure and the content of the report also takes into account the corporate governance principles recommended in King IV in relation to the remuneration policy and disclosure and is aligned with the JSE Listings Requirements.

The committee has been mandated to satisfy itself that the group's remuneration policy remains fair, transparent and relevant to ensure that the group remains competitive in terms of attracting and retaining talent at all levels within the group. The group takes cognisance of its external environment through an understanding of applicable remuneration trends and by regular benchmarking against comparable companies, independent salary surveys and compliance with all applicable laws and regulatory codes. In this regard, the committee received advice and guidance in 2018 from Deloitte & Touche, as independent advisers, in respect of executive salary benchmarking and job grading for the South African market, as well as from Willis Towers Watson surveys, for the European market.

At the AGM to be held in May 2019, Bell Equipment will put both its remuneration policy and the remuneration implementation report to separate non-binding advisory shareholder votes (see resolution numbers 6 and 7 in the notice of annual general meeting on page 91) and the committee again looks forward to a positive outcome in this regard. In accordance with King IV, in the event that either the remuneration policy or the implementation report (or both) receives 25% or more dissenting votes, Bell Equipment will provide for:

- an invitation to dissenting shareholders to engage with Bell Equipment; and
- the manner and timing of such engagement.

In this regard Bell Equipment intends to:

- invite the dissenting shareholders to provide Bell Equipment with their written submissions as to why they voted against the remuneration policy or the implementation report;
- address the legitimate and reasonable objections of dissenting shareholders, and
- report back to the dissenting shareholders, including in its next integrated annual report.

If appropriate and practical, Bell Equipment may engage with dissenting shareholders or any one or more of them at meetings called for that purpose, or through other methods of shareholder engagement including conference calls, emails and investor presentations.

At the previous two AGMs the following voting results were achieved in respect of its remuneration policy and the remuneration implementation report:

AGM Date	RESOLUTION	Vote in favour
3 May 2017	Remuneration Policy	88,5%
15 May 2018	Remuneration Policy	94,42%
15 May 2018	Implementation Report	99,36%

The committee intends to continue to provide stakeholders with improved clarity on how Bell Equipment's remuneration policy informs the actual pay and awards received by its executive directors, senior executives and prescribed officers as defined in the Companies Act.

Remuneration committee report continued

SECTION 3

REMUNERATION POLICY

Overview

One of the group's strategic focus areas is the effective development of the group's employees to enable them to reach their potential. This translates into its remuneration philosophy emphasising the fundamental value the group places on all its employees and their role in attaining sustainable growth through fair and balanced remuneration practices. Bell Equipment's employees are pivotal in meeting its strategic objectives and the group is committed to paying fair, competitive and market-related remuneration to ensure that Bell can attract, retain and motivate top quality and talented employees, while recognising affordability constraints.

The group's remuneration policy therefore seeks to position the remuneration levels appropriately and competitively in comparison with the labour market; and acknowledge the contribution of individual employees by rewarding them for the successful achievement of group goals and objectives, thereby rewarding value creation.

Apart from guaranteed remuneration, an element of variable remuneration that is aligned to value creation in the form of short and longer term incentive schemes is also catered for and linked to the achievement and performance of specified targets and objectives. Payment is made out of increased returns, and the adoption of a new LTIS and the further

development and bedding down of performance indicators throughout the group have ensured greater alignment with the group's strategic focus areas and the enhancement of the company's remuneration approach.

The committee recognises the importance of the following key remuneration principles and continues to entrench these principles in the remuneration policy of the group:

- alignment with the overall business strategy of Bell Equipment;
- remuneration design which supports the interest of shareholders;
- mechanisms to ensure that executive remuneration is fair and responsible in the context of overall group remuneration;
- remuneration design which supports the retention and attraction of key talent and supports succession planning;
- compliance with prevailing labour law legislation;
- protecting the group's rights by means of standard contracts of employment;
- mechanisms for remuneration structures to be consistent with the group's long term requirements.



A Strong Reliable Team – Supporting our Strong Reliable Machines!



Through a culture of continuous improvement and the effective use of our employees and suppliers talents, we consistently meet and exceed the customer promise.



Every individual focused on actively contributing to the success, of the Bell group. This is done by sharing a common goal, harnessing individual strengths and undertaking every interaction with mutual respect, honesty and integrity.

Components of Remuneration

Bell Equipment has two components of remuneration, namely guaranteed remuneration (which includes benefits) and variable remuneration consisting of a STIS and two LTIS. The details of these components in respect of the South African employees are outlined below:

Guaranteed remuneration

Outline

Cost to company package (from where all guaranteed benefits are funded), includes the following components:

- cash salary;
- travel allowance – for employees who are required to travel for business purposes;
- the group's contributions towards the medical scheme – membership of a medical scheme is compulsory for all scheduled and voluntary for all non-scheduled employees; and
- the group's contributions towards retirement funding. The contributions range between 14,4% and 20,5% of pensionable emoluments and the key features of the retirement fund are as follows:
 - life cover
 - permanent disability cover
 - temporary disability cover
 - dread disease cover
 - spousal cover (voluntary)
 - additional life cover (voluntary)

Benchmarking

Pay ranges represent the level of compensation paid in respect of similar positions in the market. The group aims at paying basic salaries between the lower quartile and median of the market for similar positions, with the minimum and maximum of the range informed by the lower and upper market quartiles, utilising independent salary surveys.

Annual review process

The committee conducts an annual review of total cost to company packages for executives and approves the increase percentage for employees below executive level.

The chief executive, who attends all committee meetings by invitation, can propose increases to the cost to company remuneration packages, excluding his own, during such review meetings.

Annual increases are granted on 1 July of each calendar year and are based on external factors, such as the prevailing rate of inflation and market forces, as well as on individual performance, skills, experience and effort.

Fair and responsible remuneration across the group

Bell Equipment is committed to the principle of fair and responsible remuneration for the whole group.

Investing in its people initiatives are being considered and include:

- talent management
- development opportunities for all employees
- various training courses based on identified needs
- retention and motivation of top quality and talented employees

The components in respect of guaranteed remuneration of the European, African, Australasian and US employees are different from their South African counterparts but remain market related and include a basic salary plus benefits, which benefits include medical insurance and a car allowance or a company vehicle.

Remuneration committee report continued

REMUNERATION POLICY CONTINUED

Variable remuneration

STIS	NEW LTIS	CURRENT LTIS
<ul style="list-style-type: none"> approved by the board at the end of 2016, taking into account the trading conditions and challenges faced by the group at that time; incorporates a meaningful stretch to motivate and retain senior employees; based on an incentive pool of 50% of the excess NPAT above the budgeted NPAT for the relevant financial year; 70% of the incentive is based on audited Bell group NPAT exceeding budgeted NPAT; 30% of the incentive is based on the divisions within the group exceeding budgeted NPAT; all permanent staff who do not already receive a guaranteed thirteenth cheque participate in the scheme in terms of the rules of the scheme; incentive payments are proportionate to employees' cost to company salary packages and limited to only one month's salary cheque; makes provision for a bonus for GEC at the discretion of the board, provided that the executives have met their personal performance targets; the STIS measures and rules implemented are reviewed annually and changes approved by the committee. 	<ul style="list-style-type: none"> a cash settled LTIS was approved by the board in March 2018 which makes provision for long term incentivisation in the form of a notional share appreciation rights scheme; the scheme was implemented within the 2018 financial year; the objective and purpose of the LTIS is to grant forfeitable phantom share awards to key executives to enable them to benefit from any increase in Bell Equipment's share price; the awards comprise a mixture of zero-strike and strike based awards, with the zero strike portion subject to a HEPS performance condition; in respect of the portion of the incentive related to the share price, such employees will acquire the cash equivalent of the growth in the share price; in respect of the portion of the incentive which is related to the HEPS performance condition, such employees will acquire the cash equivalent of the market value of the shares without any reduction by the strike price; the total benefit paid to all participating employees in any financial year shall not exceed 6% of the NPAT as reflected in the audited results of the group. 	<ul style="list-style-type: none"> approved by the shareholders at the AGM in 2009; thereafter management (with the necessary approval from the nominations and remuneration committees and the board) allocated share options to senior employees of the group; five million authorised unissued ordinary no par value shares were reserved for the scheme; the purpose of this scheme was to retain key employees and to attract new, skilled and competent personnel; promote an identity of interest between the group and their respective employees and act as an incentive to employees to promote the continued growth of Bell Equipment by giving them an opportunity to acquire shares therein; options were granted at the option price which was the 30 (thirty) day volume weighted average of the closing market price of the ordinary share immediately preceding the option date; the last allocation was done in May 2012.

Non-executive directors' remuneration

Group policy is to pay competitively for the non-executive director's role while recognising the required time commitment. Bell Equipment also pays for travelling expenses reasonably and properly incurred in order to attend meetings. Fees are benchmarked against a comparator group of JSE-listed companies. No contractual arrangements are entered into to compensate for loss of office. Non-executive directors do not participate in any incentive schemes.

The committee reviews and approves the non-executive directors' fees annually and recommendations are made to the board, which in turn proposes fees for approval by shareholders at the AGM.

A special resolution by the shareholders of Bell Equipment is required to approve the basis of remuneration payable to non-executive directors in order to comply with the requirements of the Companies Act.

The fees payable to non-executive directors for their services are based on an assessment of the responsibility placed on non-executive directors arising from increased requirements for regulatory oversight. The total fees proposed for non-executive directors for the 2020 calendar year represent an increase of 6% over the previous year.

The following table sets out the proposed fees (VAT exclusive) for shareholder approval at the AGM in May 2019 for the period from 1 January 2020.

2020
Rand
(excluding
VAT)

Retainer fees to be paid annually for 2020	
Non-executive chairman	374 230
Lead independent non-executive director	287 930
Non-executive directors	201 630
Fees per meeting payable to the Chairman of the Board and the Chairmen of Board Committees	
Board	34 100
Audit committee	20 500
Risk and sustainability committee	20 500
Nominations committee	16 110
Remuneration committee	16 110
Social, ethics and transformation committee	20 210
Fees to be paid to lead independent non-executive director per board meeting	33 870
Fees to be paid to non-executive directors per meeting	
Board	33 630
Audit committee	26 920
Risk and sustainability committee	20 500
Nominations committee	13 770
Remuneration committee	13 770
Social, ethics and transformation committee	20 210
Bell audit services committee	13 400

Remuneration committee report continued

SECTION 4

IMPLEMENTATION REPORT

The implementation of the group's remuneration policy in 2018 is set out below.

Annual Salary Increases for Scheduled and Non-Scheduled Employees

The aggregate percentage increase for non-scheduled employees' was linked to inflation and was performance based. The annual wage increases for scheduled employees was in line with the negotiations held at SEIFSA National Bargaining Council level.

STIS 2018

STIS payments totalling approximately R26,9 million were made to employees in April 2018 based on the audited group financial results for the 2017 financial year.

No STIS payments will be made for the 2018 financial year because the budgeted group NPAT for 2018 was not reached and in terms of the rules there is therefore no incentive pool for the year.

LTIS 2018

In terms of the new LTIS, phantom share awards were granted to key executives on 1 January 2018 and 1 January 2019. These awards vest from 2021 onwards and employees will be entitled to cash settlements from 2021 if the share price improves and if the HEPS performance conditions are met.

Non-Executive Directors' Fees

At the Bell Equipment AGM held on 15 May 2018, the basis for the remuneration payable to non-executive directors for the 2019 period was approved by way of a special resolution of the shareholders as follows:

	2019 Rand (excluding VAT)
Retainer fees to be paid annually	
Non-executive chairman	353 050
Lead independent non-executive director	271 635
Non-executive directors	190 220
Fees per meeting payable to the Chairman of the Board and the Chairmen of Board Committees	
Board	32 170
Audit committee	19 340
Risk and sustainability committee	19 340
Nominations committee	15 200
Remuneration committee	15 200
Social, ethics and transformation committee	19 070
Fees to be paid to lead independent non-executive director per board meeting	31 950
Fees to be paid to non-executive directors per meeting	
Board	31 730
Audit committee	25 400
Risk and sustainability committee	19 340
Nominations committee	12 990
Remuneration committee	12 990
Social, ethics and transformation committee	19 070
Bell audit services committee	12 640

IMPLEMENTATION REPORT (CONTINUED)

The information on pages 55 and 56 was audited.

Directors' and prescribed officers' remuneration

	Salary R'000	Pension/ Provident fund R'000	Other benefits and allowances R'000	Total 2018 R'000	Total 2017 R'000
Paid to executive directors of the company by the company's subsidiary:					
Executive directors					
GW Bell (retired 31 May 2018)	1 401	-	384	1 785	3 383
A Goordeen (alternate)	2 050	260	237	2 547	2 320
L Goosen	3 525	441	504	4 470	3 104
KJ van Haght	2 491	307	214	3 012	2 604
Total	9 467	1 008	1 339	11 814	11 411
Paid to prescribed officers of the company's subsidiaries by the company's subsidiaries:					
Prescribed officers					
M Schurmann (expatriate salary, resigned 31 August 2018)	3 033	111	121	3 265	4 225
N Paynter (expatriate salary)	3 977	298	941	5 216	4 969
M Dumisa (resigned 28 February 2018)	388	48	182	618	2 620
D Morris (appointed 1 April 2018)	1 659	202	13	1 874	-
Total	9 057	659	1 257	10 973	11 814

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

	Retirement grant 2018 R'000	Fees 2018 R'000	Retirement grant 2017 R'000	Fees 2017 R'000
Paid to non-executive directors of the company by the company:				
Non-executive directors				
JR Barton	-	641	-	762
AJ Bell	-	465	-	396
GW Bell (appointed 1 June 2018)	-	496	-	-
DB Crandon (resigned 29 September 2016)	-	-	-	27
B Harie (resigned 27 November 2017)	-	47	-	328
DH Lawrance	-	651	-	537
R Naidu	-	503	-	285
ME Ramathe	-	530	-	312
TO Tsukudu (retired 21 August 2017)	1 629	-	-	313
HR van der Merwe	-	474	-	410
DJJ Vlok (retired 5 May 2016)	-	-	1 484	-
Total	1 629	3 807	1 484	3 370

Remuneration committee report continued

IMPLEMENTATION REPORT (CONTINUED)

The following reconciles the number of unexercised share options held by directors and prescribed officers at the end of the year:

Executive directors and prescribed officers	Exercise price	Balance at	Exercised		Balance at	Exercised		Balance at
		31 December 2016	Number of options	Number of options	31 December 2017	Number of options	Number of options	31 December 2018
L Goosen	10,48	100 000	-	-	100 000	-	-	100 000
	13,06	50 000	-	-	50 000	-	-	50 000
	21,35	30 000	-	-	30 000	-	-	30 000
Total		180 000	-	-	180 000	-	-	180 000
A Goordeen	10,48	100 000	-	-	100 000	-	-	100 000
	13,06	50 000	-	-	50 000	-	-	50 000
	21,35	30 000	-	-	30 000	-	-	30 000
Total		180 000	-	-	180 000	-	-	180 000
KJ van Haght	10,48	100 000	-	-	100 000	-	-	100 000
	13,06	50 000	-	-	50 000	-	-	50 000
	21,35	30 000	-	-	30 000	-	-	30 000
Total		180 000	-	-	180 000	-	-	180 000
M Schurmann (resigned 31 August 2018)	10,48	100 000	-	-	100 000	(100 000)	-	-
	13,06	50 000	-	-	50 000	(50 000)	-	-
	21,35	30 000	-	-	30 000	-	(30 000)	-
Total		180 000	-	-	180 000	(150 000)	(30 000)	-
N Paynter	10,48	60 000	-	-	60 000	-	-	60 000
	13,06	30 000	-	-	30 000	-	-	30 000
	21,35	15 000	-	-	15 000	-	-	15 000
Total		105 000	-	-	105 000	-	-	105 000
M Dumisa (resigned 28 February 2018)	10,48	25 000	-	-	25 000	-	(25 000)	-
	13,06	30 000	-	-	30 000	-	(30 000)	-
	21,35	30 000	-	-	30 000	-	(30 000)	-
Total		85 000	-	-	85 000	-	(85 000)	-
Grand total		910 000	-	-	910 000	(150 000)	(115 000)	645 000

The following reconciles the number of phantom share awards held by directors and prescribed officers at the end of the year:

Executive directors and prescribed officers	Strike price	Balance at	Number of awards	Granted	Forfeited	Balance at
		31 December 2017				31 December 2018
L Goosen	13,53	-	-	247 000	-	247 000
	-	-	-	138 000	-	138 000
Total			-	385 000	-	385 000
KJ van Haght	13,53	-	-	132 000	-	132 000
	-	-	-	74 000	-	74 000
Total			-	206 000	-	206 000
A Goordeen	13,53	-	-	132 000	-	132 000
	-	-	-	74 000	-	74 000
Total			-	206 000	-	206 000
D Morris	13,53	-	-	62 000	-	62 000
	-	-	-	35 000	-	35 000
Total			-	97 000	-	97 000
N Paynter	13,53	-	-	62 000	-	62 000
	-	-	-	35 000	-	35 000
Total			-	97 000	-	97 000
Grand total			-	991 000	-	991 000

The committee believes that the group continues to comply with its remuneration policy and strives to improve on its remuneration strategy.



Derek Lawrance
Chairman of the remuneration committee

Richards Bay
14 March 2019

Stakeholder relations report

incorporating sustainability performance

Bell Equipment's stakeholders are those individuals, groups of individuals and organisations that affect and are affected by Bell Equipment's activities, products or services and associated performance. Engaging with and building relationships with its stakeholders is key to sustaining the group's business. Bell Equipment's key stakeholder base includes employees, customers, government departments, shareholders, communities, suppliers and alliance partners.

Bell Equipment values its stakeholder relationships and appreciates the need and responsibility to create mutual value, cultivating enduring and sustainable partnerships with its stakeholders. The board retains oversight of stakeholder management, while implementation and monitoring of stakeholder engagement is devolved to the various management teams within the group. Each of the group's operations engage with their diverse range of stakeholders based on the group's core values of respect, honesty and integrity.

The Bell Equipment brand is the essence of who it is in the market place. Bell Equipment uses its brand to differentiate itself through its people centric approach to business and by promoting the 1-BELL philosophy internally and nurturing it externally, thereby adding value to all of its stakeholders.

The group's stakeholder engagement strategies, systems and processes continue to be enhanced to better understand and respond to its stakeholders' legitimate concerns and to form collaborative partnerships to find solutions to collective challenges.

Bell Equipment's approach to corporate sustainability has been enhanced by focusing on the six capitals and understanding the value created by the group through the use of these six capitals. Through carefully identifying the interests and expectations of each key stakeholder group Bell is able to create value through the use of the relevant capital/s, thereby striving to ensure sustainability of its business.

- 1. Human capital:** determines the capacity of an organisation to accomplish its goals. Bell employees represent a rich and diverse human capital base that provides the skills, competencies, capabilities and experience that ensure the growth and sustainability of its business to deliver innovative products and services that are world class. Bell manages its human capital to ensure people's health and safety and invest in their professional and personal growth.
- 2. Manufactured capital:** is the investment in people, property, infrastructure, buildings, plant, production oriented equipment, machines and tools that Bell relies on to efficiently enable the group to be flexible and responsive to customer demand in getting Bell products to market, while utilising production processes that adhere to environmental regulatory requirements.

3. Intellectual capital: consists of the Bell brand, know-how and the technical acumen of its research and development staff, the group culture and its world class systems and processes. The success Bell achieves in developing, managing and expanding its products and services is the result of the knowledge and experience of people who expertly manage the diverse interests that collectively provide innovative products and service solutions.

4. Financial capital: is the pool of funds obtained through financing and generated through its operations that are available to Bell for use in the production of its products and the provision of services. This capital reflects how successful Bell has been at achieving the sustainable development of its environmental, human, social and manufactured capital. Bell continues to enhance its financial capital by:

- effective management of risk;
- corporate governance structures;
- ensuring equitable use of wealth created; and
- assessing the wider economic impact of its activities on society.

5. Social and relationship capital: encompasses interactions with its stakeholders, including its customers, employees, alliance partners, investors, communities, suppliers and governments. Bell prides itself on conducting business by taking into account its legal, ethical and economic responsibilities.

6. Environmental capital: is an input to the production of an organisation's products and the provision of services. An organisation's activities also impact, positively or negatively, on environmental capital. Bell is committed to the responsible use and protection of the natural environment through sustainable practices.

Engagement is an integral part of developing an understanding of Bell Equipment's stakeholder needs, interest and expectations. Set out below are the key stakeholders with whom the group engages on a regular basis and the means of engagement. The use of six capitals in respect of stakeholder engagement is further illustrated in the following tables and information thereunder.



Stakeholder relations report continued

incorporating sustainability performance

EMPLOYEES



Reason for engagement

Bell Equipment's people are the heart and soul of its business. Their skills and commitment determine the group's ability to realise its strategy.

Stakeholder interests and expectations

- Healthy working conditions.
- Fairly remunerated for their service.
- Recognition.
- Health and safety.
- Career advancement.
- Employment equity.

Methods of engagement and value creation

- Employee forums (e.g. health and safety, employment equity committees).
- Training and skills development.
- Learning programmes for disabled black employees.
- Information road shows about employee benefits (e.g. medical aid and pension funds).
- Fraud awareness road shows.
- Fraud management briefs.
- Induction programmes.
- Quarterly GEC feedback sessions.
- Internal newsletter and intranet.
- Health and safety 'toolbox talks'.
- Employee wellness days.
- Long service awards.
- Anonymous tip offs reporting line.
- Regular engagement with trade union representatives on key issues.



Bell Equipment values its human capital – the group's employees – as its most important resource and key differentiator; striving to create and nurture positive relationships and provide the necessary support structures to care for their overall mental, emotional and physical well being.

The skills, knowledge, attitude, innovativeness, experience, diversity, efficiency and productivity of its employees enable the group to operate its facilities safely, reliably and sustainably. This, in turn, allows Bell Equipment to deliver on its growth objectives of delivering world class products and services.

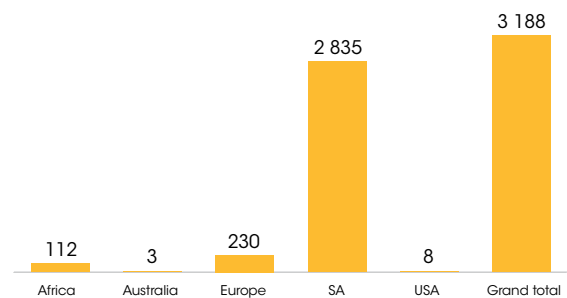
Employee engagement through every day strengthening of its employee and union representative relationships and communication provides opportunity for increased efficiency, productivity, quality and mitigates risks of labour action.

This is achieved by:

- building positive employee and union relationships through mutual respect;
- upholding the right to collective bargaining and freedom of association;
- driving a diversity and transformation plan and strategy that covers recruitment, development and retention of candidates from previously disadvantaged and underrepresented employment equity groups, thereby enabling gender equity and equality.

In 2018 the group employed 291 new permanent employees and promoted 107 employees internally to higher positions in the context of the total workforce of 3 188. Of these new employments 255 were appointments that improved the group's transformation requirements.

TOTAL WORKFORCE

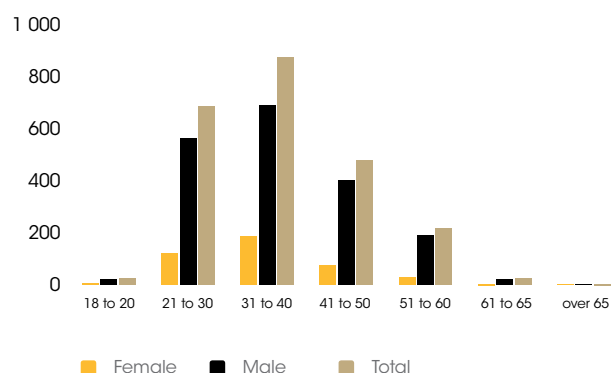


BECSA EMPLOYMENT EQUITY SUMMARY

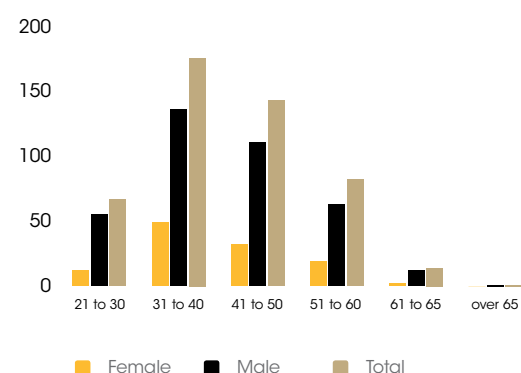
Occupational levels	Male				Female				Foreign nationals		Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	
Top management	0	0	0	1	0	0	0	0	0	0	1
Senior management	0	0	2	8	0	0	0	2	0	0	12
Professionally qualified and experienced specialists and mid-management	24	2	29	98	5	0	3	18	0	0	179
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	87	13	108	82	21	4	16	30	0	0	361
Semi-skilled and discretionary decision making	578	27	146	48	139	12	32	26	0	0	1 008
Unskilled and defined decision making	7	0	1	0	2	1	1	1	0	0	13
Total permanent	696	42	286	237	167	17	52	77	0	0	1 574

Employees with disabilities Occupational levels	Male				Female				Foreign nationals		Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	1	1	0	0	0	1	0	0	3
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	1	0	0	4	0	0	1	0	0	0	6
Semi-skilled and discretionary decision making	10	1	3	0	1	0	0	0	0	0	15
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	0
Total permanent	11	1	4	5	1	0	1	1	0	0	24

BECSA TOTAL WORKFORCE AGE ANALYSIS



BESSA TOTAL WORKFORCE AGE ANALYSIS



Stakeholder relations report continued

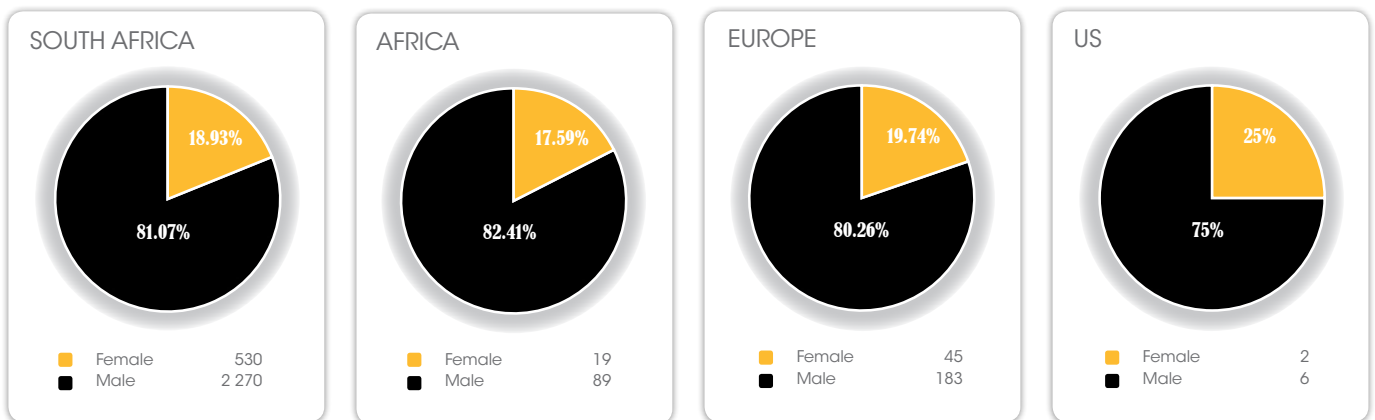
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BESSA EMPLOYMENT EQUITY SUMMARY

Occupational levels	Male				Female				Foreign nationals		Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	2	0	0	0	0	0	1	0	0	0	3
Professionally qualified and experienced specialists and mid-management	3	2	3	19	1	2	0	3	0	0	33
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	79	11	12	121	4	2	2	7	0	0	238
Semi-skilled and discretionary decision making	75	14	18	10	30	8	9	30	0	0	194
Unskilled and defined decision making	7	0	0	0	5	1	0	0	0	0	13
Total permanent	166	27	33	150	40	13	12	40	0	0	481

Employees with disabilities Occupational levels	Male				Female				Foreign nationals		Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	0	0	0	5	0	0	0	1	0	0	6
Semi-skilled and discretionary decision making	0	0	0	0	1	0	0	0	0	0	1
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	0
Total permanent	0	0	0	5	1	0	0	1	0	0	7

BELL EQUIPMENT TOTAL WORKFORCE



'GROWING ITS OWN TIMBER' AS AN ACCREDITED TRAINING SERVICE PROVIDER

Bell Equipment has had a dedicated focus on training for almost 30 years and is a fully accredited training provider with well equipped training facilities in South Africa located in Richards Bay and Johannesburg. Training is focussed on 'growing its own timber' through the group's MERSETA registered apprenticeship programme as well as providing operator and technical training for Bell employees and its customers.

INDUSTRY LEADING APPRENTICESHIP PROGRAMME

Through its apprenticeship programme Bell enrols an average of 50 earthmoving mechanic apprentices per annual intake. About 10 graduates are absorbed by the group and the remainder are available to the industry where they find work with other OEMs or Bell Equipment's customer network, which needs and values those skills.

In this way the apprenticeship programme is a way Bell gives back to the industry and its local communities. At least 60% of candidates are unemployed or from disadvantaged backgrounds so the programme affords these youths an opportunity to undertake training and achieve a qualification so that they are able to compete in the job market and ultimately earn a living for themselves.

The high level of unemployment makes finding the right candidates a challenge. Over 3 000 applications are received each year and a stringent screening process is followed to narrow this down to the 50 youths who are enrolled in the programme. Bell targets schools, colleges and technikons to discover those youths with a high aptitude. Experience has shown that these applicants thrive in the programme and make the most of the opportunity afforded to them.

Bell continues to strive to increase female representation in the earthmoving mechanic industry and, its Apprentice of the Year for 2017, was a female graduate, Nomcebo Gumede.

The Bell apprenticeship programme is in depth combining both theoretical knowledge and practical experience. Approximately 18 months later, when Bell determines the apprentice to be ready, a trade test is booked with MERSETA.

A unique aspect of the Bell apprenticeship programme is that apprentices are rotated out to the group's operation in the UK as well as to Bell dealers in the US and Germany. This serves as a reward scheme for the apprentices whereby the best of the best has the opportunity to gain work experience overseas. It also assists Bell dealers and its UK operation with much needed earthmoving mechanic skills.

Since earthmoving machinery is constantly evolving as new technologies become available, Bell meets annually with the relevant SETAs and is represented on the panel that revises course content to ensure that training keeps pace with current technological developments.

Beyond the apprenticeship programme, Bell has its own product technical training team that is responsible for operator and technical training for Bell employees and customers, as well as level assessments of Bell and customer mechanics. The team is passionate about the positive impact that meaningful training has for the group and its customers.

Bell continuously invests in its mechanics and aims to send them on four technical courses per year to ensure that artisans are kept abreast of the latest technology.

Product technical training aims to provide a deeper understanding of a machine's operation and systems for repair and maintenance. The training includes component training courses on engines, transmissions, axles and hydraulic pumps as well as systems training on basic electricity/hydraulics, advanced electrical, advanced hydraulics, programming of machines, applied failure analysis, troubleshooting, service and maintenance as well as product knowledge.

Some of these courses are prerequisites for the five day technical training that is offered for the full Bell range of products. To receive training on a product it is also essential to have an operator's licence.



Stakeholder relations report continued

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Depending on the machine being operated, operator training is accredited by the relevant training authority while all technical training is accredited by MERSETA.

Operator training is conducted for the full range of products sold by Bell, including its partner products, and is provided so that customers can have peace of mind that their machines are being operated safely and as efficiently as possible. To meet local demand, Bell has a team of operator trainers based in both Richards Bay and Johannesburg. Technical training takes place across the world and for this Bell has a specialised team of technical trainers.

Training for customers is conducted on customer sites using their machines while technical training is conducted at the Bell training centres and on customers' sites. Bell has provided onsite training in over 30 countries across the globe.

Level assessments are an important function of the Bell training centre and mechanics are assessed at regular intervals to determine a mechanic's current level of competency. A development action plan is created for the mechanic, to address any gaps and outline the training required to bridge these gaps. In this way Bell motivates mechanics to aspire to higher levels of competency.

Properly trained operators and technicians result in less downtime, more efficient operating costs and a better understanding of the capabilities of the machine.

Bell, having identified that parts counter staff need to have a technical background or understanding to better assist customers, has also introduced a parts training programme. This two year modular programme comprises institutional and workplace training to give staff a better understanding of the Bell products, which allows them to conduct parts sales with greater ease and confidence.

Bell training programmes ensure support staff are properly skilled to provide the high level of backup expected by our customers. By offering the same technical and operator training to customers and dealers, the group also seeks to enhance the Bell ownership experience for its customers and develop a more holistic relationship.

PMI GRADUATES

Sixteen Bell employees completed the operations management development programme under the auspices of the PMI during 2018.

This is the third group of supervisors to have completed the programme and the first manager group. The training forms part of a conscious decision by Bell to develop its own people internally thereby affording them an opportunity for personal growth and career development.

From a Bell perspective, the group has seen a substantial benefit from this training. Initially the groups had a production focus, with an emphasis on production managers and production supervisors. However, the most recent group was more diverse including IT, export and product quality.

The top student, Stacy Reddy, acting manager: tool and design, was rewarded with a bursary from PMI to the value of R37 000 to study the NQF6 diploma in operations management at PMI in Durban. The bursary covers the tuition costs for the year along with books, study guides and the exam entrance fee. Bell Equipment added to the bursary by covering transport and other programme related costs.





HEALTH AND SAFETY

A wellness week was held from 24 to 29 May 2018 at the Richards Bay facility to encourage employees to take cognisance of their state of wellness and the importance of taking care of their health. At this wellness week voluntary testing for health related conditions such as HIV/AIDS, cancer, cholesterol, diabetes and other health related conditions were undertaken. Health experts were on site to give free advice and counselling to employees who were interested in, or needed these services. Over this week a total of 1 179 employees who work on site in Richards Bay attended the wellness week, and 1 410 participated in the HIV/AIDS awareness sessions and 941 volunteered to be tested for HIV.

Management of health and safety at Bell Equipment is centralised and is a function of line management to ensure adherence to the applicable health and safety legislation for both the permanent and temporary employees, specifically the Occupational Health and Safety Act in the South African operations. The group's operations continue to improve their total incident frequency trend having revitalised the audit system in the operations with centralised reporting. This is supported by regular safety induction sessions to increase safety awareness. Bell Equipment encourages a safety conscious workforce that adheres to rigorous safety standards through constant education and training throughout all of its operations.

Bell Equipment has been a loyal Technilaw client for eighteen years. Technilaw is an accredited service provider that monitors and audits BESSA's compliance with the legislated safety standards and requirements. The Bell Empangeni branch was the first of its 33 branches to join Technilaw in 2000. Bell received a 5-star rating for 17 consecutive years, and has won nine Africa Awards for safety. In the 2018 national awards, the BESSA safety manager also received the Best Safety Manager in South Africa award.

CUSTOMERS



Reason for engagement

- To meet the group's customers' needs and build long-term loyalty.
- To enhance Bell Equipment's brand and grow market share.

Stakeholder interests and expectations

- Innovative products that meet operational needs.
- World class after sales support.
- Overall value proposition.
- Personally committed and trusted advisor.

Methods of engagement and value creation

- 'EYE' external customer service monitoring service.
- Face to face engagement with sales and customer service teams.
- Trade exhibitions.
- Product launches and demonstrations.
- Ongoing research and development.
- Factory tours.
- Advertising.
- Traditional and social media including Bell Bulletin magazine and Facebook.
- Website.
- Ongoing product testing.

Bell Equipment has migrated to a dealer model in most of its major markets as the group believes the long term sustainability and shared resources offered by an independent dealer provides the most effective model to ensure that customers receive the level of service and support that they expect.

The group is in the process of formalising a dealer management programme, which promises to be a valuable tool to assist the Bell dealer network by giving them key performance indicators, tools and incentives to drive their business and look after Bell customers.

2018 provided ample opportunities for the group to engage with customers both formally and informally. The Bell facility in Richards Bay hosted numerous customer visits across all industries and regions. These visits cannot be underestimated in terms of developing relationships and giving customers insight into the group and its operations.

In addition, the group exhibited at Intermat, France in April and the UK's premier quarrying show, Hillhead, in June. These shows provided an opportunity to strengthen the Bell brand as an ADT specialist and showcase the B30E 4x4 as a mainstream product.

Bauma CONEXPO AFRICA took place in South Africa in March and was followed up with other local shows including the NAMPO Harvest Day in May and the Agri Mega Week in Cape Town. Bell also supported the South Africa Sugar Technologists' Association Congress and the Institute of Quarrying Conference, among others.

Stakeholder relations report continued

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This past year saw a large drive to demonstrate Bell machines to customers to give them a better understanding of the capabilities and benefits of its range.

In addition, Bell participated in a forestry field day hosted by Mondi and SiyaQhubeka to evaluate the productivity and quality achieved with existing equipment as compared to the new Waratah H215E harvesting head fitted to a Kobelco SK210LC excavator carrier.

Social interactions with customers included various golf days. A group of local and international customers also joined Bell representatives to ride the iSimangaliso MTB Adventure tour through the UNESCO World Heritage Site and its surrounds.

Bell appreciates all these interactions as they afford meaningful engagement and an opportunity to reassure its customers of its core business values.

The Bell technical services team is responsible for interacting with customers regarding technical issues they are experiencing with their Bell products and is, therefore, an important face and aspect of the business. Due to the vast geographic spread of the Bell ADT population several members of the team have qualified as helicopter pilots for faster response times, particularly to remote areas of the various regions.

Bell technical services organises a field technology analysts seminar annually to bring its field technical analysts and



the international product support team together with management. Since field technical analysts and international product support personnel are based across the globe and travel extensively in their respective regions, the seminar provides an important opportunity for face to face interaction and training.

This year the delegates spent time at the GLC in Johannesburg prior to the seminar (30 July 2018 to 3 August 2018) where they were given an in depth understanding of the logistics process, which impacts on their ability to assist customers.

A full five day programme followed with the delegates receiving a detailed business update and presentations on key aspects including product updates, marketing, product quality and priority engineering improvements that have been made as a result of the technical services' electronic reporting structure. Traditionally suppliers are invited to present, however this year, for the first time, a customer gave feedback on Bell technical support from a customer's perspective.

Bell Equipment continues to utilise the 'EYE' customer service, an external monitoring service. On a regular basis customers are contacted randomly on behalf of Bell Equipment in order to rate their perception of Bell Equipment's service. Calls are made by an external consultant randomly from a list of recent parts transactions. The group's service rating remains firmly in the world class range.





The group's manufacturing operation in South Africa is reliant on infrastructure stability in so far as power, water, port facilities and roads are concerned. Infrastructure reliability in South Africa is becoming more uncertain and the group continues to monitor this to mitigate any risks that could develop. Product costs and manufacturing reliability are continually benchmarked to other economies in order to guide manufacturing strategy.

Bell continues to invest in and grow its people and assets, improving skills, knowledge, know-how, productivity, efficiency and lowering the impact on the environment.

Bell is focused on continuing to strengthen its quality management as delivering on customer expectations is essential to how products are accepted in the market.

Adequate investment has been allocated to production-oriented equipment replacement and maintenance ensuring that manufacturing operations in both South Africa and Germany continue to operate sustainably. As part of continuous improvement Bell is further strengthening its quality management.

During 2018 the group migrated the ELC onto the SAP software system. This was a significant step forward to allow the group to improve integration between the GLC and ELC to leverage

opportunities to improve efficiency and visibility throughout its aftermarket supply network. A number of digitisation projects to improve the customer contact points were also initiated. Some of these projects are scheduled to be completed during 2019 and will have positive impacts on technical service, warranty and parts sales processes in the coming months.

The extension of Bell Equipment's Eisenach-Kindel facility in Germany, the company's European ADT assembly plant, is fully underway following a ceremonial ground breaking ceremony that took place in late June 2018. Scheduled for completion in the third quarter of 2019, the phase II expansion will add two new halls totalling 12 000 m² that will triple the available floor space and provide capacity for bin fabrication and future expansion.

2018 was an exciting and challenging year for the aftermarket logistics hubs. Bell Equipment opened a hub in Charlotte, North Carolina in the US to support its growing fleet of ADTs in North America. The ALC supports the group's distributor in the US and its dealer in Canada while also positioning Bell to source components for the aftermarket closer to the significant supply base it has in the US. This facilitates shortened lead times into the network as well as reduces freight and inventory holding costs.

Stakeholder relations report continued

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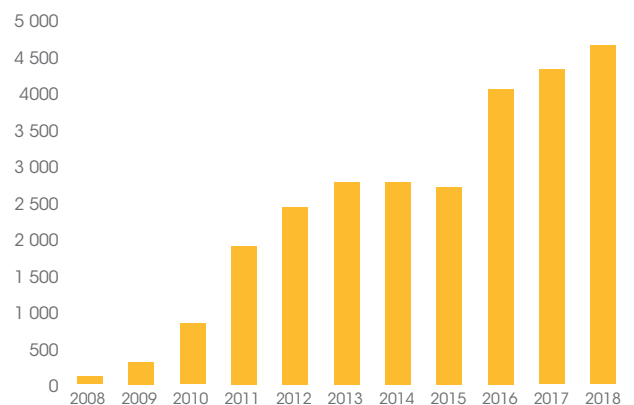


Innovation has played a key role in Bell Equipment's legacy and remains critical in shaping its future. The group's strategy continues to command investment in the research and development of new technologies and products that will create value for Bell Equipment's customers and uphold the reputation of the Bell brand as an innovation pioneer.

In addition to developing machines, Bell offers customers a satellite based telematics and machine management system solution in the form of Fleetm@tic®. In 2015, Bell introduced a dual modem tracking device capable of using the most economical route via GPRS with a fall back onto satellite for critical information. With the GPRS modem, Bell gained the functionality to remotely download black box data, which allows it to analyse and reconstruct accidents thereby assisting the customer to determine the root cause. Gone are the days of only tracking a machine with limited information, the Fleetm@tic® system is fully integrated into the machines, allowing Bell to remotely reconfigure a machine based on the customer's requirement, setting site speed limits, geo fence areas and various other parameters.

Going forward, this technology will be used to remotely deploy software updates on machines, thereby eliminating the need for a product support technician to physically attend to the machine and allowing them to focus on other urgent tasks at hand.

NUMBER OF BELL MACHINES FITTED WITH FLEETM@TIC®



SUPPLIERS AND ALLIANCE PARTNERS



Reason for engagement

- Suppliers and alliance partners are key to the group's performance and core to the group's strategic positioning.

Stakeholder interests and expectations

- Timely payment and fair terms.
- Future growth of the group and understanding the expectations of the group.
- Reputational consistency.
- Responsible and positive brand management.

Methods of engagement and value creation

- Product launches and demonstrations.
- Trade exhibitions.
- Quest for Gold supplier improvement initiative.
- 913 South African suppliers form part of Bell Equipment's supplier network.
- Ongoing regular direct engagements.
- Service level agreements and audits.
- Suppliers conference.
- Factory and site visits.

After announcing the Kobelco and Kamaz partnerships in 2017, the group took the decision to consolidate its alliance partnerships to provide the best customer experience. This entailed a focussed drive on sales and technical training as well as parts support across all partner brands to firmly entrench the correct benchmarks.

Bell Equipment attended the Terex Finlay dealer conference in Jacksonville, Florida in the US in November 2018 as part of its drive to maintain strong relationships with its alliance partners. At the conference Bell was presented with an award for Outstanding Achievement in Parts Business Support, which is a direct result of the abovementioned focus on parts stocking. The award was based on Bell Equipment's bolstering of its parts holding by 20% to better support its customers and offer class leading aftermarket support in southern Africa.

SUMMARY OF SUPPLIERS: THE MULTIPLIER EFFECT



	Approved vendors	Miscellaneous	Total
South African suppliers	463	450	913
Suppliers outside KZN	180	231	411
Suppliers in KZN	283	219	502
Suppliers in Richards Bay	91	100	191
Suppliers outside of RSA	227	0	227
Total number of suppliers	690	450	1 140

Bell Equipment and Kobelco celebrated their new partnership at Bauma CONEXPO AFRICA 2018 by performing the customary Japanese kagami-biraki, or barrel breaking ceremony, to represent harmony and good fortune.

The group's relationship with Kobelco is developing well. The standard Kobelco models have been extremely well received by the market and are running seamlessly. They have been a pleasing success across all industries with their efficient performance and productivity. The three Kobelco mini-excavators, which were introduced to the market at Bauma CONEXPO AFRICA, are also gaining strong market acceptance locally.

During the year the group hosted partner visits from Kobelco, Bomag, Kamaz, Waratah and John Deere aimed at increasing our partners' understanding of southern African applications and customer expectations, while strengthening relationships and support, both for Bell and its customers.

The multiplier effect of the suppliers of Bell Equipment and therefore the importance of the relationship between Bell and its suppliers is clearly illustrated in the above table.

Bell has a Quest for Gold Supplier Improvement programme, the objectives of which are to develop mutually beneficial and profitable relationships with suppliers, implementing quality and cost controls as well as measuring and rewarding outstanding performance. The programme is also designed to strengthen communications between Bell Equipment and its valued suppliers in order to maximise its technological offering by utilising suppliers' technical support, innovation and expertise.

Suppliers are evaluated on a quarterly basis in five key areas: quality, delivery, cost, flexibility and technical support.



Stakeholder relations report continued

incorporating sustainability performance

LOCAL COMMUNITIES



Reason for engagement	Stakeholder interests and expectations	Methods of engagement and value creation
<ul style="list-style-type: none"> Empowering local economies builds trust in Bell Equipment while communities benefit from social and environmental initiatives. 	<ul style="list-style-type: none"> Socio economic empowerment. Community involvement on key issues. Employment creation. Environmentally responsible. 	<ul style="list-style-type: none"> Social development through sports development: sponsorship of local sports events. Providing air assistance for crime fighting initiatives. Earthmoving equipment apprenticeship programmes. Trade-ins and the Bell Backed Loan Scheme for qualifying small black-owned businesses. Welfare projects within the communities in which the group operates. Support of CANSA events.



The group recognises its responsibility as a global corporate citizen to provide meaningful CSI and SED programmes and initiatives to uplift and empower its stakeholders and the communities within which it operates. In this regard the group is guided by its group CSI and SED policies, which identify priority areas, outline implementation strategies and enable the group to monitor CSI and SED expenditure and measure the impact of projects, ensuring that they are aligned to the group strategy and contribute to the group's overall mission, vision and adhere to its core values. The establishment of the Bell Foundation Trust by the group aims to assist black women with their education in the engineering and allied fields. The first bursary was granted by the Foundation to Zinhle Dlamini who is currently enrolled at Stellenbosch University pursuing her mechanical engineering degree.

AMANGWE VILLAGE

During 2018 Bell Equipment continued its support of Amangwe Village with a substantial donation towards the organisation's early childhood development initiatives. The funding was used to repaint the interior and exterior of the two crèche buildings

as well as to replace the awning between the two buildings. The crèche kitchen, where nutritious meals are prepared daily for the children, was also repainted.

The donation was sufficient to sponsor twenty four children to attend the crèche for a year as their households were unable to afford the crèche fees. The funds also provided stationery packs and satchels to those children who graduated from the crèche at the end of the year, to prepare them for Grade 1. These were handed over to the appreciative learners by Human Resources director, Johan van Wyngaardt, at the graduation ceremony.

The group likes to change the area of focus each year to impact on a wider range of needs within the Amangwe setup. This year's donation provided an opportunity to contribute to the quality of life of children who come from impoverished backgrounds.

THUTHUKANI SPECIAL SCHOOL

Bell Equipment spent a considerable portion of its CSI budget on uplifting the hygiene standards and dignity of students at Thuthukani Special School outside Empangeni by revamping



four bathrooms on the property. The work included tiling the bathrooms, painting, installing ceilings and doors, replacing toilets and urinals as well as upgrading the plumbing.

The group also sponsored five of the school's volunteers to further their studies during 2018.

Thuthukani Special School caters for over 400 children from multicultural backgrounds, aged between six and eighteen years, who are intellectually disabled. The school has a waiting list of about 200 children, illustrating the dire demand for such a facility in the community.

Bell, as a family orientated business, would like to build a long and sustainable relationship with Thuthukani where the school and the community can rely on Bell and in return Bell can see how its investment develops and make a meaningful difference to a worthy cause. Consequently, the group has undertaken to build a specialised classroom at Thuthukani Special School during 2019.

In addition to the societal value created through its business activities, Bell Equipment undertakes targeted community and enterprise development initiatives, creating an enabling environment for investment while developing and enhancing markets for its products. Recognising that its business activities impact on many people and communities, Bell Equipment has strategies, systems and processes in place aimed at developing positive relationships with all stakeholders and communities in which the group operates.

CSI, SED and skills development spend throughout the Bell operations in 2018 amounted to R3 118 350 which included loans, donations, bursaries and grants, as highlighted below.

As part of BECSA's socio economic development, Tholokuhle High School, iKhandela Senior Secondary and Dlamvuzo High School from the Esikhaleni district and Gwejobomvu Senior Secondary from the Enseleni district received donations for science laboratories totalling R373 000. R400 000 has been provided for a rural schools toilet project for four schools, namely Mambuka Primary School, Mbude Primary School, Ndesheni High School and Khula High School. These initiatives speak to Bell Equipment's responsibility to play a role in the community and its appreciation of the right to a decent education enshrined in the South African constitution.



Bell Equipment employees globally are encouraged to be actively involved in community based programmes by giving of their time and talent to assist organisations and initiatives in order to make a difference in the lives of community stakeholders.

BESSA donated two small compacting machines to the value of R700 000 to assist rural communities in the Eastern Cape with maintaining their roads.

During 2018 Bell Equipment UK's charity efforts supported the British Heart Foundation and Derbyshire Blood Bikes, an urgent medical courier service closely linked to the British Heart Foundation. Activities included a raffle, a cake sale, a Christmas jumper day and selling badges. Visitors to the Hillhead Quarry Exhibition were also asked to donate contributions in exchange for hamburgers. Together these activities raised £1 350 for the foundation and a further £450 to purchase a set of tyres for Derbyshire Blood Bikes. The Burton-on-Trent RSPCA has been selected as Bell UK's chosen charity for its 2019 fundraising efforts.

UNLOCKD

UnlockD is a 51% broad based black owned company with a QSE affidavit providing level 2 BBBEE recognition in the Amended BBBEE Codes.

UnlockD is a social impact business that offers integrated impact solutions focused on delivering talent development, compliance solutions and business process outsourcing services to support client business impact imperatives. UnlockD connects employable, unskilled youth to meaningful employment while offering clients simple, cost effective solutions for their everyday back office needs ranging from basic data entry to more complex data processing and call centre work.

Bell Equipment has partnered with UnlockD in an effort to fund and assist in training, upskilling and assisting young talent to become employable and economically self reliable so that they are able to contribute to the country's greater economy and to their families and communities. This includes an initiative of employing fifteen disabled learners for an amount of R1 500 000 including all stipends and costs.

ESD

BESSA provided PJLG Steel Works, a 100% black owned EME that currently offers BESSA welding and boiler making services, a 5% interest bearing loan to expand their business.

BECSA invested R9 279 064 during 2018 on ESD initiatives in the form of grants and developmental loans for the benefit of 51% black owned EMEs and/or QSEs. R5 034 230 of the total spend was for suppliers.

BESSA invested R5 014 905 on ESD initiatives in the form of developmental loans for the benefit of 51% black owned EMEs and 2 QSEs.

Stakeholder relations report continued

incorporating sustainability performance



Bell Equipment has its own operations in twelve different countries, each with its own environmental laws and regulations. Although most of these operations are low risk in terms of environmental exposure, compliance must still be ensured. The group's focus is primarily on the Richards Bay facility due to the size and nature of the operation. Other operations are monitored and managed by the individual appointed managers, and when necessary, reports are filed in terms of the applicable legislation.

New initiatives are being investigated to reduce Bell Equipment's environmental impact. At the Richards Bay facility a water harvesting programme has been completed. The harvested water is used in the operational areas for supplying the wash bays. Water harvesting tanks were also installed at branches where critical water shortages are foreseen.

Bell has already initiated the process to recycle liquids on site, by means of specialised recycling units. There are new projects for 2019 which include the recycling of used thinners as well as recycling of used coolant from machining processes. This is a cost saving initiative as well as environmentally responsible option in reuse of waste. All waste is being monitored for further improvements to recycling in 2019.

A feasibility study is also being undertaken on solar panels. The power generated from the panels will be integrated into the electrical supply of the Richards Bay office block.

At the Jet Park offices in Johannesburg, an electricity saving programme is currently being undertaken to replace all the workshop and warehouse lights with new technology energy saving lights. This will also have a cost saving benefit.

The Eisenach-Kindel facility extension in Germany will be equipped with the latest available energy saving technology.

Bell Equipment has initiated a programme to classify waste in accordance with the current Waste Act Regulations and all hazardous waste is being classified. Its service provider has also supported the initiative to divert waste to recyclers instead of landfill, thereby reducing the group's impact on the environment.

On site recycling is another critical aspect of Bell Equipment's waste management process, with separation into three categories taking place at source as far as possible. Elsewhere, both hazardous and non hazardous waste streams are monitored by type, volume and disposal method and disposed of at certified waste disposal facilities. This ensures consistency, compliance and comparability.

All waste is being monitored for further improvements to recycling. All records are kept at safety, health and environment office, for cradle to grave and auditing purposes.

The annual external audit in 2018 showed great improvements in terms of compliance. An action plan has been formulated to reduce further noncompliance risk in 2019. There were no reportable incidents to the DOE that occurred in 2018. The group's main environmental risks are:

- hydrocarbon storage;
- hydrocarbon spillage;
- hazardous waste management;
- storm water management; and
- air quality management.

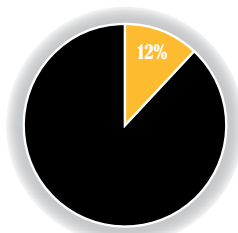
Environmental compliance at the Eisenach-Kindel facility in Germany is controlled by the facility's quality representative in conjunction with the respective authorised organisations for environmental control and waste disposal. The environmental requirements are spelt out in the labour law and ISO 9001:2008 quality management system. No incidents were reported during 2018 and the next internal audit will be conducted during 2019.

At the Richards Bay facility a new storm water management plan has been drafted in terms of municipal by-law requirements and was implemented during 2018. The areas of concern are being addressed and this will further improve compliance in 2019.

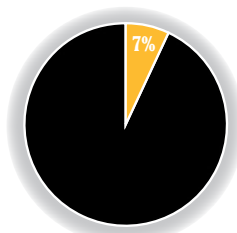
Bell Equipment continues to be represented on the uMhlathuze Crisis Committee in Richards Bay. Through this committee stakeholders are involved in the water and environmental management plan of the local municipality and make recommendations towards water saving initiatives and a cleaner environment. Currently Bell is liaising with the uMhlathuze water stewardship partnership, which integrates major industries around the uMhlathuze region, on better management of water resources, as well as any synergies that may be possible for waste integration and water saving innovations.

The South African government is looking to introduce a carbon tax on 1 June 2019 with the objective of reducing harmful greenhouse gas emissions. Initial calculations, based on the proposed legislation, indicate that the Richards Bay facility will only have to report on carbon emissions, but will be below the threshold for paying carbon tax.

WATER SAVING PER MACHINE



SAVING ON LIGHTING ENERGY



LIQUID HAZARDOUS WASTE



GOVERNMENT



Reason for engagement

- The group's relationship with government impacts on its ability to contribute towards job creation, broader economic, social and environmental objectives.

Stakeholder interests and expectations

- Socio economic growth.
- Skills development.
- Employment creation.
- Transformation.
- BBBEE.

Methods of engagement and value creation

- Local design and manufacture of equipment and the use of locally produced materials.
- Employer of 2 835 South Africans.
- Senior executive meetings with officials at various levels of government.
- Participation in industry consultative bodies and public forums including:
 - National Economic Development and Labour Council;
 - Business Unity South Africa;
 - South African Capital Equipment Export Council;
 - Steel and Engineering Industries;
 - Federation of South Africa.
- Economic empowerment leading to social upliftment programmes and initiatives including:
 - trade ins and the Bell Backed Loan Scheme for qualifying small black owned businesses;
 - earthmoving equipment apprenticeship programmes.

In July 2018 Bell Equipment became the first OEM to sign a Memorandum of Understanding with SANRAL to give CIDB graded contractors access to earthmoving machinery that will enable them to participate more meaningfully in major construction projects.

The joint undertaking is geared at accelerating the transformation of the construction industry and opening doors for black owned and managed CIDB graded contractors.

Access to various types of equipment used in construction has been identified as one of the biggest hurdles facing black owned and managed CIDB graded construction companies. They often do not have the capital to purchase major machinery used for construction works, earthmoving and the grading of roads.

The cooperation between SANRAL and Bell Equipment promotes fair competition in the construction and engineering sectors by giving black owned CIDB graded contractors' access to finance, leasing and rental options, training and maintenance services.

CIDB graded contractors are now able to purchase, rent or lease road construction equipment that will enable them to

participate in major public sector construction where high standards of quality are required. Bell is also able to leverage its existing partnerships with the financial sector to give black owned and managed CIDB graded contractors' access to financing.

Bell Equipment sees this undertaking as an opportunity to position itself as a road construction equipment supplier of choice by growing the group's customer base and contributing to the empowerment of emerging contractors in the industry.

The full complement of Bell sales representatives who deal with the public sector attended a meeting of Mechanical Sub-Services Committee in Upington in November 2018. The committee comprises the Departments of Roads and Public Works of the nine provincial governments and operates as a sub committee of the Government Motor Transport Division, which ultimately reports to the Roads Coordinating Committee that serves as an advisory board for the National Government's Ministry of Transport.

The meeting provided an opportunity to socialise with their clients and strengthen already established business relationships. Bell Equipment was also invited to present on the group's new Kamaz truck range.

In terms of training, in 2018 the KwaZulu-Natal Department of Transport sent an intake of 26 apprentices to Bell to participate in the group's MERSETA accredited apprenticeship programme. In 2019 a second intake of 26 apprentices will enrol in the programme and the group is in discussions to expand the service to other provinces, which is a pleasing acknowledgement of the standard of the group's apprentice training.

Bell Equipment qualified for a 10% investment grant from ThuringerAufbaubank in respect of the Eisenach-Kindel facility in Germany. Since 2003 Bell has cooperated closely with the regional development agency, LEG Thuringia, in Germany and at the opening ceremony of the Eisenach-Kindel facility expansion in June 2018, the State Secretary of the Ministry of Economy underlined the importance of Bell Equipment's continued commitment for the regional economy.

Bell currently qualifies for the AIS, a cash incentive grant offered by the South African government to the automotive sector, under the MHCV category. This grant incentivises local production and employment through a cash refund on a portion of capital expenditure incurred in enhancing local production capacity. Bell qualified for this grant on the capital investment made in the development of the new E-series large truck programme.

The APDP is the replacement programme for the previous MIDP that came to an end in 2012. The programme is designed to enhance local value add and increase local production in South Africa through a means of issuing of a production incentive on qualifying components or products. The production incentive allows OEMs to use duty credits to offset duties incurred on imports. In essence this allows the OEMs to import certain components duty free. Bell qualifies for the APDP as a component OEM.



Stakeholder relations report continued

incorporating sustainability performance

SHAREHOLDERS, INVESTORS, FINANCIERS AND INSURERS



Reason for engagement	Stakeholder interests and expectations	Methods of engagement and value creation
<ul style="list-style-type: none"> To create an informed perception of the group and its activities. 	<ul style="list-style-type: none"> Group strategy implementation. Group performance and sustained returns on investment. Leadership strength and management depth. Risk management. Transparent executive remuneration. 	<ul style="list-style-type: none"> AGM. Integrated annual report and interim results. Board and executive management strategy sessions. SENS announcements. Media. Group website including a dedicated investor relations page. Employee share schemes. Dividend policy. Sound corporate governance.



The Bell group strives to create value for all its stakeholders and to manage its financial capital to support the group's growth and diversification objectives in a sustainable and profitable manner.

Bell continues to engage with its shareholders through its integrated annual report and its AGM held in May of every year. In line with King IV, engagement with shareholders has improved by providing more and better information to shareholders, thereby ensuring good governance. An investor relations company has been engaged to assist Bell with its

annual investor relations programme. The investor relations company assists Bell with its interactive presentations to investors and shareholders; arranging one on one meetings and pre-close lunches with institutional shareholders; peer review of share price data, index comparisons, exchange rate information as well as the compilation of press releases and research reports for Bell Equipment.

The group will continue to strive for improved interaction with these important stakeholders on an ongoing basis.



Independent auditor's report on the summarised financial statements

TO THE SHAREHOLDERS OF BELL EQUIPMENT LIMITED

OPINION

The summarised consolidated financial statements of Bell Equipment Limited as set out on pages 74 to 86, which comprise the summarised consolidated statement of financial position as at 31 December 2018, the summarised consolidated statement of profit or loss, the summarised consolidated statement of profit or loss and other comprehensive income, summarised consolidated statement of changes in equity and summarised consolidated statement of cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Bell Equipment Limited for the year ended 31 December 2018.

In our opinion, the summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements of Bell Equipment Limited, in accordance with the requirements of *IAS 34 Interim Financial Reporting*, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

The summarised consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements of Bell Equipment Limited and the auditor's report thereon.

THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND OUR REPORT THEREON

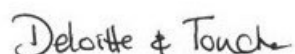
We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 14 March 2019. That report also includes the communication of other key audit matters as reported in the auditor's report of the audited financial statements.

DIRECTORS' RESPONSIBILITY FOR THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the requirements of *IAS 34 Interim Financial Reporting* and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the summarised consolidated financial statements are consistent, in all material respects, with the consolidated audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.



Deloitte & Touche
Registered Auditor

Per: C Howard-Browne
Partner

14 March 2019

National Executive: *LL Barn Chief Executive Officer *TMM Jordan Deputy Chief Executive Officer; Clients & Industries
*MJ Jarvis Chief Operating Officer *AF Mackie Audit & Assurance *N Sing Risk Advisory DP Ndlovu Tax & Legal
TP Pillay Consulting *JK Mazzocco Talent & Transformation MG Dicks Risk Independence & Legal
*KL Hudson Financial Advisory *TJ Brown Chairman of the Board
Regional leader: *R Redfearn

A full list of partners and directors is available on request *Partner and Registered Auditor

BBBEE rating: Level 1 contribution in terms of the DTI Generic Scorecard as per the amended Codes of Good Practice

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

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Summarised consolidated statement of financial position

as at 31 December 2018

	2018 R'000	2017 R'000
ASSETS		
Non-current assets	1 344 560	1 111 406
Property, plant and equipment	885 966	691 429
Intangible assets	237 964	224 766
Investments	23 584	574
Interest-bearing receivables	69 226	92 774
Deferred taxation	127 820	101 863
Current assets	5 183 673	4 246 208
Inventory	3 905 188	3 047 119
Trade and other receivables	868 519	778 555
Current portion of interest-bearing receivables	209 781	96 053
Prepayments	31 636	51 912
Other financial assets	6 757	13 139
Current taxation assets	13 347	9 179
Cash and bank balances	148 445	250 251
TOTAL ASSETS	6 528 233	5 357 614
EQUITY AND LIABILITIES		
Capital and reserves	3 371 509	2 988 602
Stated capital (note 5)	232 499	232 244
Non-distributable reserves	679 411	530 281
Retained earnings	2 440 926	2 214 236
Attributable to owners of Bell Equipment Limited	3 352 836	2 976 761
Non-controlling interest	18 673	11 841
Non-current liabilities	606 095	351 819
Interest-bearing liabilities	385 044	113 183
Repurchase obligations and deferred leasing income	–	1 243
Deferred income	118 897	106 568
Long-term provisions and lease escalation	33 324	42 074
Deferred taxation	68 830	88 751
Current liabilities	2 550 629	2 017 193
Trade and other payables	1 142 521	1 094 742
Current portion of interest-bearing liabilities	750 381	215 414
Current portion of repurchase obligations and deferred leasing income	–	746
Current portion of deferred income	135 243	94 171
Current portion of provisions and lease escalation	70 947	60 825
Other financial liabilities	10 648	20 272
Current taxation liabilities	23 194	25 675
Bank overdrafts and borrowings on call	417 695	505 348
TOTAL EQUITY AND LIABILITIES	6 528 233	5 357 614

Summarised consolidated statement of profit or loss

for the year ended 31 December 2018

	2018 R'000	2017 R'000 Restated*
Revenue	7 534 438	6 873 471
Cost of sales	(6 049 887)	(5 526 784)
Gross profit	1 484 551	1 346 687
Other operating income	195 514	137 477
Expenses	(1 226 314)	(1 080 707)
Profit from operating activities (note 2)	453 751	403 457
Net interest expense (note 3)	(48 470)	(99)
Profit before taxation	405 281	403 358
Taxation	(128 864)	(131 308)
Profit for the year	276 417	272 050
Profit for the year attributable to:		
– Owners of Bell Equipment Limited	269 585	260 209
– Non-controlling interest	6 832	11 841
Earnings per share (basic) (note 4) (cents)	283	273
Earnings per share (diluted) (note 4) (cents)	281	273

* Refer to restatements of prior periods in note 11.

Summarised consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2018

	2018 R'000	2017 R'000
Profit for the year	276 417	272 050
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange gains (losses) arising during the year	134 602	(22 311)
Exchange gains (losses) on translating foreign operations	131 351	(23 744)
Exchange gains on foreign reserves	3 251	1 433
<i>Items that may not be reclassified subsequently to profit or loss:</i>	15 384	(3 124)
Surplus arising on revaluation of properties	-	258
Taxation relating to revaluation of properties	-	(3 382)
Fair value gain on investments designated as at fair value through other comprehensive income	15 384	-
Other comprehensive income (loss) for the year, net of taxation	149 986	(25 435)
Total comprehensive income for the year	426 403	246 615
Total comprehensive income attributable to:		
- Owners of Bell Equipment Limited	419 571	234 774
- Non-controlling interest	6 832	11 841

Summarised consolidated statement of changes in equity

for the year ended 31 December 2018

	Attributable to owners of Bell Equipment Limited				Non-controlling interest R'000	Total capital and reserves R'000
	Stated capital R'000	Non-distributable reserves R'000	Retained earnings R'000	Total R'000		
Balance at 31 December 2016	232 139	553 298	1 972 810	2 758 247	–	2 758 247
Total comprehensive (loss) income for the year	–	(25 435)	260 209	234 774	11 841	246 615
Transfer between reserves	–	(172)	172	–	–	–
Transfer to retained earnings relating to expired share options	–	(107)	107	–	–	–
Increase in equity-settled employee benefits reserve	–	498	–	498	–	498
Share-based payment relating to BBBEE ownership transaction	–	2 199	–	2 199	–	2 199
Share options exercised	105	–	–	105	–	105
Dividends paid	–	–	(19 062)	(19 062)	–	(19 062)
Balance at 31 December 2017	232 244	530 281	2 214 236	2 976 761	11 841	2 988 602
Total comprehensive income for the year	–	149 986	269 585	419 571	6 832	426 403
Decrease in equity-settled employee benefits reserve	–	(856)	–	(856)	–	(856)
Share options exercised	255	–	–	255	–	255
Dividends paid	–	–	(42 895)	(42 895)	–	(42 895)
Balance at 31 December 2018	232 499	679 411	2 440 926	3 352 836	18 673	3 371 509

Summarised consolidated statement of cash flows

for the year ended 31 December 2018

	2018 R'000	2017 R'000 Restated*
Cash operating profit before working capital changes	657 730	665 069
Cash utilised in working capital	(767 720)	(533 369)
Cash (utilised in) generated from operations	(109 990)	131 700
Net interest paid	(29 785)	(29 635)
Taxation paid	(182 945)	(112 262)
Net cash utilised in operating activities	(322 720)	(10 197)
Purchase of property, plant and equipment and intangible assets	(265 933)	(135 842)
Proceeds on disposal of property, plant and equipment and intangible assets	7 600	7 975
Purchase of listed investments	(7 560)	-
Increase in interest-bearing receivables	(22 474)	(9 303)
Net cash utilised in investing activities	(288 367)	(137 170)
Interest-bearing liabilities raised	1 359 836	247 316
Interest-bearing liabilities repaid	(720 262)	(73 996)
Proceeds from share options exercised	255	105
Dividends paid	(42 895)	(19 062)
Net cash generated from financing activities	596 934	154 363
Net cash (outflow) inflow	(14 153)	6 996
Net bank overdrafts and borrowings on call at beginning of the year	(255 097)	(262 093)
Net bank overdrafts and borrowings on call at end of the year	(269 250)	(255 097)
Comprising:		
Cash and bank balances	148 445	250 251
Bank overdrafts and borrowings on call	(417 695)	(505 348)
Net bank overdrafts and borrowings on call at end of the year	(269 250)	(255 097)

* Refer to restatements of prior periods in note 11.

Notes to the summarised consolidated results

for the year ended 31 December 2018

1. BASIS OF PREPARATION

The consolidated financial statements, from which these summarised consolidated financial statements have been derived, 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 the new standards and the changes as described below. The consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of properties and financial instruments.

The group has adopted all of the new accounting standards relevant to its operations and effective for annual reporting periods beginning 1 January 2018, including *IFRS 9 Financial Instruments* ("IFRS 9") and *IFRS 15 Revenue from Contracts with Customers* ("IFRS 15"). The adoption of IFRS 15 has not had any significant impact on the results in the summarised consolidated financial statements or the disclosures herein, but resulted merely in the reclassification of certain transactions in previously published results as disclosed in note 11. With regards to IFRS 9 the comparative periods have not been restated because the impact of adoption was not significant. In the current year the group corrected classification errors in the group's statement of cash flows and in the operating segmental analysis. Details of these prior period corrections are disclosed in note 11.

These summarised consolidated financial statements are prepared in accordance with the requirements of the Companies Act in South Africa and the measurement and recognition requirements of IFRS, and contain the information required by *IAS 34 Interim Financial Reporting*. The preparation of these summarised consolidated financial statements and consolidated statements from which these results are summarised were supervised by the Group Finance Director, KJ van Haght CA(SA).

2. PROFIT FROM OPERATING ACTIVITIES

Profit from operating activities is arrived at after taking into account:

	2018 R'000	2017 R'000
Income		
Currency exchange gains	149 634	156 361
Production incentives	120 418	84 612
Net surplus on disposal of property, plant and equipment and intangible assets	5 716	3 038
Expenditure		
Amortisation of intangible assets	26 072	33 240
Amounts written off as uncollectible	1 535	13 618
Auditors' remuneration – audit and other services	11 253	9 739
Consulting fees	24 931	27 844
Currency exchange losses	277 014	157 426
Depreciation of property, plant and equipment	119 776	152 902
Operating lease charges	101 862	116 456
Research expenses (excluding staff costs)	43 364	46 298
Staff costs (including directors' remuneration)	1 332 218	1 272 171

	2018 R'000	2017 R'000
3. NET INTEREST EXPENSE		
Interest expense	89 101	43 350
Interest income (restated)*	(40 631)	(43 251)
Net interest expense	48 470	99

* Refer to restatements of prior periods in note 11.

Notes to the summarised consolidated results continued

for the year ended 31 December 2018

		2018	2017
4. EARNINGS AND NET ASSET VALUE PER SHARE			
Basic earnings per share is arrived at as follows:			
Profit for the year attributable to owners of Bell Equipment Limited	(R'000)	269 585	260 209
Weighted average number of ordinary shares in issue during the year	('000)	95 403	95 307
Earnings per share (basic)	(cents)	283	273
Diluted earnings per share is arrived at as follows:			
Profit for the year attributable to owners of Bell Equipment Limited	(R'000)	269 585	260 209
Fully converted weighted average number of shares*	('000)	95 778	95 454
Earnings per share (diluted)	(cents)	281	273
<i>* The number of shares has been adjusted for the effect of the dilutive potential ordinary shares relating to the unexercised options in the group's share option scheme.</i>			
Headline earnings per share is arrived at as follows:			
Profit for the year attributable to owners of Bell Equipment Limited	(R'000)	269 585	260 209
Net surplus on disposal of property, plant and equipment and intangible assets	(R'000)	(5 716)	(3 038)
Taxation effect of net surplus on disposal of property, plant and equipment and intangible assets	(R'000)	1 512	237
Impairment loss recognised on revaluation of buildings	(R'000)	-	2 597
Taxation effect of impairment loss recognised on revaluation of buildings	(R'000)	-	(909)
Reversal of impairment loss in respect of property, plant and equipment rental assets	(R'000)	-	(1 942)
Headline earnings	(R'000)	265 381	257 154
Weighted average number of ordinary shares in issue during the year	('000)	95 403	95 307
Headline earnings per share (basic)	(cents)	278	270
Diluted headline earnings per share is arrived at as follows:			
Headline earnings calculated above	(R'000)	265 381	257 154
Fully converted weighted average number of shares	('000)	95 778	95 454
Headline earnings per share (diluted)	(cents)	277	269
Net asset value per share is arrived at as follows:			
Total capital and reserves	(R'000)	3 371 509	2 988 602
Number of shares in issue	('000)	95 629	95 307
Net asset value per share	(cents)	3 526	3 136

	2018	2017
	R'000	R'000
5. STATED CAPITAL		
Authorised		
100 000 000 (2017: 100 000 000) ordinary shares of no par value		
Issued		
95 629 385 (2017: 95 306 885) ordinary shares of no par value	232 499	232 244

The increase in share capital relates to 322 500 (2017: 10 000) share options exercised at an average share price of R11,34 per share.

	2018 R'000	2017 R'000
6. CAPITAL EXPENDITURE COMMITMENTS		
Contracted	45 393	60 089
Authorised, but not contracted	126 973	282 774
Total capital expenditure commitments	172 366	342 863

This capital expenditure is to be financed from internal resources and long-term facilities.

7. SUMMARISED SEGMENTAL ANALYSIS

Information regarding the group's reportable segments is presented below. Information reported to the group's chief operating decision maker for purposes of resource allocation and assessment of segment performance is focused on geographical areas. Each reportable segment, except for the All other operations segment, derives its revenues from the sale of goods (machines and parts) and related services and rental income. The accounting policies of the reportable segments are the same as the group's accounting policies.

	Revenue R'000	Operating profit (loss) R'000	Total assets R'000	Total liabilities R'000
December 2018				
South African sales operation	3 297 532	115 895	1 736 469	1 573 991
South African manufacturing and logistics operation	5 155 229	307 963	3 877 173	2 023 168
European operation	2 409 322	73 235	1 865 348	1 360 782
Rest of Africa operation	673 076	(25 716)	352 101	358 486
North American operation	995 002	18 695	115 190	35 373
All other operations	-	(42 124)	2 082 949	49 596
Inter-segmental eliminations*	(4 995 723)	5 803	(3 500 997)	(2 244 672)
Total	7 534 438	453 751	6 528 233	3 156 724
December 2017				
South African sales operation (restated)**	2 988 414	157 356	1 516 718	1 369 180
South African manufacturing and logistics operation (restated)**	4 479 587	195 949	3 408 012	1 795 870
European operation (restated)**	2 311 137	84 913	1 010 515	587 383
Rest of Africa operation (restated)**	619 872	(70 000)	421 968	405 072
North American operation (restated)**	1 198 016	49 980	233 896	170 066
All other operations	-	(83 267)	2 040 945	113 310
Inter-segmental eliminations* (restated)**	(4 723 555)	68 526	(3 274 440)	(2 071 869)
Total	6 873 471	403 457	5 357 614	2 369 012

* Inter-segmental eliminations above relate to the following:

- Revenue – the elimination of intra-group sales transactions, mainly sales from the South African manufacturing and logistics operation, to the distribution operations.
- Operating profit (loss) – the elimination of profit (loss) on intra-group transactions, mainly sales transactions from the South African manufacturing and logistics operation to the distribution operations, where the inventory has not yet been on-sold by the distribution operations to a third party at year-end.
- Assets and liabilities – the intra-group transactions result in intra-group receivables and payables balances and furthermore intra-group loans are in place between certain group operations. These are eliminated on consolidation.

** The segment information has been adjusted for the restatements as disclosed in note 11.

Notes to the summarised consolidated results continued

for the year ended 31 December 2018

8. CONTINGENT LIABILITIES

- 8.1 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 carries certain credit risks. These are considered to be financial guarantee contracts.

The group is liable for all credit risk and therefore the full balance due to WesBank by default customers with regard to Bell-backed deals and a portion of the credit risk and a portion of the balance due to WesBank by default customers with regard to Bell-shared risk deals. In terms of the Bell-shared risk deals the group's exposure is calculated as a percentage of the net selling price of the equipment.

	2018 R'000	2017 R'000
At year-end the group's credit risk exposure to WesBank under Bell-backed deals for which the group carries all the credit risk totalled	264 235	176 091
At year-end the group's credit risk exposure to WesBank under Bell-shared risk deals for which the group carries a portion of the credit risk totalled	2 208	1 872
In the event of default, the equipment financed would be recovered and it is estimated that on re-sale the equipment would presently realise the following towards the above liabilities	323 892	228 782
	(57 449)	(50 819)
Less: impairment	-	(1 549)
Net contingent liability	-	-
The group has entered into similar shared risk arrangements with various other institutions. These arrangements are first-loss undertakings and the group's exposure remains fixed until the capital is repaid. These are considered to be financial guarantee contracts.		
At year-end the group's credit risk exposure to these financial institutions totalled	3 089	6 123
In the event of default, the equipment financed would be recovered and it is estimated that on re-sale the equipment would presently realise the following towards the above liabilities	2 289	7 935
	800	(1 812)
Less: provision for non-recovery	-	-
Net contingent liability	800	-

The group's credit backing enables the customer to obtain funding from WesBank and the other financial institutions, but provides no interest benefit to the customer. Therefore there is no interest differential and no fair value at initial recognition. Subsequent to initial recognition, where customers are in arrears with WesBank and there is a shortfall between the estimated realisation values of the equipment and the balances due by the customers to WesBank, an assessment of any additional security is done and a provision for any residual credit risk is made on a deal-by-deal basis to the extent of the group's liability towards the financial institution. In assessing the group's credit risk exposure to these transactions, the group also uses an expected default rate based on historical trends to measure expected credit losses on a portfolio basis.

- 8.2 The residual values of certain equipment sold to financial institutions have been guaranteed by the group. The group's exposure is limited to the difference between the group's guaranteed amount and the financial institution's predetermined estimate.

	2018 R'000	2017 R'000
In the event of a residual value shortfall on this equipment, the group would be exposed to a maximum amount of	19 775	41 952
Net contingent liability	19 775	41 952

The transactions described in note 8.2 above relate to sales transactions to financial institutions which lease the equipment to customers for an agreed lease term. In certain cases, the group has a remarketing agreement with the institution for the disposal of the equipment returned after the lease term, but in all instances the group's risk is limited to the residual value risk described above.

9. RELATED PARTY TRANSACTIONS

Information regarding significant transactions with related parties is presented below. Transactions are carried out on an arms length basis.

	2018 R'000	2017 R'000
Shareholders		
John Deere Construction and Forestry Company		
– sales	20 298	22 101
– purchases	511 298	594 738
– amounts owing to	57 724	136 858
– amounts owing by	4 476	5 144
Enterprises over which directors and shareholders are able to exercise significant influence and/or in which directors and shareholders have a beneficial interest		
Ario Properties Limited		
– property purchase commitment	–	51 537
– property purchase	52 330	–

10. FINANCIAL INSTRUMENTS

Categories of financial instruments included in the summarised consolidated statement of financial position:

Financial assets

- financial assets at fair value through profit or loss;
- financial assets at amortised cost; and
- financial assets at fair value through other comprehensive income.

Classification is determined by both the group's business model as well as the contractual cash flow characteristics of the asset. Financial assets carried on the statement of financial position include cash and bank balances, investments, interest-bearing receivables, trade and other receivables and forward foreign exchange contracts.

Financial liabilities

- financial liabilities at fair value through profit or loss; and
- financial liabilities at amortised cost.

Financial liabilities as disclosed in the statement of financial position include interest-bearing liabilities, trade and other payables, bank overdrafts and borrowings on call and forward foreign exchange contracts.

Fair value of financial instruments

Financial assets comprising interest-bearing receivables, trade and other receivables and cash and bank balances are measured at amortised cost. The directors consider that the carrying amount of financial assets at amortised cost approximates their fair value.

Financial liabilities comprising interest-bearing liabilities, trade and other payables and bank overdrafts and borrowings on call are measured at amortised cost. The directors consider that the carrying amount of financial liabilities at amortised cost approximates their fair value.

Financial assets and liabilities carried at fair value through profit or loss include forward foreign exchange contracts presented in the statement of financial position as other financial assets or liabilities. The group measures forward foreign exchange contracts at fair value on a recurring basis based on the market approach, using inputs other than quoted prices (Level 2). The fair value of these contracts is based on observable forward exchange rates at year-end from an independent provider of financial market data. There was no change in the valuation techniques for forward foreign exchange contracts (Level 2).

Investments carried at fair value through other comprehensive income include listed and unlisted equity instruments. These investments are measured at fair value on a recurring basis. The fair value of listed investments is based on quoted market prices (Level 1).

Notes to the summarised consolidated results continued

for the year ended 31 December 2018

10. FINANCIAL INSTRUMENTS (CONTINUED)

For its unlisted investment, the group used the market approach to estimate the fair value of its investment as the group does not have access to future forecast information with regards to the investment entity. The entity operates within the dealer and distribution network of the heavy equipment industry. In estimating the fair value, the group used an average price to book ratio of 1,81 applied to the estimated net asset value of the entity as at 31 December 2018. The price to book ratio of 1,81 represents an average of observable price to book ratios of a number of entities within the heavy equipment industry. The fair value measurement has been classified as a Level 3 measurement. For a 10% change in the price to book ratio, there would have been an equal impact on the fair value of the investment. The fair value gain of R16,0 million was accounted for in other comprehensive income. A reconciliation of this investment is presented below:

	2018 R'000	2017 R'000
Opening balance	574	568
Translation difference	66	6
Fair value gains recognised in other comprehensive income	16 021	–
Closing balance	16 661	574

During the current year the group measured its unlisted investment (Level 3) at fair value for the first time as a result of the adoption of IFRS 9.

For all fair value measurements disclosed above, there was no transfer between levels of the fair value hierarchy during the year.

11. PRIOR PERIOD RESTATEMENTS AND CORRECTION OF ERRORS

In the current year, the group has applied *IFRS 15 Revenue from Contracts with Customers* which is effective for annual periods beginning on or after 1 January 2018.

The group applied the standard retrospectively and used the following practical expedients:

- contracts that began and ended in 2017 were not restated.
- contracts that were completed contracts at 1 January 2017 were not restated.

The restatement adjustments below only relate to reclassifications of the following transactions within the group's statement of profit or loss:

- income from extended warranty contracts sold has been reclassified from other operating income to revenue;
- warranty expenses relating to standard warranties and extended warranties have been reclassified from distribution and other expenses to cost of sales;
- where it was identified that the group acted as principal in transport revenue transactions, income and expenses from transport services relating to the sale of goods, previously included in cost of sales, distribution and other expenses on a net basis, have been reclassified to revenue and cost of sales on a gross basis; and
- the interest component on extended warranty contracts and service contracts sold, where the contract periods exceed twelve months, has been reclassified from revenue and other operating income to interest income included in net interest expense.

In addition, in the current year the group has corrected the following errors in the consolidated statement of cash flows for June 2018 and the operating segmental analysis for December 2017:

- unrealised exchange differences have been reclassified from cash generated from operations before working capital changes to cash generated from operations.
- the allocation of revenue to operating segments was adjusted.

There was no impact on the statement of financial position.

11.1 The IFRS 15 reclassifications have the following impacts on the summarised consolidated statement of profit or loss:

	As previously reported R'000	Adjustment R'000	Restated R'000
December 2017			
Revenue	6 766 586	106 885	6 873 471
Cost of sales	(5 328 636)	(198 148)	(5 526 784)
Gross profit	1 437 950	(91 263)	1 346 687
Other operating income (refer to (i) above)	221 431	(83 954)	137 477
Expenses (refer to (ii) and (iii) above)	(1 226 135)	145 428	(1 080 707)
Profit from operating activities	433 246	(29 789)	403 457
Net interest expense (refer to (iv) above)	(29 888)	29 789	(99)
Profit before taxation	403 358	–	403 358

11.2 The following items within the summarised consolidated statement of cash flows were impacted by the IFRS 15 reclassifications in the previous period:

	As previously reported R'000	Adjustment R'000	Restated R'000
December 2017			
Cash operating profit before working capital changes	665 069	–	665 069
<i>Within which the following were impacted:</i>			
Profit from operating activities	433 246	(29 789)	403 457
Increase in deferred income	33 753	29 789	63 542

11.3 The IFRS 15 reclassifications have the following impacts on the Summarised Segmental Analysis:

	As previously reported at December 2017 R'000	Restatement adjustment R'000	As reported at June 2018 R'000	Adjustment** R'000	Restated R'000
December 2017					
Revenue					
South African sales operation	2 991 387	(34 438)	2 956 949	31 465	2 988 414
South African manufacturing and logistics operation	4 376 792	102 795	4 479 587	–	4 479 587
European operation	2 324 683	614	2 325 297	(14 160)	2 311 137
Rest of Africa operation	618 845	665	619 510	362	619 872
North American operation	1 151 199	(24)	1 151 175	46 841	1 198 016
Inter-segmental eliminations	(4 696 320)	37 273	(4 659 047)	(64 508)	(4 723 555)
Total	6 766 586	106 885	6 873 471	–	6 873 471

* This adjustment relates to the correction of an error in the June 2018 interim announcement.

Notes to the summarised consolidated results continued

for the year ended 31 December 2018

11. PRIOR PERIOD RESTATEMENTS AND CORRECTION OF ERRORS (CONTINUED)**11.3 The IFRS 15 reclassifications have the following impacts on the Summarised Segmental Analysis: (continued)**

	As previously reported R'000	Adjustment R'000	Restated R'000
December 2017			
Operating profit (loss)			
South African sales operation	159 513	(2 157)	157 356
South African manufacturing and logistics operation	223 581	(27 632)	195 949
European operation	84 913	–	84 913
Rest of Africa operation	(70 000)	–	(70 000)
North American operation	49 980	–	49 980
All other operations	(83 267)	–	(83 267)
Inter-segmental eliminations	68 526	–	68 526
Total	433 246	(29 789)	403 457
December 2017			
Net interest (expense) income			
South African sales operation	(40 748)	2 157	(38 591)
South African manufacturing and logistics operation	(4 393)	27 632	23 239
European operation	(21 391)	–	(21 391)
Rest of Africa operation	(11 987)	–	(11 987)
North American operation	(4 065)	–	(4 065)
All other operations	52 768	–	52 768
Inter-segmental eliminations	(72)	–	(72)
Total	(29 888)	29 789	(99)

11.4 The following items within the summarised consolidated statement of cash flows were impacted by the correction of a prior period error:

	As previously reported R'000	Correction of error: Reclassification of unrealised exchange differences R'000	Restated R'000
June 2018			
Cash operating profit before working capital changes	374 146	71 194	445 340
Cash utilised in working capital	(238 971)	(71 194)	(310 165)

12. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION

The information in respect of directors' and prescribed officers' remuneration is included in the Remuneration Committee Report on page 55.

The details of the number of unexercised share options and phantom share awards held by directors and prescribed officers at the end of the year is included in the Remuneration Committee Report on page 56.

13. SUBSEQUENT EVENTS

On 1 February 2019 a wholly-owned subsidiary of the company acquired the business of Matriarch Equipment Close Corporation as a going concern. As Matriarch was effectively controlled by Ashley Bell, a non-executive director of the company at the time, in terms of the JSE Listings Requirements the transaction was deemed to be a small related party transaction. The related party transaction was deemed to be fair by the expert Deloitte & Touche.

No other fact or circumstance material to the appreciation of this report has occurred between 31 December 2018 and the date of this report.

Shareholder analysis

Company: Bell Equipment Limited
Register date: 28 December 2018
Issued share capital: 95 629 385

	Number of shareholdings	%	Number of shares	%
SHAREHOLDER SPREAD				
1 – 1 000 shares	566	53,15	188 902	0,20
1 001 – 10 000 shares	340	31,92	1 296 252	1,35
10 001 – 100 000 shares	115	10,80	3 593 797	3,76
100 001 – 1 000 000 shares	35	3,29	10 635 502	11,12
1 000 001 shares and over	9	0,84	79 914 932	83,57
Total	1 065	100,00	95 629 385	100,00
DISTRIBUTION OF SHAREHOLDERS				
Banks/Brokers	26	2,44	7 546 790	7,89
Close Corporations	14	1,32	2 863 243	2,99
Endowment Funds	3	0,28	19 634	0,02
Government	1	0,09	17 022	0,02
Individuals	846	79,44	3 520 281	3,68
Insurance Companies	7	0,66	2 524 298	2,64
Medical Schemes	1	0,09	70 000	0,07
Mutual Funds	26	2,44	9 943 289	10,40
Other Corporations	6	0,56	53 585	0,06
Own Holdings	1	0,09	70 398	0,07
Private Companies	25	2,35	36 228 798	37,89
Public Companies	2	0,19	30 000 001	31,37
Retirement Funds	47	4,42	2 326 119	2,43
Trusts	60	5,63	445 927	0,47
Total	1 065	100,00	95 629 385	100,00
PUBLIC/NON-PUBLIC SHAREHOLDERS				
Non-public shareholders	9	0,85	66 058 205	69,08
Directors of the Company	4	0,38	262 238	0,28
Associates of the Company	2	0,19	2 000	0,00
Own Holdings	1	0,09	70 398	0,07
Strategic Holders of more than 10%	2	0,19	65 723 569	68,73
Public shareholders	1 056	99,15	29 571 180	30,92
Total	1 065	100,00	95 629 385	100,00
RESIDENT/NON-RESIDENT				
Resident	1 026	96,34	57 699 827	60,34
Non-resident	39	3,66	37 929 558	39,66
Total	1 065	100,00	95 629 385	100,00
TOP 10 BENEFICIAL SHAREHOLDERS				
I A Bell And Company (Pty) Ltd			35 723 569	37,36
John Deere			30 000 000	31,37
Investec			4 051 235	4,24
Sanlam			3 842 225	4,02
Allan Gray			3 147 175	3,29
Clark, IAJ			2 710 000	2,83
UBS (Custodian)			2 628 069	2,75
Pershing			1 939 352	2,03
Investment Solutions			707 848	0,74
Lombard Odier & Cie			614 946	0,64
Total			85 364 419	89,27
TOP 10 INSTITUTIONAL SHAREHOLDERS				
Allan Gray Asset Management			6 011 205	6,29
Investec Asset Management			4 594 759	4,80
Sanlam Investment Management			3 842 764	4,02
UBS (Custodian)			2 628 069	2,75
Pershing LLC			1 939 352	2,03
Lombard Odier & Cie			614 946	0,64
Citibank (Custodian)			515 749	0,54
HSBC (Custodian)			497 300	0,52
Clearstream Banking SA Luxembourg			384 528	0,40
Melville Douglas Investment Management			314 929	0,33
Total			21 343 601	22,32

Shareholder analysis continued

		Number of shareholdings	%	Number of shares	%
BREAKDOWN OF NON-PUBLIC HOLDINGS					
Directors					
Bell, GW	Chairman			253 600	0,28
Goosen, L	CEO			4 040	0,00
Bell, AJ	Executive director			2 598	0,00
Mayer, A	Subsidiary director			2 000	0,00
Total				262 238	0,28
ASSOCIATE OF THE COMPANY					
Harie, B	Shareholder in subsidiary			1 000	0,00
Mabaso-Koyana, SN	Shareholder in subsidiary			1 000	0,00
Total				2 000	0,00
OWN HOLDINGS					
Bell Equipment				70 398	0,07
				70 398	0,07
STRATEGIC HOLDERS OF MORE THAN 10%					
I A Bell & Company (Pty) Ltd				35 723 569	37,36
John Deere				30 000 000	31,37
Total				65 723 569	68,73
RESIDENT/NON-RESIDENT SPLIT					
South Africa		1 026	96,34	57 699 827	60,34
United States		9	0,85	32 636 401	34,13
United Kingdom		6	0,56	2 653 932	2,78
Switzerland		4	0,38	1 096 399	1,15
Germany		3	0,28	652 400	0,68
Luxembourg		1	0,09	384 528	0,40
Namibia		4	0,38	185 068	0,19
Swaziland		2	0,19	141 960	0,15
France		2	0,19	116 500	0,12
Netherlands		1	0,09	45 500	0,05
New Zealand		5	0,47	13 600	0,01
Mauritius		1	0,09	3 000	0,00
Botswana		1	0,09	270	0,00
Total		1 065	100,00	95 629 385	100,00

Shareholder diary

Financial year-end	31 December
Integrated annual report	April 2019
Annual general meeting	15 May 2019
Interim results announcement	August 2019

Glossary

ADT	Articulated Dump Truck
AGM	Annual General Meeting
AIS	Automotive Investment Scheme
ALC	American Logistics Centre
APDP	Automotive Production and Development Programme
Bell Equipment or Bell or the group	Bell Equipment Limited and its subsidiaries
BEE or BBEE	Black Economic Empowerment or Broad-Based Black Economic Empowerment
BECSA	Bell Equipment Company SA Proprietary Limited
BEE0	Bell Equipment European Operations comprising the Bell operations in Germany, UK, France and Russia
BENA	Bell Equipment North America Inc.
BESA	Bell Equipment Sales Africa comprising BESSA and the Bell operations in Zambia, Zimbabwe, Namibia and Swaziland
BESSA	Bell Equipment Sales South Africa Limited
CIDB	Construction Industry Development Board
COBIT	Control Objectives for Information and Related Technology
Companies Act	Companies Act of South Africa No 71 of 2008 (as amended)
CRM	Customer Relations Management
CSC	Customer Service Centre
CSDP	Central Securities Depository Participant
CSI	Corporate Social Investment
DOE	Department of Environmental Affairs
DRC	Democratic Republic of the Congo
ELC	European Logistics Centre
EME	Exempted Micro-Enterprise
ESD	Enterprise and Supplier Development
EU	European Union
FTA	Field Technical Analyst
GDP	Gross Domestic Product
GDPR	General Data Protection Regulation
GEC	Group Executive Committee
GLC	Global Logistics Centre
IDC	Industrial Development Corporation
IFRS	International Financial Reporting Standards
ISO	International Standards Organisation
IT	Information Technology
John Deere	John Deere Construction and Forestry Company, a Delaware corporation
JSE	Johannesburg Stock Exchange Limited
King III	King Code of Governance Principles and the King Report on Governance
King IV	King IV Report on Corporate Governance in South Africa 2016
KPI	Key Performance Indicators
LTIFR	Lost Time Injury Frequency Rate
LTIS	Long-Term Incentive Scheme
LTRS	Lifetime Revenue Stream
Matriarch	Matriarch Equipment Close Corporation
MERSETA	Manufacturing, Engineering and Related Services Sector Education Training Authority
MHCV	Medium and Heavy Commercial Vehicle
MIDP	Motor Industry Development Programme
MOI	Memorandum of Incorporation
NPAT	Net Profit after Tax
NUMSA	National Union of Metalworkers of South Africa
OEM	Original Equipment Manufacturer
OROA	Operating Return on Assets
PMI	Production Management Institute of South Africa
QSE	Qualifying Small Enterprise
ROE	Return on Equity
RTGS Dollar	New currency announced in February 2019 for RTGS (real time gross settlement) balances, bond notes and coins in circulation in Zimbabwe
SANRAL	South African National Roads Agency
SED	Social Economic Development
SEIFSA	The Steel and Engineering Industries Federation of Southern Africa
SENS	Stock Exchange News Service
SETA	Sector Education and Training Authority
STIS	Short-Term Incentive Scheme
SVA	Shareholder Value-Add
TLB	Tractor Loader Backhoe
TMP cycle	Trough, mid and peak cycle
UK	United Kingdom
US	United States of America
1-BELL	Bell initiative used to unite the greater Bell organisation through the adoption of a number of common areas of focus and key values associated therewith.

Notice of annual general meeting

BELL EQUIPMENT LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1968/013656/06)

ISIN Code: ZAE000028304

Share code: BEL

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

Notice is hereby given that the 51st AGM of shareholders of Bell Equipment will be held at the company's registered office, 13 – 19 Carbonode Cell Road, Alton, Richards Bay, KwaZulu-Natal on Wednesday, 15 May 2019 at 11:00 to attend to the following matters, with or without modification.

RECORD DATES

Shareholders are reminded to take note of the following dates:

- last day to trade in order to be eligible to attend, participate and vote at the AGM will be Tuesday, 7 May 2019;
- the record date in order to be eligible to attend, participate and vote at the AGM will be Friday, 10 May 2019.

ORDINARY BUSINESS

1. ORDINARY RESOLUTION 1: FINANCIAL STATEMENTS

To consider the annual financial statements of the group for the financial year ended 31 December 2018, including the directors' report, the independent auditor's report, the social, ethics and transformation committee's report and the audit committee's report.

ADDITIONAL INFORMATION IN RESPECT OF ORDINARY RESOLUTION NUMBER 1

The audited annual financial statements, including the directors' report, the independent auditor's report and the audit committee report, of the group for the financial year ended 31 December 2018 are available online on www.bellir.co.za. The independent auditor's report and the summarised consolidated financial statements are included in the integrated annual report on pages 73 and 74 respectively.

2. ORDINARY RESOLUTION 2: RE-ELECTION OF DIRECTORS BY ROTATION

Re-election of directors in terms of clause 5.1.10 of the MOI by way of separate resolutions. The nominations committee has assessed each of the retiring directors and the board unanimously recommends:

- 2.1 to re-elect J Barton as a lead independent non-executive director who retires by rotation in terms of the MOI at this AGM and, being eligible, makes himself available for re-election. Brief particulars of the qualifications and experience of the abovementioned director are available on page 24 of the integrated annual report of which this notice forms part;
- 2.2 to re-elect M Ramathe as an independent non-executive director who retires by rotation in terms of the MOI at this AGM and, being eligible, makes herself available for re-election. Brief particulars of the qualifications and experience of the abovementioned director are available on page 25 of the integrated annual report of which this notice forms part; and
- 2.3 to re-elect R Naidu as an independent non-executive director who retires by rotation in terms of the MOI at this AGM and, being eligible, makes himself available for re-election. Brief particulars of the qualifications and experience of the abovementioned director are available on page 25 of the integrated annual report of which this notice forms part.

3. ORDINARY RESOLUTION 3: APPOINTMENT OF THE MEMBERS OF THE AUDIT COMMITTEE

Pursuant to the requirements of Section 94 of the Companies Act to appoint the following independent non-executive directors of the company as members of the audit committee until the conclusion of the AGM to be held in 2020 each by separate resolution:

- 3.1 D Lawrance
- 3.2 R Naidu
- 3.3 M Ramathe
- 3.4 J Barton

Brief particulars of the qualifications and experience of the abovementioned directors are available on pages 24 to 25 of the integrated annual report of which this notice forms part.

4. ORDINARY RESOLUTION 4: APPOINTMENT OF AUDITORS

To appoint Deloitte & Touche, upon the recommendation of the current audit committee, as the independent auditors of the company; and to note Mrs C Howard-Browne as the individual designated auditor for the financial year ended 31 December 2019.

5. ORDINARY RESOLUTION 5: PLACEMENT OF AUTHORISED BUT UNISSUED SHARES UNDER THE CONTROL OF THE DIRECTORS

To resolve that the directors be authorised and empowered to allot and issue out of the authorised but unissued shares in the capital of the company up to 5% of the number of shares in issue immediately prior to that issue to such person or persons upon such terms and conditions and at such times as they may determine and deem fit, subject to the provisions of the Companies Act, the JSE Listings Requirements and the MOI and provided that this authority shall not extend beyond the AGM to be held in 2020 or 15 (fifteen) months from 15 May 2019, whichever date is earlier.

The directors of the company have no specific intention to effect a general issue of shares as contemplated in this resolution number 5 but will, however, continually review the company's position, having regard to the prevailing circumstances and market conditions, in considering whether to effect such an issue.

6. NON-BINDING ADVISORY VOTE ON THE COMPANY'S REMUNERATION POLICY

To endorse through a non-binding advisory vote, the company's remuneration policy as set out in the remuneration committee report contained on page 48 of the integrated annual report of which this notice forms part.

7. NON-BINDING ADVISORY VOTE ON THE COMPANY'S REMUNERATION IMPLEMENTATION REPORT

To endorse through a non-binding advisory vote, the company's implementation report in regards to its remuneration policy, as set out in the remuneration committee report contained on page 48 of the integrated annual report of which this notice forms part.

SPECIAL BUSINESS

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

8. SPECIAL RESOLUTION 1: GENERAL AUTHORITY FOR THE PROVISION OF FINANCIAL ASSISTANCE IN TERMS OF SECTION 45

To resolve that to the extent required by Section 45 of the Companies Act, the board may, subject to compliance with the provisions of the MOI, the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, by way of a general authority, authorise the company to provide on such terms as the board shall consider appropriate in the circumstances and without the necessity if the board considers it appropriate to charge interest at any time and from time to time any direct or indirect financial assistance to any one or more related or inter-related companies or corporations of the company but not to a director and/or a prescribed officer of the company, for a period of one year from 1 January 2020 to 31 December 2020.

Reasons and effect

The reason for and effect of this special resolution number 1 is to obtain the necessary approvals from shareholders to allow the company to provide financial assistance to the company's related and/or inter-related companies in accordance with the provisions of Section 45 of the Companies Act, as and when required in the normal course of its business. This special resolution does not authorise the provision of financial assistance to a director and/or a prescribed officer of the company or of any related and/or inter-related companies. In no way shall the passing of this resolution be interpreted as overriding the resolution passed at last year's AGM authorising the provision of financial assistance in terms of Section 45 of the Companies Act.

Notice of annual general meeting continued

9. SPECIAL RESOLUTIONS 2.1 TO 2.17: BASIS OF REMUNERATION PAYABLE TO NON-EXECUTIVE DIRECTORS FROM 1 JANUARY 2020

To resolve as separate special resolutions that the directors' fees plus VAT that may be attributable to the fees, payable to the non-executive directors of the company, from 1 January 2020, be approved as follows:

Special resolution number		Rand (excl VAT)
	Retainer fees to be paid annually	
2.1	Non-executive chairman	374 230
2.2	Lead independent non-executive director	287 930
2.3	Non-executive directors	201 630
	Fees per meeting payable to the Chairman of the Board and the Chairmen of Board Committees	
2.4	Board	34 100
2.5	Audit committee	20 500
2.6	Risk and sustainability committee	20 500
2.7	Nominations committee	16 110
2.8	Remuneration committee	16 110
2.9	Social, ethics and transformation committee	20 210
2.10	Fees to be paid to lead independent non-executive director per board meeting	33 870
	Fees to be paid to non-executive directors per meeting	
2.11	Board	33 630
2.12	Audit committee	26 920
2.13	Risk and sustainability committee	20 500
2.14	Nominations committee	13 770
2.15	Remuneration committee	13 770
2.16	Social, ethics and transformation committee	20 210
2.17	Bell audit services committee	13 400

The proposed fees for 2020 set out above are exclusive of VAT.

Reasons and effect

These special resolutions are required in order to comply with the requirements of the Companies Act. In this respect, Section 65 (11) (h) provides that a special resolution is required to authorise the basis for compensation to directors of a profit company, as required by Section 66 (9). Section 66 (9) provides that remuneration may be paid to its directors for their services as directors only in accordance with a special resolution approved by the shareholders within the previous 2 (two) years.

Section 66 (9) applies only to the remuneration paid to directors for their services as such. Unlike the non-executive directors of the company, the executive directors do not receive any fees/remuneration for their services as directors. Their remuneration is for their services as employees of the company.

The company's AGM is held in May of each year and it is the intention that the basis of determining the remuneration payable to directors for their services as such is determined annually in advance for the then forthcoming period that commences at the beginning of January.

The effect of these special resolutions, if passed, will be the authorisation of the abovementioned fees.

10. SPECIAL RESOLUTION 3: GENERAL AUTHORITY TO REPURCHASE SHARES

To resolve that the board be authorised, by way of a general authority, to approve the purchase of its own ordinary shares by the company, or to approve the purchase of the ordinary shares in the company by any subsidiary of the company, subject to the applicable requirements of the MOI, the Companies Act, and subject further to the restriction that the repurchase or purchase, as the case may be, by the company and/or any of its subsidiaries of shares in the company under this authority will not, considered alone or together with other transactions in an integrated series of transactions, in aggregate exceed 5% of the ordinary shares of the company in issue at the time this authority is granted and provided that, in terms of the JSE Listings Requirements:

- the general repurchase of ordinary shares in the aggregate in any one financial year may not exceed 20% (twenty percent) of the company's issued ordinary share capital as at the beginning of the financial year;
- the general repurchase of shares will be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty (reported trades are prohibited);

- authorisation thereto has been given by the company's MOI;
- this general authority shall only be valid until the company's next AGM, provided that it shall not extend beyond 15 (fifteen) months from the date of the passing of this special resolution;
- general repurchases may not be made at a price greater than 10% (ten percent) above the weighted average of the market value for the shares for the 5 (five) business days immediately preceding the date on which the transaction is effected;
- at any point in time, a company may only appoint one agent to effect any repurchases on the company's behalf;
- a resolution has been passed by the board confirming that the board has authorised the general repurchase, that the company passed the solvency and liquidity test and that since the test was done there have been no material changes to the financial position of the group, or in the case of a purchase by a subsidiary, a resolution of the board of such subsidiary confirming that such board has authorised the general repurchase, that such subsidiary passed the solvency and liquidity test and that since the test was done there have been no material changes to the financial position of the group;
- any such general repurchases are subject to exchange control regulations and approval at that point in time;
- the company or its subsidiaries may not repurchase shares during a prohibited period as defined in the JSE Listings Requirements unless they have in place a repurchase programme where the dates and quantities of shares to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed to the JSE in writing prior to the commencement of the prohibited period; and
- when the company has cumulatively repurchased 3% (three percent) of the initial number of the relevant class of shares, and for each 3% (three percent) in aggregate of the initial number of that class acquired thereafter, an announcement will be made.

The board will not effect a general repurchase of shares as contemplated above unless, in addition to complying with the requirements of the Companies Act, the following conditions as contemplated by the JSE Listings Requirements are met:

- the company and the group will be able to repay its debts in the ordinary course of business for a period of 12 months following the date of the general repurchase;
- the company and the group's assets will be in excess of the liabilities of the company and the group for a period of 12 months after the date of the general repurchase. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements which comply with the Companies Act;
- the share capital and reserves of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the general repurchase; and
- the working capital of the company and the group will be adequate for ordinary business purposes for a period of 12 months following the date of the repurchase.

Reason and effect

The reason and effect for this special resolution number 3 is to authorise the company and/or its subsidiaries by way of a general authority to acquire the company's issued shares on such terms, conditions and in such amounts as determined from time to time by the directors of the company, subject to the limitations set out above.

Statement of board's intention

The directors of the company have no specific intention to effect the provisions of special resolution number 3 but will, however, continually review the company's position, having regard to the prevailing circumstances and market conditions, in considering whether to effect the provisions of special resolution number 3.

Other disclosures in terms of Section 11.26 of the JSE Listings Requirements

The JSE Listings Requirements require certain disclosures for purposes of the general authority to repurchase the company's shares as contemplated by special resolution 3, some of which appear elsewhere in the integrated annual report of which this notice forms part:

Major shareholders of the company	page 87
Stated capital of the company	page 80

Directors' responsibility statement

The directors, whose names are given on pages 24 to 25 of the integrated annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 3 and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this resolution and additional disclosure in terms of Section 11.26 of the JSE Listings Requirements pertaining thereto contain all information required by the JSE Listings Requirements.

No material changes

Other than the facts and developments reported on in the integrated annual report, there have been no material changes in the financial or trading position of the company and its subsidiaries since the date of signature of the audit report and the date of this notice.

Notice of annual general meeting continued

11. OTHER BUSINESS

To transact such other business as may be transacted at an annual general meeting of shareholders.

INFORMATION SCHEDULE

Quorum

The quorum requirement for the ordinary and special resolutions set out above is sufficient persons being present to exercise, in aggregate, at least 25% of all voting rights that are entitled to be exercised on the resolutions, provided that at least three shareholders of the company are present at the AGM.

Proxies/representation at the meeting

Shareholders who have not dematerialised their shares or who have dematerialised their shares with 'own name' registration, who are unable to attend the meeting, are entitled to appoint a proxy or proxies to attend, speak and vote in their stead. The person so appointed need not be a shareholder. Forms of proxy must be received for administrative purposes by the company secretary at the registered office of the company at 13 – 19 Carbonode Cell Road, Alton, Richards Bay or at Private Bag X20046, Empangeni, 3880 or by the company's share transfer secretaries, Link Market Services SA Proprietary Limited, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein or at PO Box 4844, Johannesburg, 2000 by 11:00 on Monday, 13 May 2019. Forms of proxy must only be completed by shareholders who have not dematerialised their shares or who have dematerialised their shares with 'own name' registration. Any forms of proxy not received by this time must be handed to the chairman of the AGM immediately prior to the meeting.

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

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with 'own name' registration, must contact their CSDP or broker in the manner and time stipulated in their agreement:

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

Identification

Pursuant to the requirements of Section 62 (3) of the Companies Act, notice is hereby given that in terms of Section 63 (1) of the Companies Act, shareholders and proxies who attend the AGM will be required to provide satisfactory identification (for example: valid drivers' licences, identity documents or passports).

Voting rights

The percentage of voting rights that will be required for the adoption of each special resolution is the support of at least 75% of the voting rights exercised on the resolution. The percentage of voting rights that will be required for the adoption of each ordinary resolution is the support of more than 50% of the voting rights exercised on the resolution.

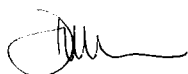
Shares held by share trust or scheme

Shares held by a share trust or scheme, and unlisted securities, will not have their votes taken into account for purposes of any JSE-regulated resolutions.

Electronic communication

With regard to Section 61 (10) of the Companies Act, any shareholder or proxy eligible to attend the AGM but unable to do so, may make arrangements with the company to be connected to the meeting via a teleconference facility.

By order of the board



D McIlrath
Company secretary

14 March 2019

Registered office

13–19 Carbonode Cell Road
Alton
Richards Bay
3900

Form of proxy

BELL EQUIPMENT LIMITED

Company registration number: 1968/013656/06

Share code: BEL

ISIN code: ZAE000028304

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

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

An ordinary shareholder entitled to attend and vote at the AGM to be held in the visitors' centre of Bell Equipment Limited, 13 - 19 Carbonode Cell Road, Alton, Richards Bay, KwaZulu-Natal on Wednesday, 15 May 2019 at 11:00, is entitled to appoint a proxy/ies to attend, speak or vote thereat in his/her stead. A proxy/ies need not be a shareholder of the company.

The completed forms of proxy are requested to be provided to the company secretary for administrative purposes at the registered office of the company at 13 - 19 Carbonode Cell Road, Alton, Richards Bay or at Private Bag X20046, Empangeni, 3880 or to the company's share transfer secretaries, Link Market Services SA Proprietary Limited, Rennie House, 13th Floor, 19 Ameshoff Street, Braamfontein or at PO Box 4844, Johannesburg, 2000 by no later than 11:00 on Monday, 13 May 2019. Any forms of proxy not received by this time must be handed to the chairman of the AGM immediately prior to the meeting.

I/We _____ (please print full names) of _____ (address)

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

do hereby appoint:

1. _____ or failing him/her

2. _____ or failing him/her

3. the chairman of the AGM as my/our proxy/ies to attend, speak and on a poll to vote or abstain from voting on my/our behalf at the AGM or at any adjournment thereof for the purpose of considering and, if deemed fit, passing with or without modification, the following resolutions to be considered at the AGM in accordance with the following instructions:

Ordinary resolution number		for	against	abstain
1.	Consideration of annual financial statements			
2.	To re-elect directors who retire in terms of clause 5.1.10 of the company's MOI			
2.1	J Barton			
2.2	M Ramathe			
2.3	R Naidu			
3.	Appointment of the following independent non-executive directors as members of the audit committee until the conclusion of the AGM to be held in 2020:			
3.1	D Lawrance			
3.2	R Naidu			
3.3	M Ramathe			
3.4	J Barton			
4.	Appointment of Deloitte & Touche as auditors of the company; and to note the appointment of Mrs C Howard-Browne as the individual designated auditor			
5.	Placement of authorised but unissued shares under the control of the directors			
6.	Non-binding advisory vote on the company's remuneration policy			
7.	Non-binding advisory vote on the company's remuneration implementation report			
Special resolution number		for	against	abstain
1.	Approval for the granting of financial assistance in terms of Section 45 of the Companies Act			
2.	Approval of fees for non-executive directors			
	Annual retainer fees			
2.1	Non-executive chairman			
2.2	Lead independent non-executive director			
2.3	Non-executive directors			
	Fees paid per meeting to the chairman of the board and the chairmen of the board committees			
2.4	Board			
2.5	Audit committee			
2.6	Risk and sustainability committee			
2.7	Nominations committee			
2.8	Remuneration committee			
2.9	Social, ethics and transformation committee			
2.10	Fees paid to lead independent non-executive director per board meeting			
	Fees paid to non-executive directors per meeting			
2.11	Board			
2.12	Audit committee			
2.13	Risk and sustainability committee			
2.14	Nominations committee			
2.15	Remuneration committee			
2.16	Social, ethics and transformation committee			
2.17	Bell audit services committee			
3.	General authority to repurchase shares			

On a show of hands a person entitled to vote is only entitled to one vote, irrespective of the number of the ordinary shares in the company he/she/it holds or represents. On a poll a person entitled to vote at the AGM present in person or by proxy/proxies is entitled to that proportion of the total votes in the company that the aggregate amount of the nominal value of the ordinary shares issued by the company and carrying the right to vote.

Please read the notes following this form of proxy.

Signed at _____ (place) on _____ 2019

Shareholder's signature/s _____ Assisted by _____ (if applicable)

Notes to the form of proxy

Summary of the rights of a certificated holder or "own-name" registered dematerialised holder to be represented by proxy as contained in section 58 of the Companies Act and notes to the form of proxy:

In accordance with Section 58 of the Companies Act, a person who holds ordinary shares in Bell Equipment is entitled to attend and vote at the AGM and to appoint one or more proxies to attend, participate in, speak and vote or abstain from voting in his/her stead.

A proxy need not be a shareholder of the company. A shareholder may make a proxy appointment in writing, dated and signed by the shareholder; and said appointment will remain valid for one year after the date on which it was signed or any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in subsection (4) (c), or expires earlier as contemplated in subsection (8) (d).

A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided overleaf, with or without deleting "the chairperson of the AGM", but any such deletion must be initialled by the shareholder. Should this space be left blank, the proxy will be exercised by the chairperson of the AGM. The person whose name appears first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow. Further, a shareholder may appoint more than one proxy to exercise voting rights attached to different securities held by that shareholder.

A proxy may delegate the proxy's authority to act on behalf of the shareholder to another person and a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders' meeting.

Irrespective of the form of instrument used to appoint a proxy, the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder or if the appointment is revocable unless the proxy appointment expressly states otherwise and if the appointment is revocable, a shareholder may revoke the proxy appointment by:

- cancelling it in writing, or making a later inconsistent appointment of a proxy; and
- delivering a copy of the revocation instrument to the proxy, and to the company.

The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered as required in subsection (4) (c) (ii) of the Companies Act.

If the instrument appointing a proxy or proxies has been delivered to a company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the company's MOI to be delivered by the company to the shareholder must be delivered by the company to:

- the shareholder; or
- the proxy or proxies, if the shareholder has directed the company to do so, in writing, and paid any reasonable fee charged by the company for doing so.

A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the MOI, or the instrument appointing the proxy, provides otherwise.

A shareholder's voting instructions to the proxy must be indicated by the insertion of an "X", or the number of votes exercisable by that shareholder, in the appropriate spaces provided overleaf. Failure to do so will be deemed to authorise the proxy to vote or to abstain from voting at the AGM, as he/she thinks fit in respect of all the shareholder's exercisable votes. A shareholder or his/her proxy is not obliged to use all the votes exercisable by him/her or by his/her proxy, but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the shareholder or by his/her proxy.

A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.

Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries or waived by the chairman of the AGM. Examples of satisfactory identification include a valid identity document, a valid driving licence or a valid passport.

The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so in which case this proxy will be suspended accordingly.

The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this form of proxy must be initialled by the signatory/ies. The chairman of the AGM shall be entitled to decline or accept the authority of a person signing the proxy form:

- under a power of attorney; or
- on behalf of a company,

unless his power of attorney or authority is deposited at the offices of the company secretary or that of the transfer secretaries no later than 48 hours before the meeting.

Note: This form must be completed and returned to the company secretary or the company's share transfer secretaries:

D McIlrath
Private Bag X20046
Empangeni
3880

Link Market Services SA
Proprietary Limited
PO Box 4844
Johannesburg
2000

by no later than 11:00 on Monday, 13 May 2019.

Any forms of proxy not received by this time must be handed to the chairman of the AGM immediately prior to the meeting.

Corporate information

BELL EQUIPMENT LIMITED

(Registration number: 1968/013656/06)

JSE share code: BEL

ISIN: ZAE000028304

GROUP COMPANY SECRETARY

Diana McIlrath

Tel: +27 (0)35 907 9111

Diana.McIlrath@za.bellequipment.com

POSTAL ADDRESS

Private Bag X20046

Empangeni, 3880

South Africa

BUSINESS AND REGISTERED ADDRESS

13 – 19 Carbonode Cell Road

Alton

Richards Bay, 3900

AUDITORS

Deloitte & Touche

Tel: +27 (0)31 560 7000

SHARE TRANSFER SECRETARIES

Link Market Services South Africa Proprietary Limited

Rennie House

13th Floor, 19 Ameshoff Street

Braamfontein

PO Box 4844

Johannesburg, 2000

Tel: +27 (0)11 713 0800

Fax: +27 (0)86 674 3260

ATTORNEYS

Edward Nathan Sonnenberg Inc.

JSE SPONSOR

Investec Bank Limited

WEB ADDRESS

www.bellequipment.com

INVESTOR RELATIONS WEB ADDRESS

www.bellir.co.za

