REVIEWED INTERIM REPORT
for the six months ended 30 June 2013

STRONG RELIABLE MACHINES STRONG RELIABLE SUPPORT

GARY BELL
CHIEF EXECUTIVE OFFICER

MICHAEL MUN-GAVIN
INDEPENDENT NON-EXECUTIVE CHAIRMAN

CHAIRMAN'S AND CHIEF EXECUTIVE OFFICER'S REVIEW

INTRODUCTION

We report on Bell Equipment's performance for the first six months of 2013 in tough market conditions and where gains as a result of exchange rate volatility have compensated for a reduction in demand, particularly from the resources sector.

ECONOMIC OVERVIEW

The company has responded well to the economic reality of generally lower market demand from most sectors, but our factories have had to run at near full capacity for a four month period to fill the supply line to our new North American distributors. The second half will see lower production rates in line with current equipment demands and the normalisation of working capital as a result of reduced work in progress and inventories.

FINANCIAL RESULTS

The profitability of R157,1 million for the first half of 2013 is marginally up on the R151,3 million profit after tax earned for the first half of 2012. Sales for the six month period totalled R3,02 billion and are up approximately 4% on the corresponding period last year. Sales volumes were 9,8% down but the impact of the weaker Rand has had a positive impact on margins earned.

Gearing has increased from 9% at year-end, to 26% at the end of June due to the increased production rate over the period end and should normalise through the second half as orders are fulfilled.

OPERATIONS REVIEW

Continued uncertainty in our traditional global mining and construction markets is expected to prevail through to year-end and we have taken appropriate action to respond to the situation. New products and markets will also offset some of the expected shortfall.

Both the Richards Bay and German factories have transitioned smoothly to the production of our next generation E-Series range of small Articulated Dump Trucks and initial reports from the field indicate that the efficiency and other product improvements have been well received by our customers.

Bell continues to work very closely with the South African government in support of various employment initiatives and is well positioned with a full line of machinery and trucks to take advantage of the planned infrastructure developments in the years ahead.

During the period under review the minority empowerment shareholder in Bell Equipment Sales South Africa Limited gave notice of its intention to dispose of its 22,5% shareholding in terms of a put option. The exercise price is still to be finalised but the likely impact of the exercise price has been reflected in the results above. It is expected that the transaction will be concluded by no later than 31 October 2013. It is the group's intention to replace the minority empowerment shareholder with another empowerment partner.

Michael Mun-Gavin
Chairman

Gary Bell
Chief Executive Officer

6 August 2013

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2013

R'000		**Reviewed 30 June 2013**	Reviewed 30 June 2012	Audited 31 December 2012
ASSETS				
Non-current assets		**790 480**	735 392	767 448
Property, plant and equipment		**580 834**	526 770	547 889
Intangible assets		**133 793**	101 111	118 151
Investments		**504**	–	–
Interest-bearing long-term receivables		**2 839**	8 902	13 467
Deferred taxation		**72 510**	98 609	87 941
Current assets		**3 778 988**	3 117 200	2 721 879
Inventory		**2 550 278**	2 033 898	1 817 759
Trade and other receivables and prepayments		**1 049 402**	959 842	669 065
Current portion of interest-bearing long-term receivables		**33 464**	31 728	38 189
Other financial assets		**2 190**	1 389	3 213
Taxation		**15 403**	8 527	4 832
Cash resources		**128 251**	81 816	188 821
Total assets		**4 569 468**	3 852 592	3 489 327
EQUITY AND LIABILITIES				
Capital and reserves		**2 297 002**	1 931 552	2 073 559
Stated capital (note 5)		**229 343**	228 749	228 749
Non-distributable reserves		**340 036**	146 690	197 050
Retained earnings		**1 667 268**	1 507 088	1 596 095
Attributable to owners of Bell Equipment Limited		**2 236 647**	1 882 527	2 021 894
Non-controlling interest		**60 355**	49 025	51 665
Non-current liabilities		**277 807**	386 951	276 307
Interest-bearing liabilities		**102 701**	208 390	118 181
Repurchase obligations and deferred leasing income		**48 892**	71 614	57 098
Deferred warranty income		**78 531**	71 883	61 340
Long-term provisions and lease escalation		**45 516**	35 064	39 688
Deferred taxation		**2 167**	–	–
Current liabilities		**1 994 659**	1 534 089	1 139 461
Trade and other payables		**1 216 973**	967 080	738 445
Current portion of interest-bearing liabilities		**161 568**	34 559	116 670
Current portion of repurchase obligations and deferred leasing income		**53 646**	40 761	48 066
Current portion of deferred warranty income		**17 443**	23 113	40 138
Current portion of provisions and lease escalation		**42 455**	58 972	43 852
Other financial liabilities		**1 074**	–	1 435
Taxation		**36 500**	28 857	17 541
Short-term interest-bearing debt		**465 000**	380 747	133 314
Total equity and liabilities		**4 569 468**	3 852 592	3 489 327
Number of shares in issue	('000)	**95 031**	94 974	94 974
Net asset value per share	(cents)	**2 417**	2 034	2 183

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2013

R'000		**Reviewed 6 months ended 30 June 2013**	Reviewed 6 months ended 30 June 2012	Audited 12 months ended 31 December 2012
Revenue		**3 018 963**	2 901 405	5 670 188
Cost of sales		**(2 256 173)**	(2 262 873)	(4 410 050)
Gross profit		**762 790**	638 532	1 260 138
Other operating income		**63 026**	52 473	111 866
Expenses		**(606 928)**	(467 175)	(1 007 130)
Profit from operating activities (note 2)		**218 888**	223 830	364 874
Net interest paid (note 3)		**(13 219)**	(29 861)	(41 522)
Profit before taxation		**205 669**	193 969	323 352
Taxation		**(48 578)**	(42 698)	(80 434)
Profit for the period		**157 091**	151 271	242 918
Profit for the period attributable to:				
– Owners of Bell Equipment Limited		**148 401**	135 803	224 810
– Non-controlling interest		**8 690**	15 468	18 108
Earnings per share (basic) (note 4)	(cents)	**156**	143	237
Earnings per share (diluted) (note 4)	(cents)	**153**	141	232

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the six months ended 30 June 2013

R'000	**Reviewed 6 months ended 30 June 2013**	Reviewed 6 months ended 30 June 2012	Audited 12 months ended 31 December 2012
Profit for the period	**157 091**	151 271	242 918
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising during the period	**140 225**	159	47 653
Exchange differences on translating foreign operations	**135 554**	494	45 595
Exchange differences on foreign reserves	**4 671**	(335)	2 058
Other comprehensive income for the period	**140 225**	159	47 653
Total comprehensive income for the period	**297 316**	151 430	290 571
Total comprehensive income attributable to:			
– Owners of Bell Equipment Limited	**288 626**	135 962	272 463
– Non-controlling interest	**8 690**	15 468	18 108

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2013

R'000	**Reviewed 6 months ended 30 June 2013**	Reviewed 6 months ended 30 June 2012	Audited 12 months ended 31 December 2012
Cash operating profit before working capital changes	**401 005**	311 692	533 043
Cash utilised in working capital	**(626 202)**	(265 372)	(2 141)
Cash (utilised in) generated from operations	**(225 197)**	46 320	530 902
Net interest paid	**(13 219)**	(29 861)	(41 522)
Taxation paid	**(23 375)**	(50 680)	(89 645)
Net cash (utilised in) generated from operating activities	**(261 791)**	(34 221)	399 735
Net cash utilised in investing activities	**(82 673)**	(79 597)	(172 869)
Net cash utilised in financing activities	**(47 792)**	(25 691)	(11 937)
Net cash (outflow) inflow	**(392 256)**	(139 509)	214 929
Net cash (short-term interest-bearing debt) at beginning of the period/year	**55 507**	(159 422)	(159 422)
Net (short-term interest-bearing debt) cash at end of the period/year	**(336 749)**	(298 931)	55 507
Comprising:			
Cash resources	**128 251**	81 816	188 821
Short-term interest-bearing debt	**(465 000)**	(380 747)	(133 314)
Net (short-term interest-bearing debt) cash at end of the period/year	**(336 749)**	(298 931)	55 507

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2013

	Attributable to owners of Bell Equipment Limited					
R'000	Stated capital	Non-distributable reserves	Retained earnings	Total	Non-controlling interest	Total capital and reserves
Balance at 31 December 2011 – audited	228 605	144 089	1 371 285	1 743 979	33 557	1 777 536
Share options exercised	144	–	–	144	–	144
Recognition of share-based payments	–	2 442	–	2 442	–	2 442
Total comprehensive income for the period	–	159	135 803	135 962	15 468	151 430
Balance at 30 June 2012 – reviewed	228 749	146 690	1 507 088	1 882 527	49 025	1 931 552
Recognition of share-based payments	–	2 866	–	2 866	–	2 866
Total comprehensive income for the period	–	47 494	89 007	136 501	2 640	139 141
Balance at 31 December 2012 – audited	228 749	197 050	1 596 095	2 021 894	51 665	2 073 559
Share options exercised	**594**	**–**	**–**	**594**	**–**	**594**
Recognition of share-based payments	**–**	**2 661**	**–**	**2 661**	**–**	**2 661**
Total comprehensive income for the period	**–**	**140 225**	**148 401**	**288 626**	**8 690**	**297 316**
Adjustment to non-controlling interest put valuation	**–**	**–**	**(39 137)**	**(39 137)**	**–**	**(39 137)**
Increase in statutory reserves of foreign subsidiaries	**–**	**100**	**(100)**	**–**	**–**	**–**
Dividend paid	**–**	**–**	**(37 991)**	**(37 991)**	**–**	**(37 991)**
Balance at 30 June 2013 – reviewed	**229 343**	**340 036**	**1 667 268**	**2 236 647**	**60 355**	**2 297 002**

ABBREVIATED NOTES TO THE REVIEWED INTERIM REPORT

for the the six months ended 30 June 2013

1. BASIS OF PREPARATION

The accounting policies and methods of computation are consistent with those applied in the financial statements for the year ended 31 December 2012, which complied with International Financial Reporting Standards, except for the adoption of new and revised standards and interpretations.

In the current period the group has adopted all of the new and revised standards and interpretations relevant to its operations and effective for annual reporting periods beginning 1 January 2013. The adoption of these new and revised standards and interpretations has not had any significant impact on the amounts reported in the interim report or the disclosures herein.

This interim report has been prepared in accordance with the framework concepts and the measurement and recognition criteria of International Financial Reporting Standards (IFRS) and complies with International Accounting Standard 34 – Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the disclosure requirements of the JSE Limited's Listing Requirements and the requirements of the Companies Act of South Africa. The preparation of this interim report was supervised by the Group Financial Director, KJ van Haght CA (SA).

R'000	**Reviewed 6 months ended 30 June 2013**	Reviewed 6 months ended 30 June 2012	Audited 12 months ended 31 December 2012
2. PROFIT FROM OPERATING ACTIVITIES			
Profit from operating activities is arrived at after taking into account:			
Income			
Currency exchange gains	**93 080**	116 658	239 544
Decrease in warranty provision	**–**	–	7 895
Deferred warranty income	**16 179**	17 868	37 393
Import duty rebates	**19 833**	8 861	23 451
Royalties	**1 488**	1 293	2 397
Net surplus on disposal of property, plant and equipment and intangible assets	**720**	175	403
Expenditure			
Amortisation of intangible assets	**9 258**	9 395	19 295
Auditors' remuneration – audit and other services	**5 253**	4 763	8 684
Currency exchange losses	**131 058**	116 727	243 720
Depreciation of property, plant and equipment	**53 470**	57 122	115 443
Increase in warranty provision	**884**	5 199	–
Operating lease charges			
– Equipment and motor vehicles	**20 498**	13 236	28 804
– Land and buildings	**39 455**	34 123	71 529
Research expenses (excluding staff costs)	**13 795**	15 229	23 738
Staff costs	**598 954**	462 871	964 363
3. NET INTEREST PAID			
Interest paid	**17 105**	32 674	53 669
Interest received	**(3 886)**	(2 813)	(12 147)
Net interest paid	**13 219**	29 861	41 522

ABBREVIATED NOTES TO THE REVIEWED INTERIM REPORT (continued)

for the the six months ended 30 June 2013

R'000			**Reviewed 6 months ended 30 June 2013**	Reviewed 6 months ended 30 June 2012	Audited 12 months ended 31 December 2012
4.	**EARNINGS PER SHARE**				
	Basic earnings per share is arrived at as follows:				
	Profit for the period attributable to owners of Bell Equipment Limited	(R'000)	**148 401**	135 803	224 810
	Weighted average number of ordinary shares in issue during the period	('000)	**95 006**	94 961	94 968
	Earnings per share (basic)	(cents)	**156**	143	237
	Diluted earnings per share is arrived at as follows:				
	Profit for the period attributable to owners of Bell Equipment Limited	(R'000)	**148 401**	135 803	224 810
	Fully converted weighted average number of shares	('000)	**96 971**	96 407	96 756
	Earnings per share (diluted)	(cents)	**153**	141	232
	Headline earnings per share is arrived at as follows:				
	Profit for the period attributable to owners of Bell Equipment Limited	(R'000)	**148 401**	135 803	224 810
	Net surplus on disposal of property, plant and equipment and intangible assets	(R'000)	**(720)**	(175)	(403)
	Taxation effect of net surplus on disposal of property, plant and equipment and intangible assets	(R'000)	**202**	49	113
	Headline earnings	(R'000)	**147 883**	135 677	224 520
	Weighted average number of ordinary shares in issue during the period	('000)	**95 006**	94 961	94 968
	Headline earnings per share (basic)	(cents)	**156**	143	236
	Diluted headline earnings per share is arrived at as follows:				
	Headline earnings calculated above	(R'000)	**147 883**	135 677	224 520
	Fully converted weighted average number of shares	('000)	**96 971**	96 407	96 756
	Headline earnings per share (diluted)	(cents)	**153**	141	232
5.	**STATED CAPITAL**				
	Authorised				
	100 000 000 (June 2012: 100 000 000) ordinary shares of no par value				
	Issued				
	95 030 660 (June 2012: 94 974 000) ordinary shares of no par value		**229 343**	228 749	228 749
	The increase in issued share capital relates to 56 660 share options exercised at an average share price of R10,48 per share.				
6.	**CAPITAL EXPENDITURE COMMITMENTS**				
	Contracted		**7 333**	15 658	27 136
	Authorised, but not contracted		**65 083**	73 809	94 072
	Total capital expenditure commitments		**72 416**	89 467	121 208

ABBREVIATED NOTES TO THE REVIEWED INTERIM REPORT (continued)

for the the six months ended 30 June 2013

7. ABBREVIATED SEGMENTAL ANALYSIS

	Revenue R'000	Operating profit (loss) R'000	Assets R'000	Liabilities R'000
June 2013				
South African sales operation	**1 381 359**	**54 704**	**929 597**	**725 716**
South African manufacturing and logistics operation	**2 162 565**	**122 996**	**2 921 058**	**1 566 889**
European operation	**543 764**	**22 198**	**1 125 156**	**929 419**
Rest of Africa and other international operations	**958 666**	**112 764**	**1 082 471**	**890 146**
North American operation	**107 955**	**(7 670)**	**68 867**	**38 958**
All other operations	**–**	**(6 157)**	**978 326**	**151 019**
Inter-segmental eliminations	**(2 135 346)**	**(79 947)**	**(2 536 007)**	**(2 029 681)**
Total – reviewed	**3 018 963**	**218 888**	**4 569 468**	**2 272 466**
June 2012				
South African sales operation	1 429 772	81 715	761 695	596 634
South African manufacturing and logistics operation	1 505 329	26 488	2 483 881	1 371 564
European operation	575 030	28 796	782 510	648 441
Rest of Africa and other international operations	757 485	79 133	627 772	407 008
All other operations	–	(6 491)	704 508	59 262
Inter-segmental eliminations	(1 366 211)	14 189	(1 507 774)	(1 161 869)
Total – reviewed	2 901 405	223 830	3 852 592	1 921 040
December 2012				
South African sales operation	2 500 670	110 678	745 507	571 075
South African manufacturing and logistics operation	3 446 384	65 589	1 792 122	564 411
European operation	1 057 318	53 495	785 104	622 196
Rest of Africa and other international operations	1 376 178	179 501	824 362	680 281
All other operations	–	(2 268)	832 069	55 903
Inter-segmental eliminations	(2 710 362)	(42 121)	(1 489 837)	(1 078 098)
Total – audited	5 670 188	364 874	3 489 327	1 415 768

ABBREVIATED NOTES TO THE REVIEWED INTERIM REPORT (continued)

for the the six months ended 30 June 2013

	Reviewed 6 months ended 30 June 2013	Reviewed 6 months ended 30 June 2012	Audited 12 months ended 31 December 2012
8. CONTINGENT LIABILITIES			
8.1 The repurchase of units sold to customers and financial institutions has been guaranteed by the group for an amount of	**2 114**	–	2 069
In the event of repurchase, it is estimated that these units would presently realise	**8 005**	–	3 389
Net contingent liability	**–**	–	–
8.2 The group has assisted customers with the financing of equipment purchased through a financing venture with WesBank, a division of FirstRand Bank Limited, as well as through Sunlyn Rentals Proprietary Limited, W Ferguson Investments CC, ABSA Bank Limited and Standard Bank of South Africa Limited.			
In respect of the different categories of financing provided by these financial institutions, the group is liable for the full balance due to these financial institutions by default customers with regard to Bell-backed deals and a portion of the balance with regard to Bell-shared risk deals.			
At period end the amount due by customers to financial institutions for which the group is liable totalled	**51 724**	63 604	64 454
In the event of default, the units financed would be recovered and it is estimated that they would presently realise the following towards the above liability	**55 941**	63 104	98 433
	(4 217)	500	(33 979)
Less: provision for non-recovery	**500**	500	500
Net contingent liability	**–**	–	–
Where customers are in arrears with these financial institutions and there is a shortfall between the estimated realisation values of units and the balances due by the customers to these financial institutions, an assessment of any additional security is done and a provision for any shortfall is made.			
8.3 The residual values of certain equipment sold to financial institutions has been guaranteed by the group.			
In the event of a residual value shortfall, the group would be exposed to an amount of	**9 168**	9 872	10 886
Less: provision for residual value risk	**1 269**	–	1 154
Net contingent liability	**7 899**	9 872	9 732
The above includes deposits held by financial institutions as security for residual values on units guaranteed by the group. The recoverability of these deposits is dependent on the units realising the guaranteed residual values at the end of the guarantee period. The provision for residual value risk is based on the assessment of the probability of return of the units.			
9. RELATED PARTY TRANSACTIONS			
Shareholders			
John Deere Construction and Forestry Company			
– Sales	**36 394**	78 079	146 862
– Purchases	**395 935**	198 477	346 716
– Amounts owing to	**153 290**	100 918	85 263
– Amounts owing by	**4 977**	19 002	21 290

ABBREVIATED NOTES TO THE REVIEWED INTERIM REPORT (continued)

for the the six months ended 30 June 2013

10. FINANCIAL INSTRUMENTS

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

- Loans and receivables at amortised cost comprising interest-bearing long-term receivables, trade and other receivables and cash resources. The directors consider that the carrying amount of loans and receivables at amortised cost approximates their fair value.
- Financial liabilities at amortised cost comprising interest-bearing liabilities, trade and other payables and short-term interest-bearing debt. 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 and fair value is determined based on a Level 2 fair value measurement. Level 2 fair value measurements are those derived from inputs other than quoted prices.
- Available-for-sale financial asset comprising an unlisted equity investment at cost for which a reliable fair value could not be determined.

11. INDEPENDENT AUDITORS' REPORT

The condensed interim financial information for the half-year ended 30 June 2013 has been reviewed by the group's auditors, Deloitte & Touche. The review was conducted in accordance with ISRE 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A copy of their unmodified review report is available for inspection at the company's registered office. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the company's auditors.

12. SUBSEQUENT EVENTS

With the exception of the put valuation referred to in the Chairman's and Chief Executive Officer's review, no fact or circumstance material to the appreciation of this interim report has occurred between 30 June 2013 and the date of this report.

CORPORATE INFORMATION

Bell Equipment Limited

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

(Incorporated in the Republic of South Africa)

Share code: BEL

ISIN: ZAE000028304

Registration number: 1968/013656/06

Directors: MA Mun-Gavin* *(Chairman)*, GW Bell *(Group Chief Executive)*, KJ van Haght *(Group Financial Director)*, L Goosen, JR Barton*, B Harie*, TO Tsukudu*, DJJ Vlok* * *Independent non-executive director*

Alternate directors: AR McDuling

Company Secretary: P van der Sandt

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

Transfer secretaries: Link Market Services South Africa (Pty) Limited, PO Box 4844, Johannesburg, 2000

Sponsor: Rand Merchant Bank (A division of FirstRand Bank Limited)

Release date: 8 August 2013

NOTES

BELL

www.bellequipment.com

PROUDLY SOUTH AFRICAN